2024 UNIVERSAL REGISTRATION DOCUMENT

SMART TECHNOLOGY FOR SMARTER MOBILITY

2024 INTEGRATED REPORT

AFR *Information from the Annual Financial Report is clearly identified in the table of contents by the AFR symbol.*

2024 UNIVERSAL REGISTRATION DOCUMENT

- INTEGRATED REPORT
- ANNUAL FINANCIAL REPORT
- CORPORATE GOVERNANCE REPORT
- SUSTAINABILITY REPORT

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

The French language version of this Universal Registration Document was filed on March 27, 2025 with the AMF as competent authority under Regulation (EU) 2017/1129, without prior approval pursuant to Article 9 of said regulation.

The Universal Registration Document may be used for the purposes of an offer of securities to the public or the admission of securities to trading on a regulated market if supplemented with a securities note and, if applicable, a summary and any amendments to the universal registration document. These items, taken together, are approved by the AMF in accordance with Regulation (EU) 2017/1129. This Universal Registration Document is a free translation into English of the official version of the Universal Registration Document established in European Single Electronic Format (ESEF), filed with the AMF on March 27, 2025 and available on the AMF website www.amf-france.org/en. This translation is available on our website www.valeo.com.

In all matters of interpretation, views or opinions expressed in the original language version of the document in French take precedence over the translation.

Valeo

For the tenth year running, Valeo has elected to use integrated reporting to present its purpose and business model.

From the vantage point of Group strategy, the report provides an overview of the mechanisms through which its financial and non-financial performance, governance and outlook within its ecosystem contribute to short-, medium- and long-term value creation. Valeo complies with the International Integrated Reporting Council's (IIRC) framework and applies all the recommendations in its Integrated Report. It addresses all of the Group's stakeholders, namely employees, customers, suppliers, the financial community, institutional and non-governmental organizations, and other local partners. The report covers the Group's financial, sales and non-financial performance for 2024, and its carbon neutrality contribution ambition.
The Integrated Report is prepared by Valeo's Investor Relations Department and is the result of a collective effort to collect information and contributions from several departments. It is included in the Universal Registration Document and the standalone version is also available on the Valeo website **www.valeo.com**

2024 INTEGRATED REPORT

PROFILE & POSITIONING

MARKET TRENDS

CONTENTS

STRATEGY

SOLUTIONS ALIGNED WITH MARKET TRENDS

GOVERNANCE, RISK MANAGEMENT, ETHICS AND COMPLIANCE

VALUE CREATION

JOINT INTERVIEW
with the Chairman of the Board and the Chief Executive Officer

"In 2024, Valeo was able to strengthen its position in a difficult environment"

GILLES MICHEL
CHAIRMAN OF VALEO'S BOARD OF DIRECTORS

HOW WOULD YOU DESCRIBE VALEO'S PERFORMANCE IN 2024?

Gilles Michel: In 2024, Valeo was able to strengthen its position in an environment shaped by lower automotive production volumes. The Group met its financial objectives, reporting an improvement in its financial performance for the third year running. The Group worked hard to improve its cost base, competitiveness, industrial footprint and productivity, as well as its R&D efficiency by harnessing artificial intelligence. Valeo consolidated its strengths and addressed its weaknesses.

Christophe Périllat: Let me start by thanking the Valeo teams for their outstanding work. They have overcome every obstacle and maintained strict control of our operations. This work, combined with our work on pricing and costs, together with the attractive nature of our technologies, has enabled us to achieve our operating margin objectives and exceed our cash generation objective. We also reduced our debt by 215 million euros. Our annual results for 2024 take us a step further along our financial improvement journey.

WHAT ARE THE GROUP'S OBJECTIVES AND PRIORITIES FOR 2025 AND BEYOND?

C. P.: Our 2024 results are better, but they don't yet reflect Valeo's potential. Our 2025 objectives therefore aim to deliver a further improvement in our financial performance. So how are we going to achieve this? We will continue to defend our prices, step up the pace of improvements to our cost base, increase the efficiency of our gross R&D to support our cash generation, and leverage the attractiveness of our technologies to book a large volume of orders without compromising the related margins in 2025.

The Group is ideally positioned in the mobility technologies of the future, particularly in the areas of advanced driver assistance systems, software-defined vehicles, electrification solutions and vehicle lighting. Our positioning drives growth and margins. We will be holding an Investor Day on November 20, where we'll present the expected outcome of this positioning over the coming years.

G. M.: 2025 is a pivotal year from a strategy perspective, in a context of considerable uncertainty: tariffs, production volumes, Chinese market demand and the slowing pace of electrification. The challenge is to continue improving Valeo's financial, competitive and industrial positions.

To meet this challenge, we'll need to maintain the same commitment to managing prices, maintaining operational discipline, reducing costs, closely managing CapEx and improving R&D efficiency, while also ensuring that we are positioned in the right technology segments, with the right customers, in the right geographical areas, in order to generate sustainable growth for Valeo.

WHAT IS THE BOARD'S ROLE IN SUPPORTING THESE STRATEGIES?

G. M.: The role of the Board is to act as guarantor for the Group's value creation strategy. The Board is a collegial working body with a good mix of skills, independence and diversity, that constructively accompanies and challenges management's choices, while providing the necessary support and endorsements. The Board also ensures that the Group conducts its business ethically, responsibly and in line with best practice.

IN TERMS OF SOCIAL, SOCIETAL AND ENVIRONMENTAL RESPONSIBILITY, WHAT ARE THE GROUP'S COMMITMENTS AND MAIN ACHIEVEMENTS IN 2024?

C. P.: Our teams have worked incredibly hard to meet the requirements of the new European Corporate Sustainability Reporting Directive (CSRD), which aims to improve the transparency and quality of non-financial reporting. Our first sustainability report is part of a broader process of continuous improvement and transparency. Valeo is regularly recognized by the main ESG rating agencies as one of the best performing groups in terms of sustainability. Just recently, we were very proud to be awarded an A rating by the CDP, the globally recognized organization for corporate environmental impact disclosures. We have also been invited to join Sustainability 50, which comprises the top 50 global companies in terms of sustainability across all sectors. We remain fully committed to increasing the positive impact of our initiatives.

G. M.: Sustainability is embedded in Valeo's DNA and making a significant contribution to reducing mobility-related greenhouse gas emissions is a central part of our corporate mission. The Board of Directors takes great care to ensure that this mission is fulfilled in the most responsible manner possible, from an environmental, social and societal point of view, for the benefit of our employees and all the Group's host regions.

"Valeo has taken a new step in its financial improvement journey"

CHRISTOPHE PÉRILLAT

VALEO'S CHIEF EXECUTIVE OFFICER

Our corporate purpose

Valeo's ambition, as a tech company, is to play a major role in tomorrow's mobility.

At the heart of today's environmental and social issues, future mobility must be greener, safer and more diverse.

It must also contribute to the well-being and safety of citizens and consumers. We will achieve our ambition thanks to our unique positioning and technological leadership in areas that are at the heart of the transformation of the automotive industry and sustainable mobility, across the globe.

This positioning and leadership are rooted in our expertise, innovations and operational excellence. They are driven by our values and business culture, oriented toward serving our customers, employees, shareholders and the regions in which we operate.

PROFILE & POSITIONING

1.

100 YEARS OF INNOVATION IN SUPPORT OF SUSTAINABLE MOBILITY

1923

BEGINNINGS AND GROWTH

Founded by automotive pioneer Eugène Buisson in a small workshop just outside Paris, Société Anonyme Française du Ferodo (SAFF) begins producing the first friction materials made in France.
In the early 20th century, SAFF is already leading the automotive revolution and by the eve of the Second World War, it dominates the French brake linings and clutches market.
By the early 50s, it employs nearly 2,500 people.

1950

THE REVOLUTION IS UNDERWAY

In France, the thirty-year post-war period of prosperity is a boon for automakers and automotive suppliers alike. Valeo steps up its innovation drive and broadens its business portfolio to all types of electrical automotive equipment, including spark plugs, alternators, starters and ignition, lighting and wiper systems. The strategy soon pays off, enabling the Group to begin expanding internationally in the early 1960s through a series of acquisitions.

1980

VALEO, AN INTERNATIONAL UMBRELLA BRAND

As the 1980s dawn, the Company has operations in 15 countries through more than 70 subsidiaries. At the May 28, 1980 Annual Shareholders Meeting, the company changes its name to Valeo. From its first foray into the Spanish market to its rise to prominence in Asia in the 2000s, Valeo gradually builds a position as a leader in the global automotive market.

2000

2000S: NEW, MORE SUSTAINABLE TECHNOLOGIES

In 2009, the Group positioned its business on technologies to reduce greenhouse gas emissions and improve road safety, for safer, cleaner, and smarter mobility. Thanks to its innovations and having anticipated the industry's transformation toward the electric, autonomous and software-defined vehicle, the Group is gradually evolving from a traditional automotive supplier into a technology company at the heart of the revolutions driving mobility.
A new milestone was crossed in 2024 with the merger of the Thermal Systems and Powertrain Systems Business Groups. The Group is now organized around three Divisions: POWER, BRAIN, LIGHT.

"At a time when the automotive industry is undergoing the biggest transformation in its history, Valeo's teams stand ready to deploy their determination, engagement and capacity for innovation to reinvent mobility."

CHRISTOPHE PÉRILLAT
CHIEF EXECUTIVE OFFICER

VALEO AT A GLANCE

Valeo is an automotive supplier and long-term partner to automakers and new actors in the mobility market. In 2024, the Group was reorganized around three coherent and balanced Divisions, offering innovative solutions that are ever more closely aligned with market demand for cleaner, safer and smarter mobility. Valeo enjoys technological and industrial leadership in the key areas that are transforming mobility – electrification, ADAS, software-defined vehicles and interior experience reinvention. It has a balanced global presence, close to its customers' major hubs.

In 2024, Valeo reported total sales of 21.5 billion euros. Its **core original equipment**[(1)] business accounts for 84% of sales. **The aftermarket business, which contributes** 11% of sales, is structured as a cross-Division unit. Valeo shares are traded on the Euronext Paris stock exchange with a free float of 85%, alongside such leading shareholders as Bpifrance Participations and SITAM (the Dassault family's holding company); the Group's employees hold 4.36% of the capital.

€21.5bn

SALES

155 PLANTS

64 R&D SITES

106,100 EMPLOYEES

THREE DIVISIONS

A comprehensive range of electric and thermal power systems.

An offer to accelerate and develop opportunities in advanced driver assistance systems (ADAS) and enhance the software-defined vehicle revolution through the development of new centralized electrical/electronic architectures.

Lighting and wiper technologies to improve road safety and the design of new vehicles introduced to the market.

AND VALEO SERVICE

Supplying replacement parts and services to car dealership networks and the independent aftermarket.

(1) OEM: original equipment manufacturer
(2) % of total Group sales, including the cross-functional Valeo Service activity

Organized around three Divisions – BRAIN, POWER, LIGHT – Valeo has solid foundations thanks to a diversified customer positioning and a balanced geographical footprint that has been reinforced in regions with strong growth potential, particularly in Asia.

Geographical footprint

EUROPE (INCL. AFRICA)

48%
OF SALES(1)

€8.6bn in sales(1)

66 plants
32 R&D sites
51,384 employees

ASIA (INCL. MIDDLE EAST & OCEANIA)

31%
OF SALES(1)

€5.6bn in sales(1)

65 plants
24 R&D sites
36,191 employees

o/w China 15% of sales(1)
25 plants
9 R&D sites
18,025 employees

NORTH AND SOUTH AMERICA

21%
OF SALES(1)

€3.8bn in sales(1)
24 plants
8 R&D sites
18,525 employees

Non-exhaustive list.

(1) Original equipment sales.

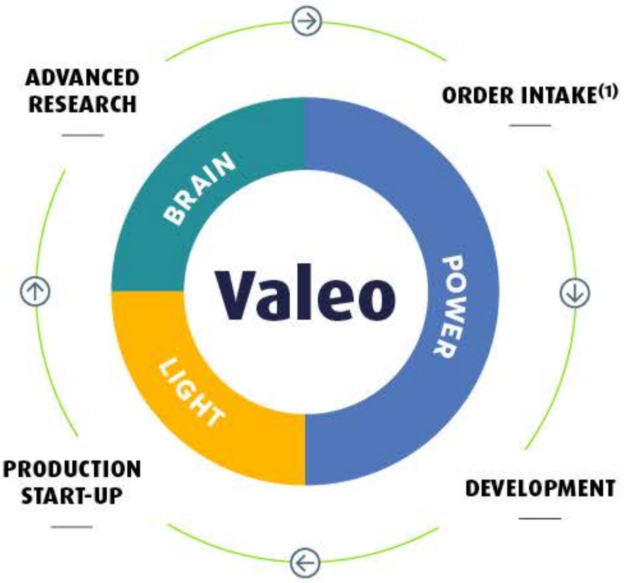
GROUP POSITIONING

Value chain positioning

Valeo is a tier-one automotive technology supplier that serves its automaker customers with a wide array of electrical, electronic, thermal and other technologies and equipment, including application software. **At the heart of the Group's business model lies a commitment to innovation,** driven by its powerful Research and Development capabilities. Its cross-Division organization is a source of economies of scale. Thanks to its **5 Axes operational excellence model**, Valeo can meet and exceed the automotive industry's highest standards of quality.

SUPPLIERS

Components and raw materials: electronic and electrical components, resins, plastics and ferrous and non-ferrous metals



CUSTOMERS

ORIGINAL EQUIPMENT

Automakers for the original equipment market: equipment assembly on production platforms

AFTERMARKET
Car dealerships and independent service center chains for the aftermarket: equipment sales and repair and other services

64
R&D CENTERS

Research partners
- Universities
- Technology institutes
- Competitiveness clusters
- Start-ups

More than 1,600
NEW PATENTS FILED IN 2024
Valeo is the world's leading French patent filer

Some 19,000
PEOPLE DEDICATED TO R&D
including more than 9,000 software and systems engineers

The 5 Axes operational excellence model

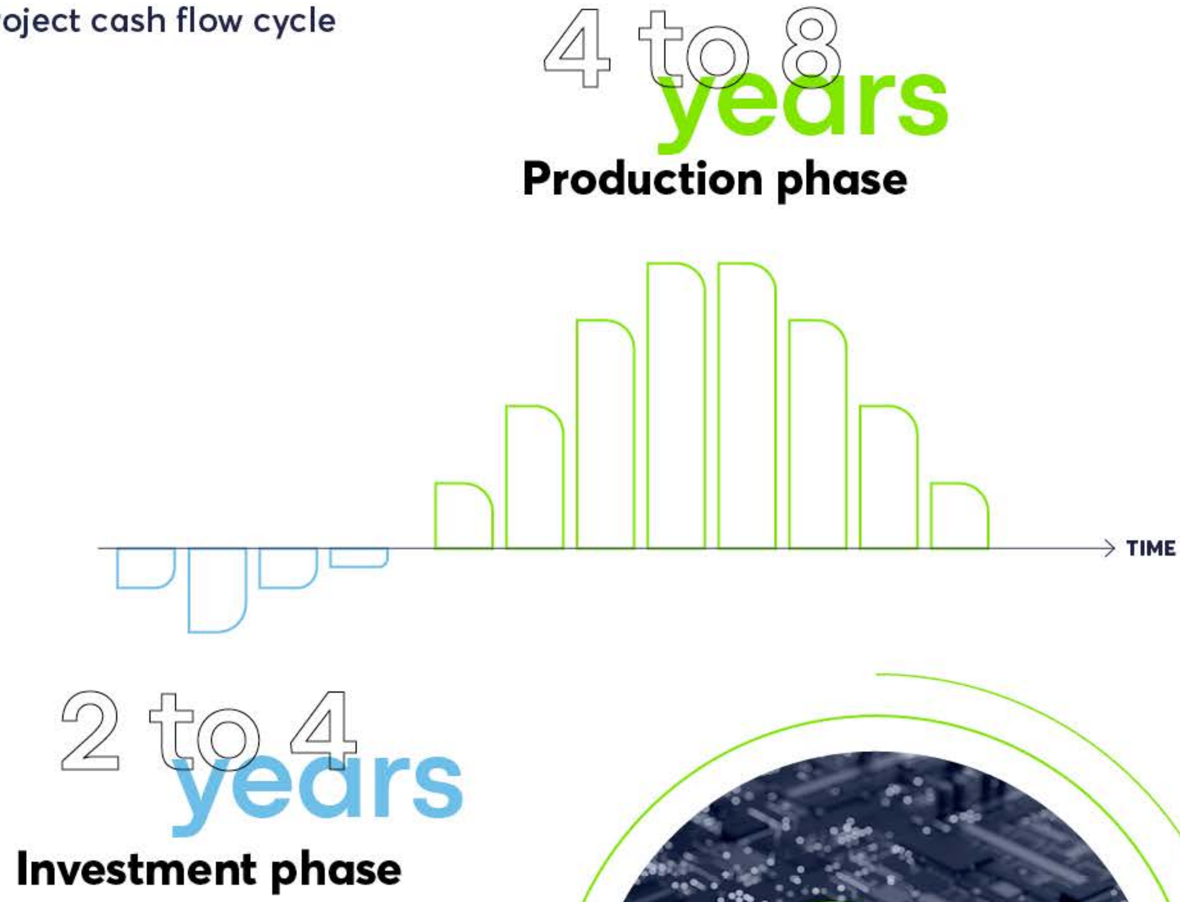
(1) See glossary.

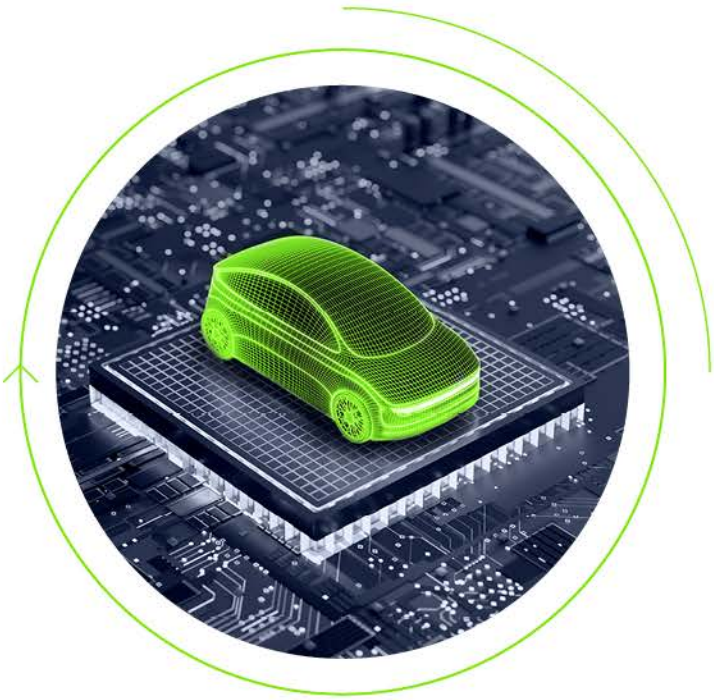
Project life cycle

The project life cycle includes:

- the **upstream research** phase, which lasts two to four years;
- then the **development** phase, which begins after the order is booked and can last another two to four years;
- and lastly, the **production** phase, which can last up to eight years until the end of the project's life.

Project cash flow cycle





The typical project life cycle presented above is summarized from all of Valeo's many different projects.
Cash flows may vary from one project to another.

PRODUCT POSITIONING

Thanks to its technological solutions, Valeo is ideally positioned to serve the megatrends shaping tomorrow's cleaner, safer and smarter mobility market. The three Divisions are constantly innovating, to offer widely affordable products to meet every need.

50%
of Valeo's global business is powertrain-agnostic

LIGHT

OPTIMIZING VISIBILITY FOR BETTER SAFETY AND MORE FREEDOM OF DESIGN, THANKS TO THE DEVELOPMENT OF ELECTRIC VEHICLES

The LIGHT Division offers technologies to improve vehicle visibility for drivers and other road users:

- **Innovative, intelligent exterior and interior lighting systems:** headlamps and lights, intuitive interior lighting, etc.
- **Windshield and rear window wiping systems and sensor cleaning systems.**

BRAIN

DEVELOPING A SAFER, MORE IMMERSIVE DRIVING EXPERIENCE

The BRAIN Division develops ADAS and a reinvented interior experience:

- **sensors** (cameras, LiDARs, etc.);
- **software and hardware systems,** including high-performance computing units;
- **interior systems** to monitor the driver (interior camera) and improve the onboard experience (head-up display);

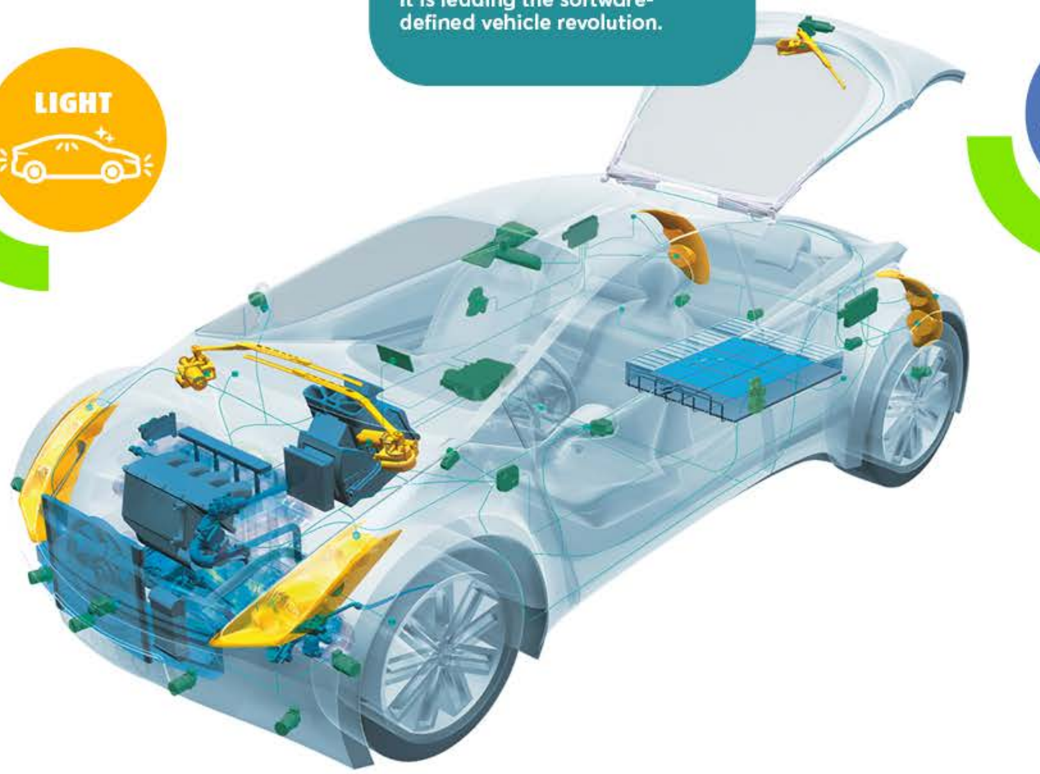
It is leading the software-defined vehicle revolution.

POWER

DECARBONIZING MOBILITY AND OPTIMIZING ENERGY MANAGEMENT

The POWER Division brings together all the expertise in thermal management systems and powertrain systems to offer a unified and comprehensive range of solutions for the electrification market:

- **electrification solutions** for hybrid and electric vehicles, from mild-hybrid 48V systems to high-voltage electrification systems (electric motors, inverters, on-board chargers, etc.);
- automated and hybrid **transmission systems**;
- **battery thermal management**, to maintain range and battery life and facilitate rapid charging;
- **cabin thermal management**, including heat pumps and other high value-added equipment.



SUSTAINABILITY, EMBEDDED IN VALEO'S DNA

Sustainability is embedded in Valeo's DNA. A member of the UN Global Compact since 2004, Valeo has structured its sustainability commitment around a dedicated department created in 2011.

The Sustainable Development and External Affairs Department reports to the Finance Department. The three pillars of the sustainability strategy are closely aligned with the Group's challenges and address seven of the UN's Sustainable Development Goals.

This year sees the publication of Valeo's first Sustainability Report meeting the requirements of the new European Corporate Sustainability Reporting Directive (CSRD), which aims to improve the transparency and quality of non-financial reporting.

ENVIRONMENTAL

- Decarbonizing mobility
- Resource use and circular economy

SOCIAL

Workforce engagement

- Health and safety
- Diversity, Equity, Inclusion
- Development of skills and expertise
- Quality of worklife

SOCIETAL

- Supplier sustainability
- Developing educational ecosystems
- Local community engagement

The European Taxonomy

European Taxonomy reporting illustrates Valeo's sustainable positioning thanks to its high-tech solutions, which help to mitigate climate change and contribute to the transition towards a circular economy.

	TURNOVER	CAPEX	OPEX
	2024	2024	2024
ELIGIBLE PORTION(1)	17.5%	15.0%	20.6%
ALIGNED PORTION	17.5%	14.1%	20.6%

100% The percentage of business aligned with climate change mitigation objectives and the transition to a circular economy is close to 100% for each indicator.

(1) In Taxonomy categories 3.4, 3.18, 3.6, 5.1, 5.2 and 6.5.

MARKET TRENDS

2.

MEGATRENDS AND THE AFTERMARKET

Megatrends

To address the transition to safer, cleaner mobility, **Valeo has identified four structural growth megatrends**:
- electrification acceleration;
- accelerating the development of ADAS, software and the software-defined vehicle;
- interior experience reinvention;
- lighting everywhere.

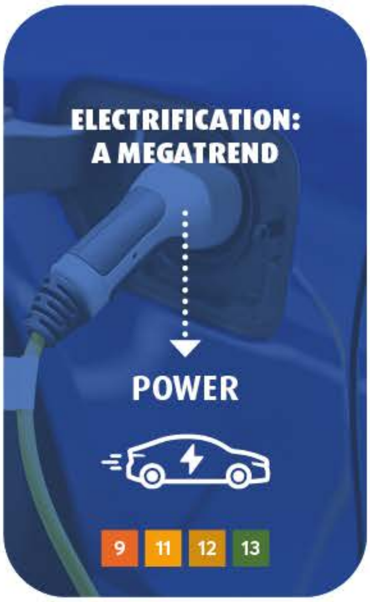
For Valeo, these megatrends are driving a sharp increase in value of content per vehicle.
All three Divisions are positioned in at least one of these megatrends.

In addition, each megatrend is directly helping to advance several of the UN's four Sustainable Development Goals.

Aftermarket

The aftermarket segment is enjoying resilient growth, led by:
- the aging of the world's automobile fleet and its increased size;
- growing digitalization and the development of new insurance services.

The aftermarket offers a compelling response to the social responsibility challenge of improving circularity. Replacing end-of-life parts with similar quality refurbished parts, for example, not only optimizes materials use, but also enables us to offer products at lower cost.



ELECTRIFICATION: A CORE TREND

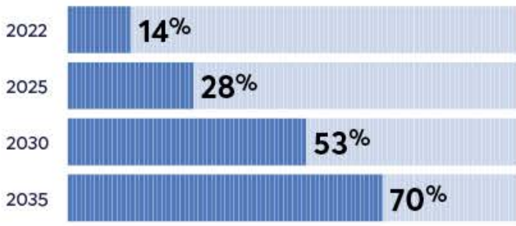
The electrification market is expected to see robust growth through 2030, expanding four-fold over the decade to around 150 billion euros. Expansion is being led by the high-voltage segment (automotive e-powertrain market), 40% of which is outsourced to equipment manufacturers.

For Valeo, electrification means a roughly 4.5-fold increase in high-voltage content per vehicle by 2030. While in the short term, growth in the electrification market is volatile, particularly in Europe, **Valeo intends to increase the value of its content per vehicle over the medium to long term.**

In addition, the Group is committed to leveraging its **expertise in 48V** systems, to seize growth and diversification opportunities in **light two-, three- and four-wheeled land mobility platforms,** such as electric bicycles, tricycles and scooters, small city EVs and automated droids.

Thermal systems are also benefiting from the growth in electrification. Thermal management is critical to optimizing EV range, supporting ultra-fast battery charging and preserving battery life.

NEW ENERGY VEHICLES (BEV+PHEV*)



Share of new-energy vehicles (100% electric and plug-in hybrids) in global production.

** BEV: Battery electric vehicles*
PHEV: Plug-in hybrid vehicles

ELECTRIFICATION MARKET

** Low- and high-voltage powertrain systems designed for all levels of electrification, from mild hybrid to full electric, including new mobility solutions.*
***Smart thermal management systems for electrified vehicles (hybrid or full electric), optimizing battery and propulsion performance and passenger climate comfort.*

FAVORABLE REGULATORY DEVELOPMENTS

New national legislation is spurring a gradual shift in new vehicle manufacturing output in favor of EVs and by 2030, electric vehicles are expected to account for 28% of total new vehicle production.

GROWTH IN THE TAKE-UP OF ELECTRIC TECHNOLOGY

Yesterday

Beginning of the electric car
- Pioneer
- Passion for technology
- Sensitivity to climate issues

Today

Increasing take-up of hybrid and electric cars
- Innovation
- Subsidies
- Regulations
- New models
- Convenience
- Performance

Tomorrow

Hybrid and electric cars the norm
- Obligation
- New electric vehicle models
- Autonomy
- Charging speed
- Performance ++
- Running costs
- Infrastructure
- Recyclability
- Contributing to carbon neutrality

ACCELERATING DEVELOPMENT OF ADAS[1], SOFTWARE AND THE SOFTWARE-DEFINED VEHICLE[2], INTERIOR EXPERIENCE REINVENTION

By 2030, the market for advanced driver assistance systems (ADAS), software, software-defined vehicles and the reinvention of the interior experience is expected to have more than doubled in less than a decade. The momentum is being fueled by driver expectations for smarter, more intuitive, more connected cars and by **regulations** pushing the market towards safer vehicles.

Today, nearly 65% of vehicles are equipped with ADAS, **a percentage that will rise to nearly 90% of new vehicles** in 2030.

With its **broad portfolio of sensors, control units, advanced cameras, software, artificial intelligence, cybersecurity and other ADAS products,** Valeo is reaping the benefits of this increase in content per vehicle, with a multiplier of around 2, and the market penetration of its technologies.

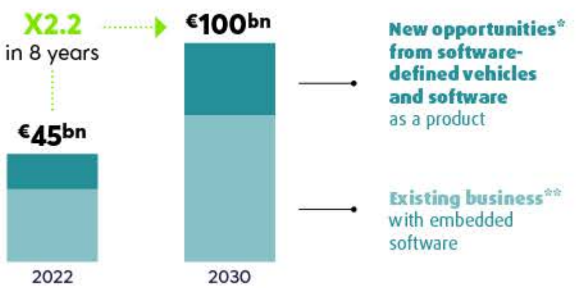
As the world's leading manufacturer of ADAS sensors, Valeo has already supplied **more than 1.5 billion units over the past 30 years and will produce another 1.5 billion over the next five years.**

THE STRONG GROWTH IN ADAS IS BEING SUPPORTED BY:

- **consumer demand for** safer, more comfortable vehicles promising more free time at the wheel and higher tech content; and
- **increasingly stringent regulations. In the European Union, for example, all new vehicles marketed since July 2024** now have to be equipped with active safety systems covering advanced emergency braking, intelligent speed assistance, a lane departure warning and a driver drowsiness and distraction warning.

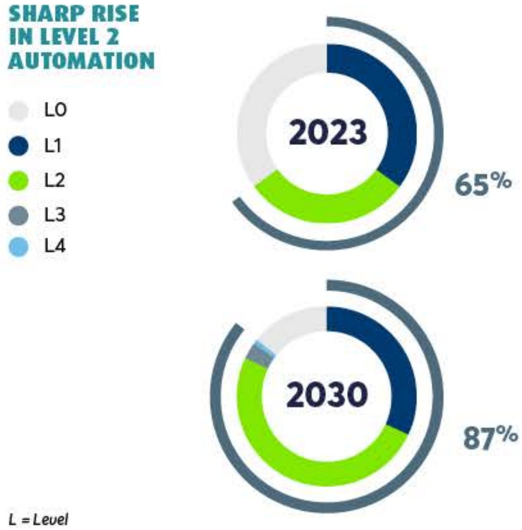
The systems require an increasing number of cameras and sensors both inside and outside the vehicle.

ACCELERATION OF ADAS, SOFTWARE & SDV



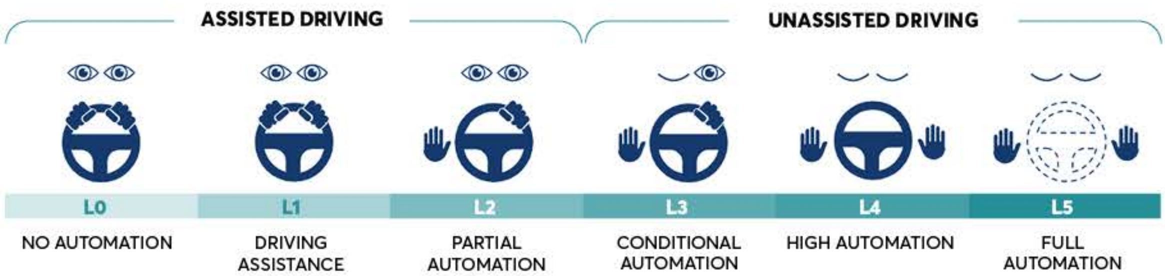
** Software-defined vehicle and software as a product or service*
***Sensors, interior experience and connectivity solutions*

SHARP RISE IN LEVEL 2 AUTOMATION



L = Level

SAE[3] AUTOMATION LEVELS



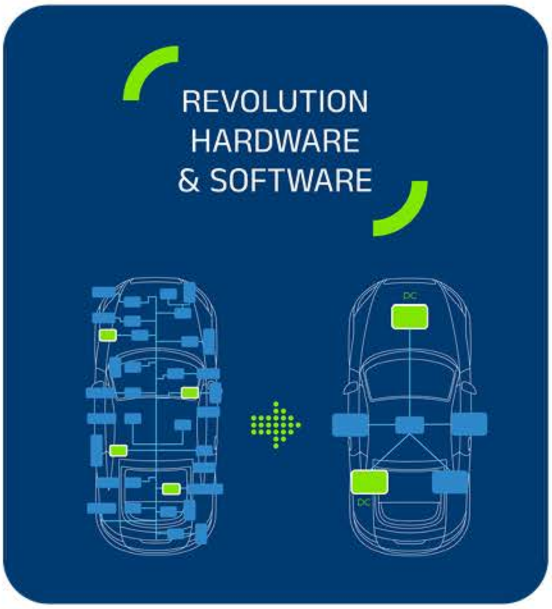
(1) ADAS: advanced driver assistance system.
(2) SDV: software-defined vehicles.
(3) SAE: Society of Automotive Engineers.

THE SOFTWARE-DEFINED VEHICLE, USHERING IN A NEW ERA OF MOBILITY

By offering greater personalization and constant upgradability, the software-defined vehicle transforms the car into an everyday technological companion that adapts to changes and evolving needs throughout its life cycle.
The potential for innovation is immense, for an ever more immersive driving experience.

THREE KEY TAKEAWAYS:

- The software-defined vehicle is an evolving vehicle offering the most accomplished user experience, which can be enhanced throughout its use.
- The software-defined vehicle radically transforms the vehicle architecture, by centralizing all software functions.
- The software-defined vehicle is driving a deep-rooted change in the automotive industry, by creating new business models and strengthening collaboration between stakeholders.



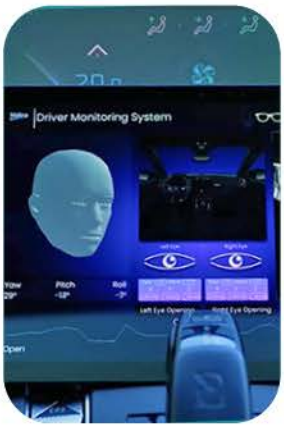
THE MARKET FOR SOLUTIONS THAT REINVENT THE INTERIOR EXPERIENCE

This market will grow significantly over the coming years, with **average annual growth of** around **10% forecast between now and 2030. By 2030, it is estimated that 90% of new cars will be connected.**

This growth is being driven by accelerating consumer demand for comfort and safety with intuitive interfaces and by regulations making driver monitoring systems mandatory in Europe since July 2024.

SAFETY

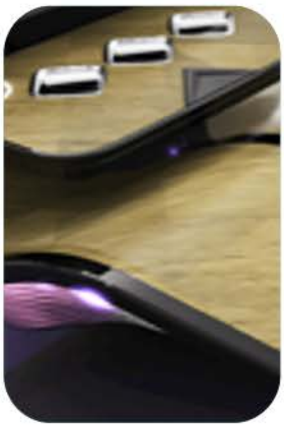
HEAD-UP DISPLAY



DRIVER MONITORING

COMFORT

5G TELEMATICS CONNECTIVITY



INTERACTIVE SURFACES

VEHICLE LIGHTING

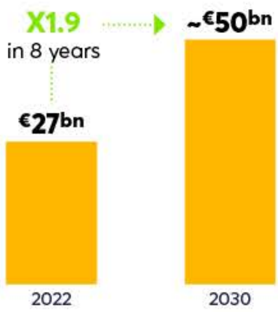
In addition to playing an essential role in improving driving visibility, lighting systems have become a powerful vector for improving road safety, given that **72% of fatal accidents occur at night,** when visibility is poorest.

The Division's growth is being driven by **safety concerns and regulations** through the resulting increase in content per vehicle.

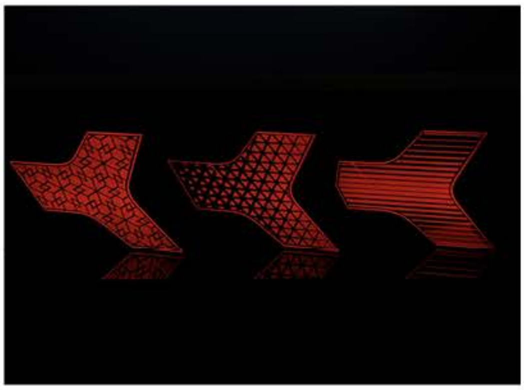
Lighting improves the vehicle's communication with its environment, as well as onboard driver and passenger comfort. It also offers automakers **a source of differentiation** with new, increasingly efficient technologies.

It is a business that demands a high level of industrial expertise, as well as increasingly prominent software skills.

THE LIGHTING SYSTEMS MARKET



FRONT LIGHTING



REAR LIGHTING

LIGHTING EVERYWHERE

STRATEGY

3.

INNOVATION TO SUPPORT GREENER, SAFER MOBILITY AND THE CLIMATE TRANSITION

Valeo supports mobility by developing technological products and solutions.
It is assertively facilitating the transition to cleaner, safer mobility with products that have a direct impact on reducing new vehicle greenhouse gas emissions and improving road safety.

Reducing or avoiding carbon emissions
through our electrification technologies

POWER


HV E-MOTOR


POWER ELECTRONICS


HEAT PUMP


BATTERY THERMAL MANAGEMENT SYSTEM

Improving road safety
through our driving assistance and visibility technologies

BRAIN


ULTRASONIC SENSOR


DRIVER MONITORING CAMERA

LIGHT


LED-ILLUMINATED GRILLES


MATRIX AND PIXEL LIGHTING

CLOSE-UP
COLLABORATIVE SOLUTIONS DELIVERING EFFICIENT NEW TECHNOLOGIES

Valeo develops collaborative solutions through partnerships with universities and industrial and technology players in different sectors, particularly automotive, aerospace, electronics and energy, to deliver robust automotive innovations. In this way, the Group gains additional expertise and perspective, reduces development costs and accelerates time-to-market. Valeo conducts numerous research projects all over the world.

R&D AT VALEO

NORTH AMERICA
6 development centers

EUROPE (incl. Africa)
14 research centers
18 development centers

SOUTH AMERICA
2 development centers

ASIA (incl. China, the Middle East and Oceania)
4 research centers
20 development centers

€2.6bn GROSS R&D SPEND

SOME **19,000** PEOPLE DEDICATED TO R&D

+9,000 SOFTWARE AND SYSTEMS ENGINEERS

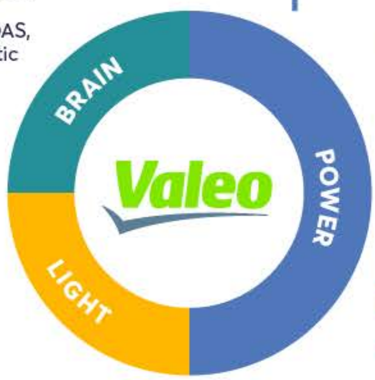
33,400 ACTIVE PATENTS

COMMERCIAL PARTNERSHIPS

A core component of Valeo's strategy, commercial partnerships are **win-win** arrangements designed to **share development costs and shorten new product time-to-market**. Commercial partnerships have been formed in **each of the Divisions with renowned companies around the world**.

TELEDYNE FLIR Everywhereyoulook™

Strategic partnership to develop thermal imaging technologies to enhance automotive system safety.
At the end of 2023, first contract signed with a major automaker to supply thermal cameras incorporated in ADAS, notably for night vision and automatic emergency braking.



ams OSRAM

Partnership to transform vehicle interior lighting into a dynamic environment using innovative Open System Protocol (OSP) technology. This partnership combines ams OSRAM's OSIRE® E3731i intelligent LEDs with Valeo's dynamic ambient lighting systems, setting new standards in automotive interior design and functionality. The collaboration has led to the creation of custom interior lighting animations that enhance the user experience and safety.

ROHM SEMICONDUCTOR

Partnership to develop the next generation of power modules for electric motor inverters, combining the two partners' respective expertise in mechatronics, thermal management and software development. Under the partnership agreement, ROHM will supply Valeo with its TRCDRIVE pack™ with 2-in-1 silicon carbide (SiC) molded modules for future powertrain solutions.

MAHLE

Partnership to develop an innovative magnet-free electric powertrain system, targeting upper segment electric vehicles with peak power ranging from 220kW to 350 kW. This cutting-edge inner Brushless Electrical Excitation (iBEE) technology aims to revolutionize the performance and efficiency of magnet-free electric motors.

TotalEnergies

Strengthened partnership to develop innovative solutions that optimize the performance of electric vehicle batteries while reducing the vehicles' carbon footprint. This partnership focuses on the following key areas: development of an immersive cooling solution that keeps the battery at the optimal temperature, improves its autonomy and protects against thermal runaway risks, and extension of these immersive fluids' use to other vehicle components for more efficient thermal management.

CLOSE-UP

LONG-TERM PARTNERSHIP BETWEEN VALEO AND ZUTACORE

- **January 2024:** four-year commercial agreement signed to develop innovative liquid cooling solutions for data centers, with the aim of increasing computing power, cutting costs and reducing CO_2 emissions.
- **January 2025:** commercial production launched of Heat Reuse Units (HRU) compatible with ZutaCore's Two-Phase Direct-to-Chip Liquid Cooling Solution. Valeo's compact HRU incorporated in ZutaCore's HyperCool system, ushering in a new era of sustainable performance for artificial intelligence (AI) server farms.

HUMAN CAPITAL

INTERVIEW WITH AGNÈS PARK

Chief Human Resources Officer

Valeo employs more than 100,000 people worldwide in its production plants, R&D centers and headquarters. These employees are an essential asset for the Group, which means that the Human Resources Department has a major role to play in managing and developing our human capital.

In a difficult industry environment, what are Valeo's priority Human Resources challenges?

Agnès Park: We are currently experiencing a massive technological transformation of the automotive sector, in a period of uncertainty shaped by escalating competition and pressure on volumes. This situation led us to initiate substantial reorganizations in 2024, which in some cases unfortunately had consequences for employment, particularly in France and Germany. Against this backdrop of product and organizational transitions, people are at the center of our concerns more than ever, and our primary mission is to support all Valeo employees during this period.

We attach considerable importance to forging close relationships. At each of our sites, our managers take care to explain Valeo's vision and decisions and help their teams to upgrade their skillsets. They endeavor to strike the right balance between maintaining adequate wages in an inflationary environment and keeping our sites' cost bases competitive. They also deploy assistance programs where needed.

In addition, we take care to maintain high quality social dialogue with employee representatives and the trade unions, particularly in connection with the ongoing reorganizations. We are very sensitive to the need to offer measures that go beyond the strict legal requirements. Naturally, we do our utmost to encourage internal redeployment and assist with geographical mobility where possible, and we have also implemented measures to support employees and help them find jobs outside the Group. Respecting the dignity of employees throughout the reorganization process is a priority for Valeo.

It should also be stressed that thanks to the quality of our social dialogue we have been able to sign agreements with the social partners.

Can you say a few words about last year's main initiatives and achievements?

A. P.: During the reorganizations I've just mentioned, priority was given to managing internal redeployment. 2024 was also the year we signed a new Corporate Social Responsibility agreement, which amends the 2016 agreement and concerns all the pillars of our CSR policy for all our sites worldwide. It was negotiated with the European Works Council and signed by representatives from all countries, driving genuine social dialogue on this matter.

An important new feature is the definition of a minimum parental leave entitlement of 14 weeks maternity leave and 6 days paternity leave.

Since 2023, we have also placed strong emphasis on supporting managers.

All corporate leadership training courses have been reviewed, and 50% of line managers have received leadership training in the space of less than two years. In September, we also launched a new societal engagement program for employees, *"One site, One cause"*. The program reflects the spirit of solidarity that is part of our corporate DNA and acknowledges the fact that

GENDER EQUALITY

32%
WOMEN
in the workforce

89.1 pts
GENDER EQUITY INDEX

CULTURAL DIVERSITY

134
NATIONALITIES

GENERATIONAL DIVERSITY

22%
EMPLOYEES BELOW 30

DISABILITY

2%
EMPLOYEES WITH DISABILITIES

our employees clearly want to get involved in causes that are important to them through concrete actions. By 2025, each site will propose initiatives that have a positive impact on its local community, in areas such as the environment, education, mobility for all or solidarity. Lastly, we are continuing to digitize our HR tools, to enable every manager and every employee to play a central role in managing their own development and that of their team.
All these initiatives have enabled us to preserve the level of employee engagement, despite a complicated economic environment: for the annual Pulse survey, 81% of our workforce participated and their engagement rate rose slightly to 7.2 (from 7.1 in the previous survey), attesting to the quality of the support provided by local managers.

Is the representation of women within the Group progressing in line with your objectives?

A. P.: We have developed a practical action plan comprising several initiatives designed to make our corporate culture increasingly inclusive and to expand the presence of women at all levels of the organization.
In 2024, 25.6% of our executives were women, exceeding our target for the year. But we want to go faster and, to this end, we have set clearer objectives and will be extending the scope of our target of 32% women by 2030 to cover all the Group's managerial positions.

CLOSE-UP
GENDER PARITY: TWO PRACTICAL INITIATIVES

1 • *"Rock the talk" program:*

One day dedicated to women who are starting out in their career, encouraging them to dare to aspire to a management role and become more assertive.
The program is open to all female employees worldwide with three to eight years' professional experience. It is already available in eight countries and will gradually be extended to all geographies.

2 • 2.5-hour *"Diversity for success"* workshop on inclusive management:

For male and female managers and members of management committees.
2024: 15 sites worldwide in four pilot countries (United States, Czech Republic, China, France).
2025: gradual roll-out to all Group management committees.

A CULTURAL TRANSFORMATION UNDER WAY

Valeo is breathing new life into its leadership and management culture. In 2024, a series of programs was launched across all the organization's management levels.
The programs give every manager the opportunity to amplify their personal impact on their teams and the business, and to adjust their leadership style to each situation. In two years, more than 9,000 managers have been trained (representing over 50% of the entire managerial population), demonstrating Valeo's ambition to place employees and managerial quality at the center of its social policy and the Group's performance indicators.
As part of this ambition, the Group is also strengthening its feedback culture, with some 500 leaders participating in 360° performance appraisals and a new "Time for feedback and recognition" training module rolled out to 1,250 people in the space of a year.

CLIMATE STRATEGY

Valeo's Climate strategy is pursuing two main pathways:

1. Significantly reducing its direct and indirect CO_2 emissions with **the CAP 50 Plan**
2. Supporting the circular economy with the dedicated **4R program**

1 THE CAP 50 PLAN: A DUAL OBJECTIVE

On February 4, 2021, **Valeo unveiled a plan to contribute to carbon neutrality.**
Known as CAP 50, the plan covers the entire value chain, including suppliers, operating activities and the end use of products sold by the Group (Scopes 1 and 2 direct and Scope 3 indirect emissions).

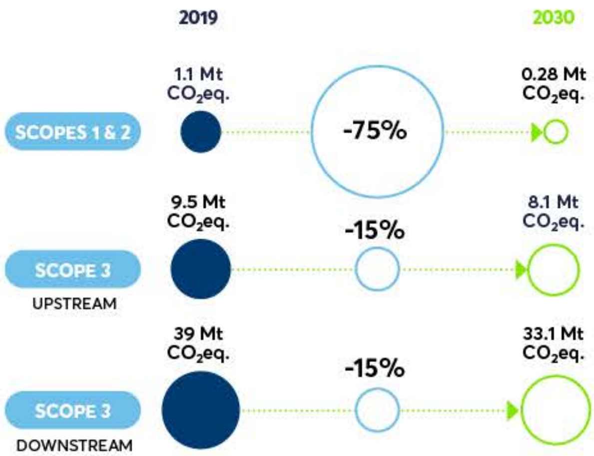
Valeo is committed to:
- **achieving net zero by 2050** across all of its operating activities and its supply chain worldwide (Scopes 1 and 2 and upstream Scope 3), and across its entire value chain in Europe (Scopes 1, 2 and 3, including the end use of its products);
- **implementing a plan over the period to 2030** to reduce Scope 1 and 2 emissions from its operating activities by 75% and Scope 3 upstream (supply chain) and downstream (product use) emissions by 15%, in absolute terms, vs the 2019 baseline.

In all, Valeo aims to reduce its emissions across all scopes by 17% by 2030. These targets have been approved by the SBTi[1].

In addition, the Group's technologies should avoid 13.6 $MtCO_2eq.$ of greenhouse gas emissions by third parties, equivalent to 27% of its own emissions (vs 2019 baseline).

EXPECTED REDUCTION IN CO_2 EMISSIONS IN METRIC TONS AND PERCENT
(% reduction compared with the 2019 baseline)

2030 CO_2 EMISSIONS REDUCTION TARGETS BY SCOPE VALIDATED BY SBTI
(vs. 2019 baseline)



THIRD-PARTY EMISSIONS AVOIDED

(1) Science Based Targets initiative.

2 THE CIRCULAR ECONOMY POLICY ORGANIZED AROUND FOUR PILLARS

According to the *Circularity Gap Report*, the global economy is barely circular today, with only 7% of resources cycled back into use. Aware of the importance of the circular economy in its industry and markets, **Valeo deployed the 4R circularity program in 2022, which it strengthened in 2023 and maintained in 2024. The program addresses the full range of circularity issues, based on four pillars as described below.**

Valeo's approach involves action in the following areas:

- managing waste;
- collecting damaged or obsolete assembled products from across the Group;
- recycling process waste;
- reusing packaging materials;
- sustainably using resources, with policies and action plans covering water use and supply and the more efficient use of fewer raw materials.

The 4R program is proving to be most impactful in the development of Valeo's aftermarket business. Over **one million parts are reconditioned and repaired every year, with a target of two million a year by 2030. In December 2023, Valeo and Stellantis signed a major circular economy strategy cooperation agreement** to launch the first windshield-mounted video front camera remanufactured by Valeo at its Circular Electronics Lab in Nevers, France.

Valeo is committed to gradually extending its 4R program:

- **to all its geographies,** whereas it is currently focused mainly on Europe;
- **to all products, including electronics.**

Valeo deploys the 4Rs through

THE BUSINESS
with circular aftermarket services

REPAIR & REMANUFACTURING

THE DESIGN PHASE
using eco design

ROBUST, DISMANTLABLE DESIGN

OPERATIONS
with the right ecosystem

RECYCLING AS A LAST RESORT

SUPPLIERS

The watchwords of Valeo's supplier relationships are quality and service, competitiveness, innovation and technology. This is reflected in the purchasing policy's sustainability objectives.

It is also reflected in Valeo's commitment to supporting suppliers in their sustainability initiatives. Valeo's sustainability standards are systematically included in agreements with suppliers, who are expected not only to align their targets with Group commitments, but also to cascade these standards down through their own value chain.

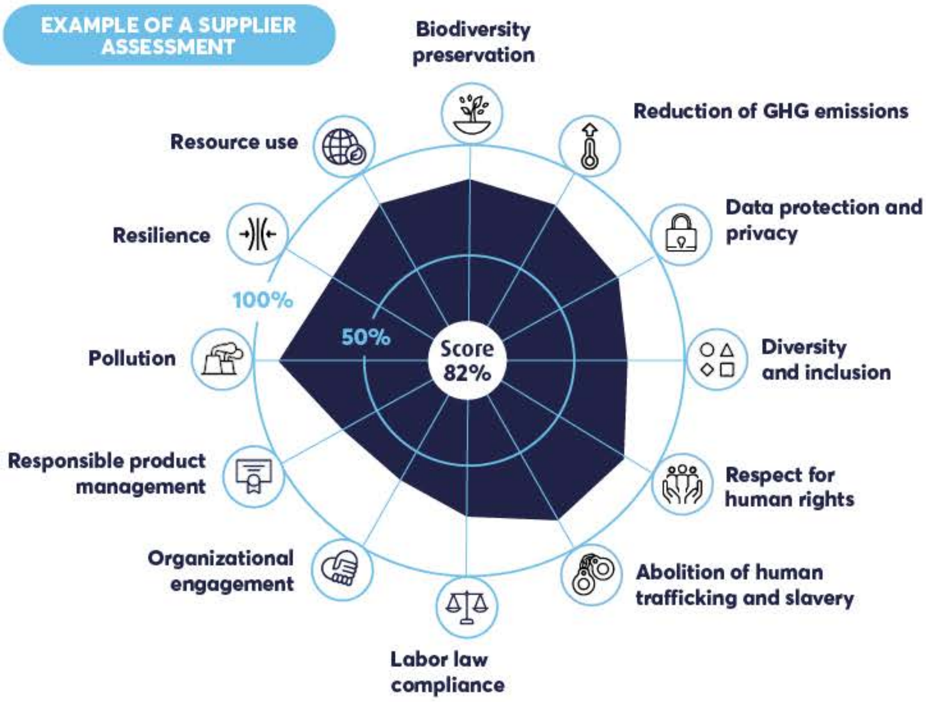
Valeo has also set up a training program to help suppliers ramp up their skills in addressing sustainability issues, with a particular focus on reducing their greenhouse gas (GHG) emissions.

Assessing and supporting suppliers' sustainability practices

As part of its policy of stepping up support for suppliers throughout the value chain, Valeo has extended the scope of these assessments by increasing the topics addressed from six to twelve, covering all sustainability matters.

90% OF PRODUCTION PURCHASES COVERED BY THE SUSTAINABILITY PRACTICES QUESTIONNAIRE IN 2024

EXAMPLE OF A SUPPLIER ASSESSMENT



CLOSE-UP
ON THE CAP 50 PLAN AND REDUCTION OF UPSTREAM SCOPE 3 EMISSIONS

To achieve its objectives as regards reducing upstream Scope 3 emissions, and roll out the objectives to suppliers, Valeo has defined a 4-level roadmap (0 to 3) to measure their CAP 50 maturity in terms of GHG emissions reduction. Each supplier is expected to be at maturity level 3. If this is not the case, an action plan is drawn up in conjunction with the supplier's Purchasing Segment.

CARBON MATURITY LEVELS

Suppliers with a CDP rating of A- or higher will be considered to have a maturity level of 3.

KEY FIGURES

1,935
SUPPLIERS account for 95% of direct purchases (purchased production inputs)

10
LARGEST SUPPLIERS account for 11% of purchases

SOLUTIONS ALIGNED WITH MARKET TRENDS

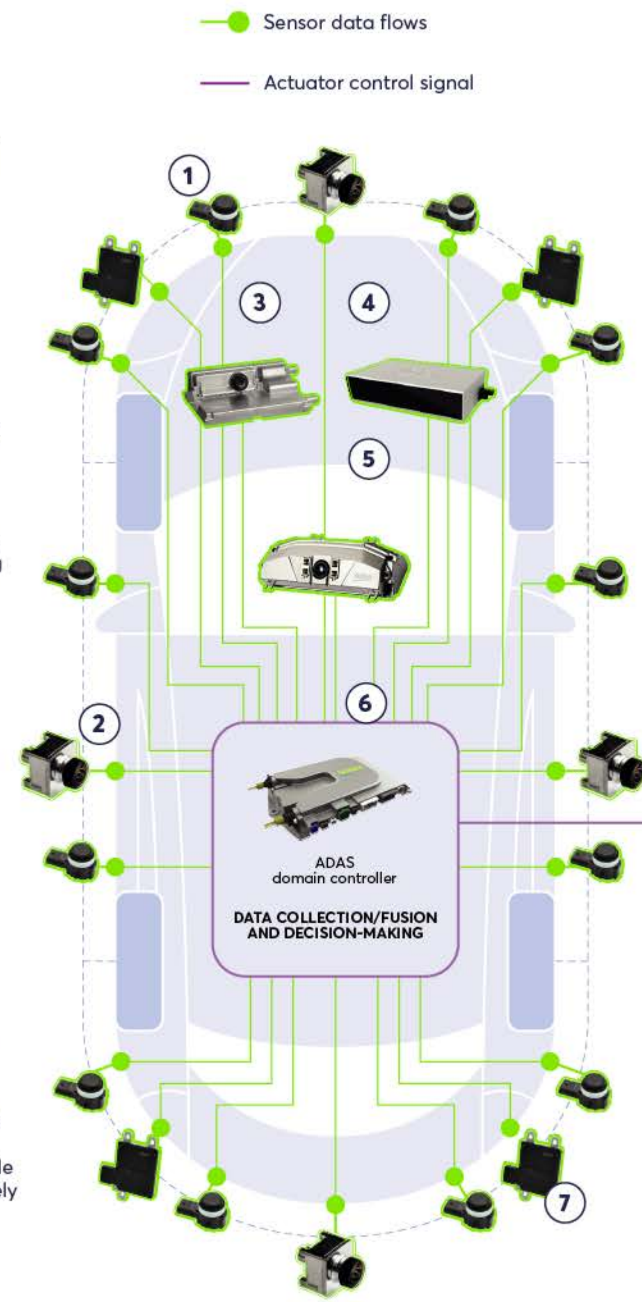
4.

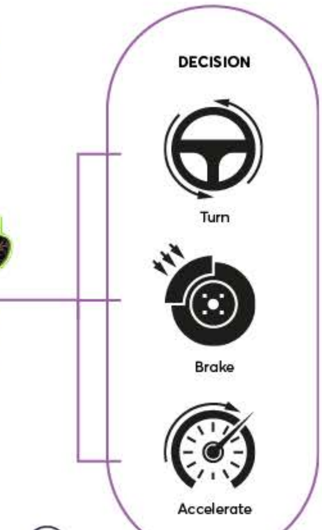
POWER

TECHNOLOGIES FOR **AUTOMATION, DRIVING ASSISTANCE AND SOFTWARE-DEFINED VEHICLES**

Valeo offers a comprehensive range of ADAS comprising components, instrumentation (sensors) and control units (domain and zone controllers), as well as functional software **delivering active safety features and supporting level 2+ and above(1) automation.** With this triple expertise in sensors, electronics and software, Valeo is now positioned as an ADAS **integrator-validator.**

The Group has solid expertise in **ADAS**, enabling it to produce ever-more efficient solutions at optimal cost. Today, Valeo is **the world leader, equipping one out of every three new cars on the market.**





1
Ultrasonic sensor
Sensor capable of detecting the presence of a solid object from a distance of 30 cm to a few meters. Several sensors are needed on a façade to avoid detection blind spots.

2
Surround-view camera
Cameras installed all around the vehicle providing a 360° view of the vehicle's surroundings and assisting the driver during low-speed maneuvering.
Surround-view cameras are also required for autonomous parking applications.

3
Front camera
Front-mounted cameras with 100 m perception capabilities for driving assistance and Level 2 automation applications.

4
LiDAR
Sensor using a laser beam to scan and display a 3D vision of the vehicle's surroundings, and to detect, classify and track objects and road markings up to more than 200 m. As the latest generation of autonomous vehicle sensors, LiDAR can also accurately position the vehicle on a high-definition map to within just a few centimeters.

5
Interior camera
Interior system that monitors, in real time, driver fatigue and distraction as well as, more broadly, the interior cabin environment. Technology required from 2026 in Europe and globally for all high levels of vehicle autonomy.

6
ADAS domain controller
Powerful ADAS processor providing high-speed data collection, sensor data fusion and real time decision-making.

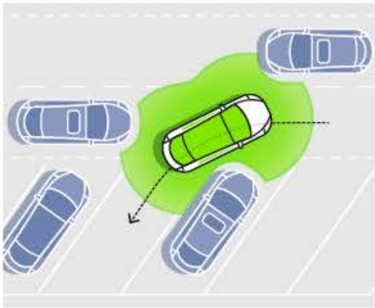
7
Radar
The corner radar sensor is positioned on all four corners of the vehicle to provide a panoramic, wide-angle view.
It quickly and accurately detects obstacles and people, especially in blind spots.

(1) See page 18.

Low-speed maneuvering & parking assistance

Ultrasonic sensor

Surround-view camera

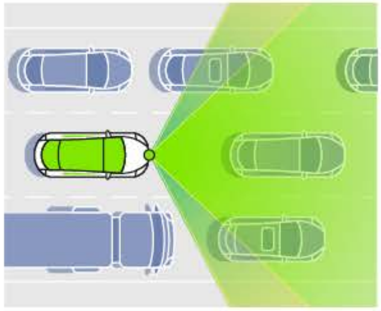


Valeo develops all **parking assistance solutions**, including sensors and functional software, from entry-level to fully automated systems.
Autonomous parking applications, in which the system takes control of steering, accelerating and braking, requires a set of sensors that includes **ultrasonic sensors and surround-view cameras.**
Valet Parking applications, where the driver is no longer present in the vehicle and can rely not only on the vehicle's own sensors but also on those fitted on the parking lot infrastructure.

High-speed driving assistance

SCALA™ LiDAR 3

Front camera



Valeo's ADAS solutions can be used to **delegate driving** in many situations, **including on the highway at speeds of up to 130 km/h.**
Sensor and software-based perception systems enable a vehicle to get a precise picture of its surroundings and support driving assistance functions for greater safety and comfort. In particular, our LiDAR, which can detect an object such as a tire left on the roadway at a distance of more than 150 m, thereby preventing collisions, paves the way for Level 3 automation capabilities.

CLOSE-UP

THE SOFTWARE-DEFINED VEHICLE

The vehicle of tomorrow is being developed under the emerging software-defined vehicles concept (see page 19)

In this new architecture, Valeo supplies:

- operating systems, application software and related services;
- the high-performance computer controlling vehicle driving strategies and ADAS;
- zone controllers to improve power management performance and substantially reduce the amount of wiring;
- ADAS components, such as ultrasonic sensors, visualization and driving cameras, radars and LiDARs.

VALEO'S COMPETITIVE ADVANTAGES

Reliable management of large contracts

One of the top 5 buyers of automotive electronic components

Expertise in thermal systems

Credible software solutions

SEPARATING HARDWARE FROM SOFTWARE CREATES OPPORTUNITIES FOR SOFTWARE SALES

Valeo | anSWer

Software as a product
Software as a service

Valeo BRAIN

present on all software layers

> 9,000

software and systems engineers

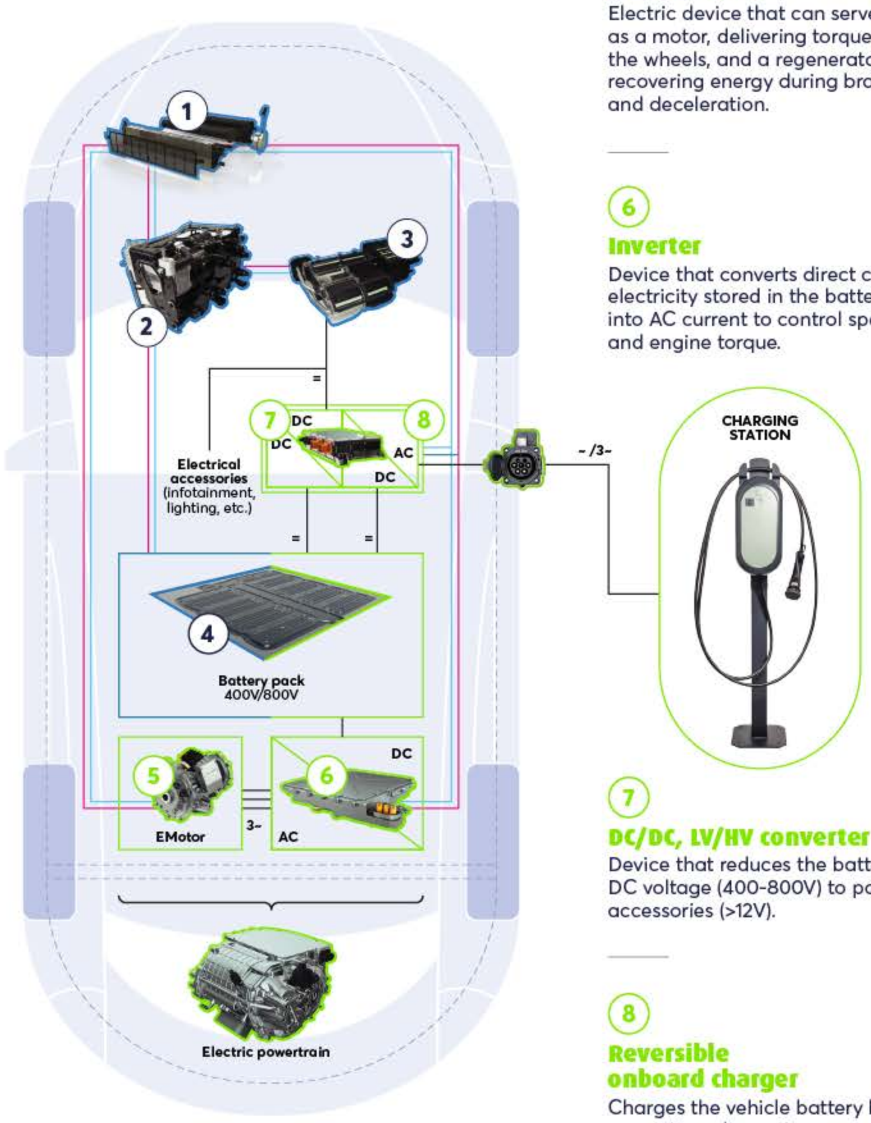
POWER

TECHNOLOGIES FOR HYBRID AND ELECTRIC VEHICLES

Valeo supplies an end-to-end range of technological solutions for electric vehicles, covering:

- **the powertrain:** from low-voltage (LV) to high-voltage (HV) solutions, including electric motors, inverters, onboard chargers, DC/DC converters and transmission systems (clutches, shock absorbers, reducers, etc.)
- **thermal systems,** which fully optimize energy efficiency in cooling modules, air-conditioning modules, battery thermal management systems and the powertrain.

The Group is among the leaders in each of these markets, with growth expected to remain strong over the medium and long term, particularly in high-voltage applications.



1 **Compact, quiet front-end cooling module**
Disperses heat and cools the engine, electronics, battery and heat pump.

2 **Smart heat pump**
Compact and efficient system with an integrated compressor that provides cooling and heat for the vehicle's cooling and heating loops.

3 **Silent HVAC module**
Regulates cabin temperature and ensures passenger comfort. Electric vehicle HVAC systems are quieter and more efficient.

4 **Battery thermal management system**
Large heat exchanger to maintain the battery cells in the right temperature range (25-40°C), preserving their lifespan and reliability over time. Also cools the battery during rapid charging.

5 **Electric motor**
Electric device that can serve both as a motor, delivering torque to the wheels, and a regenerator, recovering energy during braking and deceleration.

6 **Inverter**
Device that converts direct current electricity stored in the battery into AC current to control speed and engine torque.

7 **DC/DC, LV/HV converter**
Device that reduces the battery's DC voltage (400-800V) to power accessories (>12V).

8 **Reversible onboard charger**
Charges the vehicle battery by converting alternating current from the power grid into direct current. Can also send electricity stored in the battery to the power grid during periods of peak demand.

Powertrain system
Thermal system
Electricity flows

Heating/cooling flows
DC or ˝=˝ ˝direct current
AC or ˝~˝ ˝**alternating current**

3~ three-phase power

LIGHTING AND WIPER **TECHNOLOGIES**

Valeo offers a comprehensive range of systems to see and be seen, including lighting, signaling and wiper components, control units and functional software that provides **all the performance, style, safety and durability features.**

Valeo is the world leader in lighting, wiper and sensor cleaning systems, thanks to a solid foundation combining expertise and innovation, standardized and competitive technological platforms, and a product portfolio perfectly aligned with market trends.

1

Illuminated front panel

Providing a distinctive lighting signature and improving communication with oncoming vehicles and pedestrians. Illuminated surfaces are expanding, with front panels featuring LED lighting on the fascia, around the brand logo and between the lighting modules.

2

Integrated wiper systems

The electronic motor, Aquablade single or double wiper blades, arms, electronics and software increase wiping efficiency and halve the amount of cleaning fluid used.

3

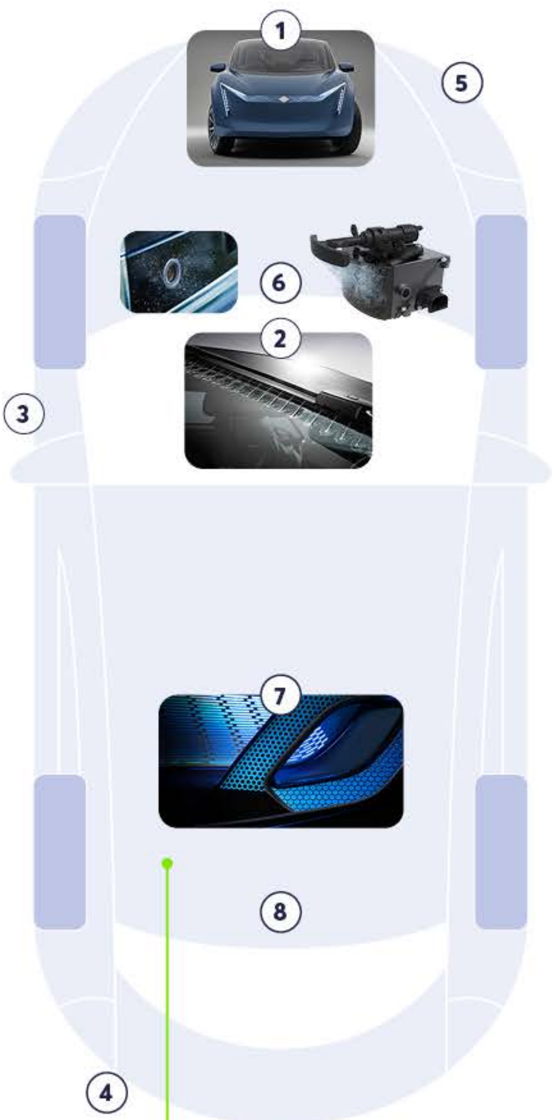
Short-range ground projection

Enables the projection of static or dynamic welcome messages for an experience that begins as the vehicle slows to a halt. Will also enable extended signage.

4

Illuminated rear panel

At the rear, too, the illuminated surfaces are being extended to create a personalized lighting signature that is in symmetry with the front panel, with a subtle combination of taillights, an illuminated logo and bumper light signaling. The incorporation of control units and software enables the system to communicate with its environment.



Software

Valeo is a pioneer in the development and supply of lighting and wiper software for centralized architectures.

Software suites enhance safety, visibility and comfort.

5

Front lighting modules

Ultra-slim lighting modules with integrated dipped and main beam lamps, and an anti-glare function, from 20 pixels to high definition. The module features standardized components incorporated in an intelligent system.

6

Sensor cleaning

ADAS sensors are always operational, whatever the weather and environmental conditions, thanks to a range of air- and water-based cleaning solutions.

7

Interior lighting

For a more comfortable driver and passenger experience (Red-Green-Blue lighting, backlit surfaces), interior lighting systems are evolving towards functional lighting solutions (dynamic lighting of information, surface projection).

8

3rd brake light & rear wiper

Integration of ultra-compact rear wiper functions with the third brake light. The package adds differentiating features such as retro-projection in the rear window.

AFTERMARKET SOLUTIONS

Valeo Service offers a variety of mobility aftermarket solutions,
supplying replacement parts and services to car dealer networks, the independent aftermarket, EV recharging station installers and electric bike repair shops.

Valeo Service's vision is to be a partner that is: 1 Trusted → 2 Smart → 3 Sustainable → 4 Premium Experience

1 A TRUSTED PARTNER

Valeo Service supports professionals in their technological transformation by providing the aftermarket with the latest original equipment innovations and by developing dedicated aftermarket solutions. As part of this commitment, Valeo is strengthening Tech Assist, its online technical assistance platform for professionals. Valeo also facilitates the training of professionals who are expected to continue servicing IC vehicles, but also to prepare to maintain electric and autonomous vehicles.

2 A SMART PARTNER

Valeo is committed to acting as a smart partner by providing its distributors and workshops with personalized, optimized digital solutions.

- Accelerated global deployment of Valeo Service websites.
- Deployment of the Valeo MyPortal, a digital portal designed specifically for distributor customers in over 50 countries.
- Expanding the Valeo Specialist Club, a specific workshop loyalty program.

3 A SUSTAINABLE PARTNER, ENGAGED IN THE CLIMATE TRANSITION

In 2024, Valeo continued to deploy the I Care for the Planet program, which is designed to help shrink the automotive aftermarket's environmental impact through:

- the development of product innovations with a lower environmental impact;
- the development of circular-economy product ranges, including remanufactured offers available across a growing number of product categories.

4 PREMIUM EXPERIENCE

By placing the customer at the center of its organization, Valeo Service is committed to offering a premium service that is increasingly efficient and more personalized.

The Net Promoter Score (NPS) approach is an essential tool for Valeo Service to assess the satisfaction of its distributor and workshop customers. It is measured twice a year and enables us to identify expectations, areas for improvement and levers for progress. The scores obtained are particularly encouraging; they have improved steadily, year after year, and are now approaching excellence.

AFTERMARKET BUSINESS SERVING OUR THREE DIVISIONS

- **Resilient** with lower sensitivity to fluctuations in economic conditions.
- **A profitable business that generates cash.**

150 COUNTRIES COVERED

320 PRODUCT FAMILIES

1,255 EMPLOYEES

GOVERNANCE, RISK MANAGEMENT, ETHICS AND COMPLIANCE

5.

THE BOARD OF DIRECTORS

The Board of Directors determines Valeo's business strategies and ensures that they are implemented effectively.

1- **Gilles Michel***
Chairman of the Board of Directors

2 - **Christophe Périllat**
Chief Executive Officer

3 - **Alexandre Dayon***

4 - **Éric Chauvirey(1)**
Director representing employee shareholders

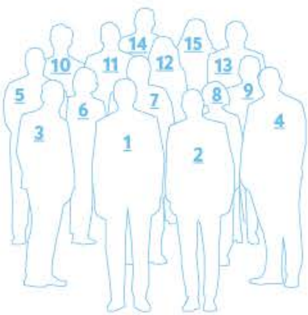
5- **Éric Poton(1)**
Director representing employees

6- **Véronique Weill***

7 - **Bruno Bézard***

8 - **Mari-Noëlle Jégo-Laveissière***

9 - **Fonds Stratégique de Participations***,
represented by Julie Aurane



10- **Bpifrance Participations***,
represented by Alexandre Ossola

11 - **Sascha Zahnd***

12 - **Stéphanie Frachet***

13 - **Patrick Sayer***

14 - **Grzegorz Szelag(1)**
Director representing employees

15 - **Beatriz Puente***

15
DIRECTORS
including 11 independent directors and 3 directors representing employees and employee shareholders

10
MEETINGS IN 2024

42%
WOMEN(1)(2)

98%
ATTENDANCE RATE IN 2024(2)

92%
INDEPENDENCE(1)(2)

5
NATIONALITIES

(1) Directors representing employees and employee shareholders do not count for the purpose of determining the proportion of (i) independent directors in accordance with the recommendation in Article 10.3 of the AFEP-MEDEF Code, and (ii) gender diversity in accordance with Articles L. 225-23 and L. 225-27-1 of the French Commercial Code.

(2) Rounded to the nearest percentage.

* Independent directors

THE FOUR BOARD COMMITTEES

The Board of Directors has set up four committees to issue recommendations on key matters, improve its operating procedures and, ultimately, secure the Group's sustainable growth.

Audit & Risks Committee

7 MEMBERS

100% independent members(1)

6 meetings
100% attendance rate
67% women(1)(2)

Governance, Appointments & Corporate Social Responsibility Committee

5 MEMBERS

100% independent members(1)

5 meetings
96% attendance rate
50% women(1)

Compensation Committee

5 MEMBERS

100% independent members(1)

5 meetings
96% attendance rate
50% women(1)

Strategy Committee

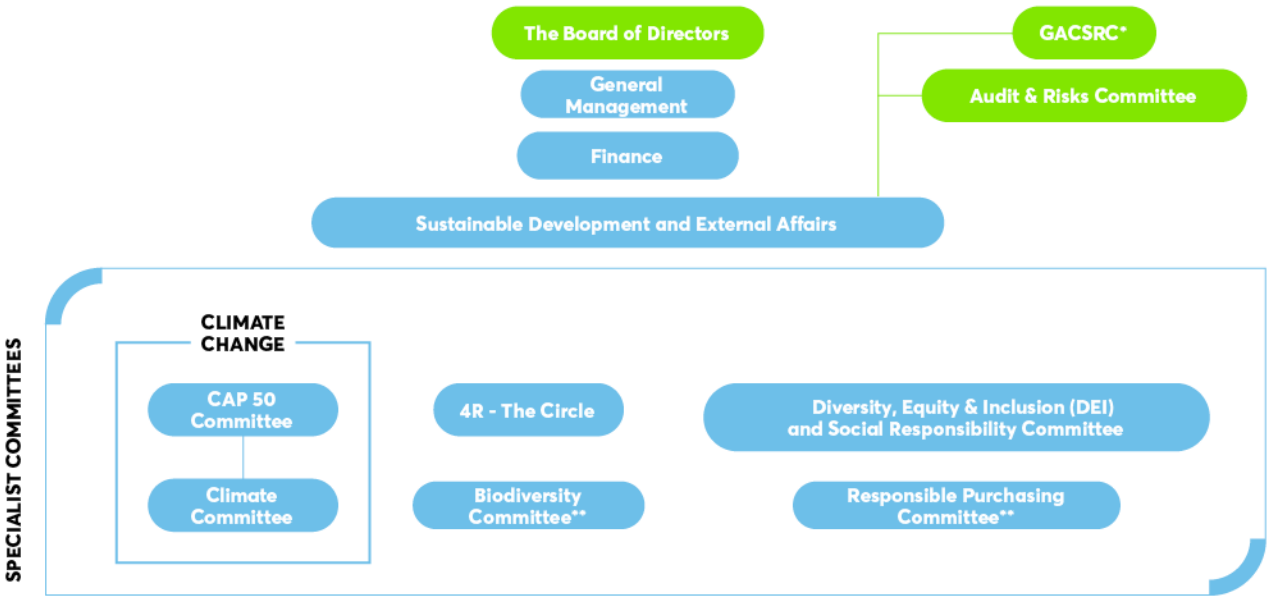
6 MEMBERS

100% independent members(1)

5 meetings
96% attendance rate(2)
20% women(1)

SUSTAINABLE DEVELOPMENT GOVERNANCE

As a technology company committed to delivering cleaner, safer and smarter mobility, Valeo considers sustainability to be a strategic priority and has established a robust governance structure spanning all levels of the organization, to ensure the overall consistency and effectiveness of sustainability-related decision-making processes.



** Governance, Appointments & Corporate Social Responsibility Committee*
***In the process of being set up*

(1) Directors representing employees and employee shareholders do not count for the purpose of determining the proportion of (i) gender diversity in accordance with Articles L. 225-23 and L. 225-27-1 of the French Commercial Code, and (ii) independent directors in accordance with the recommendation in Article 16.1 of the AFEP-MEDEF Code.
(2) Rounded to the nearest percentage.

EXECUTIVE COMMITTEE

The Executive Committee meets once a month to review the operational management of the Divisions, coordinate project management and help implement Group strategy.

From left to right: **Xavier Dupont,** *Chief Executive Officer of the POWER Division and Group Executive Vice President;* **Marc Guédon,** *Chief Purchasing Officer;* **Édouard de Pirey,** *Chief Financial Officer;* **Catherine Delhaye,** *Chief Ethics, Compliance and Data Protection Officer;* **Maurizio Martinelli,** *Chief Executive Officer of the LIGHT Division and Group Executive Vice President;* **Christophe Périllat,** *Chief Executive Officer;* **Marc Vrecko,** *Chief Executive Officer of the BRAIN Division Group Executive Vice President;* **Agnès Park,** *Chief Human Resources Officer;* **Éric Antoine Fredette,** *Group General Counsel and General Secretary;* **François Marion,** *Chief Communications Officer;* **Detlef Juerss,** *Chief Sales and Business Development Officer;* **Éric Schuler,** *Chief Executive Officer of Valeo Service Activity*

COMPENSATION OF THE CHIEF EXECUTIVE OFFICER

The Chief Executive Officer's 2025 **compensation**, as defined in the 2025 compensation policy(1), breaks down as follows: **22% fixed compensation and 33% variable compensation**, representing annual short-term compensation; **45% performance shares,** representing long-term compensation. In this way, **78%** of the Chief Executive Officer's compensation is subject to performance conditions.

ANNUAL VARIABLE COMPENSATION – MAXIMUM 150% OF FIXED COMPENSATION		CRITERIA WEIGHTING (OUT OF 100%)
QUANTIFIABLE CRITERIA	• EBIT: **20%** • Free cash flow: **20%** • Net income: **20%** • Net debt/EBITDA: **20%** • Profitable order intake on identified strategic projects: **10%**	**60%**
QUALITATIVE CRITERIA	• Strategic vision: **20%** • Risk management: **20%**	**27%**
QUALITATIVE CSR CRITERIA:	• Reduction trajectory in CO_2 emissions in line with the CAP 50 Plan • Safety performance • Increase in the gender equity index • Improvement in CSR performance metrics.	**13%** **20%**

PERFORMANCE SHARES – MAXIMUM 200% OF FIXED COMPENSATION		CRITERIA WEIGHTING (OUT OF 100%)
INTERNAL PERFORMANCE CRITERIA	• ROCE: **30%** • EBIT: **30%**	**60%**
EXTERNAL PERFORMANCE CRITERION	• *Total shareholder return (TSR):* **10%** CAC 40 TSR **10%** Europe Automotive Equipment Suppliers Panel TSR	**20%**
CSR CRITERION: DIVERSITY	• Percentage of women in the different Group management committees	**10%**
CSR CRITERION: THE CAP 50 PLAN	• Reduction trajectory of CO_2 emissions in line with the CAP 50 Plan	**10%**

1,700 KEY MANAGERS The annual variable compensation for the Group's 1,700 key managers is indexed to similar criteria (including CSR criteria) to that used to determine the Chief Executive Officer's compensation.

(1) Subject to approval at the Shareholders' Meeting.

RISK MANAGEMENT

Because the Group conducts its business in a constantly changing environment, it is exposed to risks.

Risks are mapped using a global, iterative approach involving several stages:

- **identification:** their causes and consequences are analyzed using various methods, including interviews with key stakeholders;
- **prioritization:** based on their assessed net impact and probability of occurrence;
- **management:** action plans are prepared and controls implemented with the aim of continually improving risk management and limiting the impact and/or likelihood of occurrence of said risks as much as possible.

RISK CATEGORIES	RISK FACTORS	Criticality
STRATEGIC RISKS	Risks related to the automotive equipment industry	High
	Risks related to talent engagement and retention	Medium
OPERATIONAL RISKS	Risks related to the development and launch of new products	Medium
	Risks related to the quality and safety of products and services sold	High
	Cybersecurity	High
	Supplier and supply chain failure risk	Medium
FINANCIAL RISKS	Risks related to an increase in operating costs	High
	Foreign currency risk	Medium

Criticality ● High ● Medium

ETHICS AND COMPLIANCE

A comprehensive ethical and compliance process with:

- the engaged commitment of executive management;
- a Code of Business Ethics;
- precise, explicit compliance programs;
- multilingual tools and guidelines available to employees;
- annual e-learning courses;
- targeted classroom or online awareness-building sessions;
- a Compliance Office and a network of Compliance Champions and Data Protection Champions by country, Division and function;
- a whistleblowing system based on a global online platform and a network of corporate and local correspondents.

NEARLY
100%
OF NEW HIRES CONFIRMED THEY HAD RECEIVED THE CODE OF BUSINESS ETHICS

95%
of new hires successfully completed the Induction to **COMPLIANCE PROGRAM MODULE**

NEARLY
100%
of the employees concerned completed **THE ANNUAL ANTI-CORRUPTION TRAINING MODULE**

ETHICS AND COMPLIANCE

INTERVIEW WITH CATHERINE DELHAYE

Chief Ethics, Compliance and Data Protection Officer

Given the events of 2024, what were Valeo's priorities in terms of Ethics and Compliance?

Catherine Delhaye: While the fight against corruption and anti-competitive practices remains an important matter, we also pay particular attention to international economic sanctions, as they are constantly evolving in the current geopolitical environment and require considerable vigilance and very close monitoring. Since the beginning of the Russia-Ukraine conflict, the legal implications of international sanctions and export and import controls have been continuously monitored to ensure that regulatory changes, particularly those concerning Russia and Belarus, are immediately reflected in our dedicated and closely supervised global compliance program. The program includes both guidelines and practical tools for our operating teams. Human rights are also a major focus area. A specific policy has been developed, responding to the imperative need to protect and enforce human rights, not only in Valeo's own operations, but also in those of suppliers and service providers in its supply chain. Demonstrating its commitment in this area, Valeo made updating and deploying the Business Partners Code of Conduct, which complements Valeo's Code of Business Ethics, an additional priority for 2024. These codes are essential components of our compliance program, and we require our employees and suppliers to comply with them.

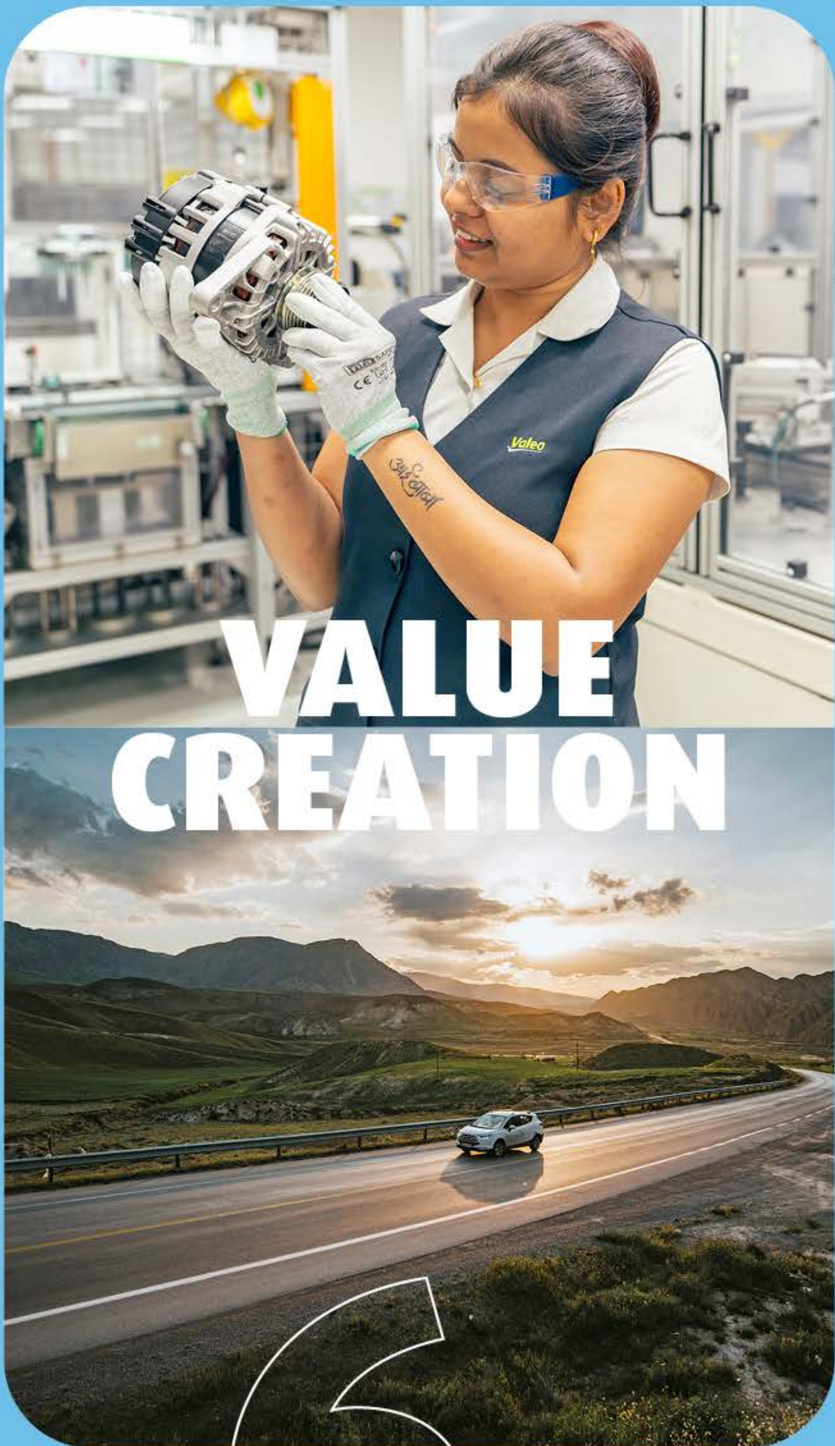
What have been your main achievements in this environment?

C. D.: As I said before, we have revised the Valeo Business Partners Code of Conduct to align it with both the Code of Business Ethics, which was updated in 2023, and the new rules in force, particularly with regard to export controls, economic sanctions and human rights. We have also updated our risk map relating to corruption and influence peddling in accordance with the requirements of the Sapin II law.

With regard to the Antitrust program, we have massively strengthened employee awareness of the need to evaluate and supervise collaborative projects that may involve competitors, including at the request of customers. In the area of human rights, we have broadened the scope of our due diligence to take into account the requirements of regulators and updated the Due Diligence Policy accordingly. Finally, we have laid the foundations of our compliance and governance policy in the field of artificial intelligence. It will be deployed in the first half of 2025 for functions including R&D, Purchasing, Human Resources and Sales.

There has been no end to new regulations. How do you manage them efficiently?

C. D.: Any compliance program naturally involves compliance with regulations. Active legal watch is therefore essential. It enables existing compliance programs to be constantly adjusted as needed, and additional tools or ad hoc training to be developed if required. These adjustments must then be communicated as quickly and widely as possible to the leadership team and then to the employees concerned, with the help in particular of our network of Compliance Champions and Data Protection Champions. This approach also enables us to meet our customers' growing compliance requirements. Finally, whether it is a question of fighting corruption, complying with international sanctions or applying legislation on conflict minerals or deforestation, we must be agile and able to adapt to constantly changing regulations.



6. VALUE CREATION

BUSINESS MODEL Valeo

CHALLENGES AND OPPORTUNITIES

- Greener and safer mobility
- Economic environment and global automotive production
- Regulatory developments
- Talent engagement and retention

OUR RESOURCES

EMPLOYEES

- 106,100 employees
- 134 nationalities
- 32% women

INNOVATION

- Nearly 19,000 R&D employees working at 18 research centers and 46 development centers
- More than 9,000 software and systems engineers
- More than 1,600 patents filed in 2024
- R&D representing 10% of 2024 sales
- Open innovation approach

INDUSTRIAL AND COMMERCIAL ASSETS

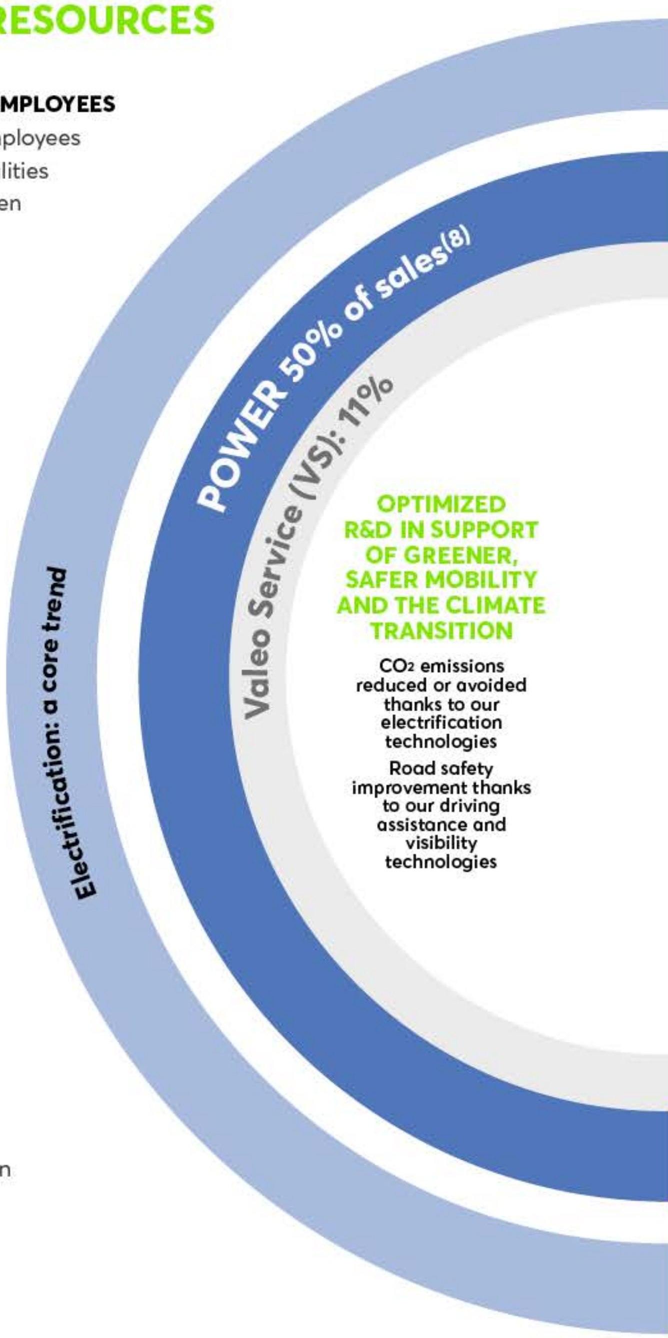
- Investments in property, plant and equipment: 5.3% of 2024 sales
- 155 plants
- Balanced geographic footprint: 28 countries
- Diversified customer portfolio

ENVIRONMENTAL AND SOCIAL AMBITION

- 90% of Group production purchases from suppliers whose ESG practices have been assessed
- New Valeo Business Partners Code of Conduct in 2024
- Rollout of the 4R program: Robust Design, Remanufacturing, Repair, Recycle(d)

FINANCIAL RESOURCES

- Available cash of €3.2bn at end-2024
- Undrawn credit lines: €1.6bn
- Two green bonds issued in October 2023 and April 2024 for a total of €1.45bn



OPTIMIZED R&D IN SUPPORT OF GREENER, SAFER MOBILITY AND THE CLIMATE TRANSITION

CO_2 emissions reduced or avoided thanks to our electrification technologies

Road safety improvement thanks to our driving assistance and visibility technologies

(1) Number of lost-time occupational accidents per million hours worked (frequency rate [FR1])
(2) Greenhouse gas.
(3) Science Based Targets initiative.
(4) Original equipment sales: 84%, Aftermarket: 11%, Miscellaneous sales (R&D, tooling): 5%.
(5) See glossary.
(6) To be submitted for approval at the Shareholders' Meeting of May 22, 2025.
(7) % of total Group sales.
(8) Advanced driver assistance system.

LIGHT + BRAIN = 50%

of activity independent from the type of powertrain

VALUE CREATION

EMPLOYEES

Accident frequency rate[1]	**0.8**	Comp.
Gender equity index	**89.1 pts**	Comp.
Percentage of women in Group management committees	**25.6%**	Comp.

ENVIRONMENT

CAP 50 plan: GHG[2] emissions Scopes 1, 2 & 3 (aligned with SBTi commitments[3])	**38.8 $MtCO_2eq$.** **2024 objective achieved**	Comp.

- 1 million parts reconditioned and repaired per year, with the goal of 2 million per year by 2030
- Use of Valeo technologies for applications in non-automotive industries: an opportunity-driven approach to reducing CO_2 emissions

ETHICS

- Deployment of the new antitrust program and implementation of a new risk map in relation to the fight against corruption (Comp.)

FINANCIAL PERFORMANCE

Sales[4]	**€21.5bn**	
EBITDA margin[5]	**13.3%**	Comp.
Operating margin[5]	**4.3%**	Comp.
Free cash flow[5] after one-off restructuring costs	**€481m**	Comp.
Leverage ratio[5]	**1.3x**	
Dividend in respect of 2024[6]	**€0.42**	

Comp. *Criterion included in the short-term variable compensation and/or long-term compensation of the Chief Executive Officer (subject to shareholder approval at the Shareholders' Meeting on May 22, 2025).*

FINANCIAL AND NON-FINANCIAL PERFORMANCE HIGHLIGHTS

FINANCIAL PERFORMANCE	2023	2024
GROUP SALES (IN €M)	**22,044**	**21,492**
Original equipment sales (in €m) *As a % of Group sales*	**18,701** **85%**	**17,950** **84%**
Aftermarket sales (in €m) *As a % of Group sales*	2,267 *10%*	2,262 *11%*
Miscellaneous sales (in €m) *As a % of Group sales*	1,076 5%	1,280 5%
R&D expenditure (in €m) *As a % of Group sales*	(2,029) -9.2%	(2,127) -9.9%
EBITDA (IN €M) *As a % of Group sales*	**2,647** **12%**	**2,863** **13.3%**
OPERATING MARGIN EXCL. SHARE IN JVS (IN €M) *As a % of Group sales*	838 **3.8%**	919 **4.3%**
Other income and expenses (in €m) *As % of Group sales*	(111) -0.5%	(313) -1.5%
Attributable net income (in €m) *As a % of Group sales*	221 *1.0%*	162 *0.8%*
BASIC EARNINGS PER SHARE (IN €)	**0.91**	**0.67**

STATEMENT OF CASH FLOWS	2023	2024
Change in working capital *As a % of Group sales*	278 *1.3%*	492 *2.3%*
Investments in property, plant and equipment (in €m) *As a % of Group sales*	(964) *-4.4%*	(1,138) *-5.3%*
Investments in intangible assets incl. capitalized development expenditure (in €m) *As a % of Group sales*	(1,037) *-4.7%*	(1,086) *-5.1%*
FREE CASH FLOW (IN €M)	**379**	**481**

FINANCIAL STRUCTURE	2023	2024
Net debt (in €m)	4,028	3,813
LEVERAGE RATIO: NET DEBT TO EBITDA	**1.5x**	**1.3x**

DIVIDENDS	2023	2024
DIVIDEND PER SHARE (IN €)	**0.40**	**0.42**[1]

(1) To be submitted for approval at the Shareholders' Meeting to be held on May 22, 2025.

NON-FINANCIAL PERFORMANCE

CHALLENGES	ENVIRONMENTAL INDICATORS	2019	2024	SDG IMPACTED
CARBON NEUTRALITY CONTRIBUTION PLAN	Emissions from operating activities – *Scopes 1 & 2 ($MtCO_2eq.$)*	1.1 *Baseline*	0.4	
	Emissions from purchased goods and services – *Upstream Scope 3 ($MtCO_2eq.$)*	9.5 *Baseline*	7.9	
	Emissions from the use of Valeo products – *Downstream Scope 3 ($MtCO_2eq.$)*	39.0 *Baseline*	30.5	
	Gross emissions - *Scope 1, 2 & 3 ($MtCO_2eq.$)* in line with SBTi commitments	49.6 *Baseline*	38.8	
ENERGY	Energy consumption as a proportion of sales (MWh/€m)	142 *Baseline*	125	
	Share of low-carbon electricity purchased	5.5%	61	
WATER	Water withdrawals as a proportion of sales (cu.m/€m)	197 *Baseline*	121	
DISCHARGES AND WASTE	Production of hazardous and non-hazardous waste as a proportion of sales (t/€m)	16.4 *Baseline*	12.3	

CHALLENGES	EMPLOYEE-RELATED INDICATORS	2019	2024	SDG IMPACTED
HEALTH AND SAFETY	Accident frequency rate (FR1): number of accidents with lost time per million hours worked	1.9	0.8	
PROMOTING EQUALITY AND DIVERSITY	Gender equity index	82 pts	89.1 pts	
	Percentage of women on Group management committees	16%	25.6%	
	Percentage of employees with disabilities on Group payroll	2.1%	2%	
SKILLS	Number of hours' training per employee during the year	-	19h	

CHALLENGES	SOCIAL INDICATORS	2019	2024	SDG IMPACTED
PURCHASING AND SUSTAINABILITY	Share of production purchases for which the suppliers' sustainability practices were assessed during the year (% of total purchases)	80%	90%	
LOCAL INTEGRATION	Organization of initiatives and events by the Valeo sites with educational and vocational training institutions (in % of sites)	68%	71.1%	
LOCAL COMMUNITIES	Share of sites participating in the "One Site, One Initiative" program	50%	68%	

OUTLOOK

In 2025, Valeo is aiming for structurally higher profitability and cash generation, driven by the attractive positioning of its offering and rigorous cost management.

In 2025, we will continue to build on our recovery, and are aiming for a further improvement in our financial performance. Our goal is to deliver an original equipment sales outperformance versus automotive production, and to increase our operating margin and free cash flow generation. For the period 2024-2025, this would be equivalent to free cash flow generation of around one billion euros, which remains the Group's priority. Our Move Up strategic plan will come to an end in 2025. We have reduced our costs and structurally improved our profitability and cash generation. Our customers have demonstrated their trust and growing interest in our technologies. Since 2022, the profitability of our order intake has increased sharply. We will outline a new phase of profitable, cash-generating growth for Valeo at an Investor Day to be held on November 20, 2025."

CHRISTOPHE PÉRILLAT
VALEO'S CHIEF EXECUTIVE OFFICER

		2024	2025 OBJECTIVES [(a)(b)]
SALES *(in billions of euros)*		21.5	21.5 to 22.5 OE sales outperformance
EBITDA *(as a % of sales)*		13.3%	13.5% to 14.5%
OPERATING MARGIN *(as a % of sales)*		4.3%	4.5% to 5.5%
FREE CASH FLOW *(in millions of euros)*	Before one-off restructuring costs	551	700 to 800
	After one-off restructuring costs	481	+ 450 to 550
		Cumulative cash flow of around 1 billion euros for the 2024-2025 period, after taking into account 300 million euros in one-off restructuring costs.	

(a) Based on S&P Global Mobility estimates as at February 18, 2025 and regulations relating to tax and tariffs, in effect at February 27, 2025.
(b) Second-half margins and free cash flow generation higher than in the first half, thanks to higher production volumes and efficiency gains.

RATINGS

ESG ratings (as of March 1, 2025)

ESG performance and commitments recognized by non-financial rating agencies

S&P GLOBAL	SUSTAINALYTICS	ISS ESG
74/100	8.8 negligible risk	B- Prime
CDP	**MSCI ESG RATINGS**	**MOODY'S**
A Climate change A- Climate Water	AAA	61/100

ESG indices (as of March 1, 2025)

ESG stock market indices of which Valeo is a member

EURONEXT CAC 40 SBT 1.5°

STOXX Global ESG Leaders

MSCI ESG Leaders

Credit ratings (as of March 17, 2025)

Deleveraging as a Group priority

STANDARD & POOR'S	MOODY'S
BB/B Outlook: stable	Ba1/Non-prime Outlook: negative

FINANCIAL GLOSSARY

Order intake corresponds to business awarded by automakers during the period to Valeo, and to joint ventures and associates based on Valeo's share in net equity, less any cancellations. Figures are based on Valeo's best volume, sale price and service life estimates. Unaudited indicator.

Like-for-like (or LFL): the currency effect is calculated by multiplying foreign currency sales by each currency's prior-period exchange rate against the euro. The Group structure impact is calculated by (i) eliminating, for the current period, sales of companies acquired during the period, (ii) adding to the previous period full-year sales of companies acquired in the previous period, and (iii) eliminating, for the current period and for the comparable period, sales of companies sold during the current or comparable period.

Outperformance is a business growth indicator corresponding to growth in Valeo's like-for-like original equipment sales compared with growth in automotive production volumes, as defined by S&P Global Mobility (formerly IHS Markit), over a given period and geography.

Operating margin (EBIT) corresponds to operating income before other income and expenses before share in net earnings of equity-accounted companies.

EBITDA corresponds to (i) operating margin before depreciation, amortization and impairment losses (included in the operating margin) and the impact of government subsidies and grants on non-current assets, and (ii) net dividends from equity-accounted companies.

EBITDA margin: EBITDA/sales.

Free cash flow corresponds to net cash from operating activities (excluding changes in non-recurring sales of receivables and net payments for the principal portion of lease liabilities) after taking into account acquisitions and disposals of property, plant and equipment and intangible assets.

Net debt comprises all long-term debt, liabilities associated with put options granted to holders of non-controlling interests, short-term debt and bank overdrafts, less loans and other long-term financial assets, cash and cash equivalents and the fair value of derivative instruments hedging the foreign currency and interest rate risks associated with these items.

Leverage ratio: Net debt to EBITDA.

Gearing ratio: Net debt/stockholders' equity.

1. PRESENTATION OF VALEO

1.1 History and development of the Group

Founded in 1923 as Société Anonyme Française du Ferodo, the Group originally distributed and produced brake linings, then clutches.

It gradually diversified into thermal systems, lighting, wiper systems, alternators and ignition systems, and began to expand internationally in the 1960s (Spain and Italy, Germany, United States, etc.).

In 1980, the Company adopted the name Valeo, a Latin word meaning "I am well", with a view to uniting the various brands under a single name.

In the 1990s, the Group continued to expand in Asia (China, India and Japan) and Eastern Europe (Czech Republic, Poland, Hungary and Romania).

In 1991, Valeo invented the first driving assistance solutions, with ultrasonic sensors for parking, and in 2004, the Group became one of the pioneers of electrification with the launch of the Stop-Start system.

In 2009, the Group focused its positioning on technologies to reduce CO_2 emissions and improve road safety, for safer, cleaner, and smarter mobility.

Since then, the Group has gradually established itself as a world leader in electrification (powertrain and thermal systems), driving assistance, lighting and wiper systems, and at the same time strengthened its expertise in key areas such as electronics, software and artificial intelligence.

Thanks to its innovations and having anticipated the industry's transformation toward the electric, autonomous and software-defined vehicle, the Group is gradually evolving from a traditional automotive supplier into a technology company at the heart of the revolutions driving mobility.

Its technologies now extend beyond the automotive industry, equipping many forms of mobility (2 and 3-wheelers, light urban quadricycles, delivery droids, autonomous shuttles), right through to infrastructure for the smart city (data center cooling, charging stations, etc.).

In February 2022, the Group launched its new Move Up strategic plan for the period 2022-2025. This value-creation strategy is part of a long-term vision for cleaner and safer mobility, and is based on the four megatrends shaping tomorrow's automotive industry: acceleration of electrification, acceleration of driving assistance (ADAS), reinvention of the interior experience, and lighting everywhere.

In April 2024, Valeo announced the creation of its new Valeo Power Division, resulting from the merger of its Thermal Systems and Powertrain Systems Business Groups, to address electrification market expectations and improve Valeo's competitiveness and financial performance. Valeo is also renaming its two other Divisions to reflect the evolution of their activities: the Comfort & Driving Assistance Systems Business Group will be named the Valeo Brain Division and the Visibility Systems Business Group, the Valeo Light Division.

ACQUISITIONS AND JOINT VENTURES:

- **Ichikoh** (2017) – lighting systems: takeover;
- **gestigon** (2017) – cabin 3D image processing software;
- **FTE automotive** (2017) – hydraulic actuators;
- **Valeo-Kapec** (2017) – torque converters;
- **Precico** (2017) – plastic components, printed circuit board assemblies;
- **Kuantic** (2017) – development of onboard telematics;
- **Transfrig** (2018) – mobile cooling systems;
- **Asaphus** (2021) – driving assistance software (including facial recognition); Acquisition in 2021 of an additional 10% interest in Asaphus, increasing Valeo's stake from 50% to 60%;
- **Valeo ExpertIn** (2024) – creation of a joint venture dedicated to strategic and operational consulting services with partner KINT S.A.S, specialized in interim management, recruitment assistance and consulting.

DISPOSALS OF ENTITIES, BUSINESSES AND JOINT VENTURES:

- **Passive Hydraulic Actuators business** (2017) – business sold further to the remedies requested by the European Commission for the acquisition of FTE automotive;
- **Kuantic** (2023) – onboard telematics and connectivity business (part of the Comfort & Driving Assistance Systems Business Group);
- **Mirror** (2023) – business in Japan (part of the Visibility Systems Business Group);
- **Asaphus** (2024) – sale of vehicle driver and occupant monitoring systems and part of the Brain Division to the Australian company Seeing Machine Ltd;
- **PIAA** (2024) – sale of Japanese aftermarket lighting and wiper business, part of the Light Division, to the Japanese service station operator USAMI;
- **TCV** (2024) – sale of thermal business for buses and commercial vehicles, part of Valeo Power, to H.I.G Capital;
- **Emelar** (2024) – sale of Argentina-based company, part of Valeo Service;
- **Power Russia** (2024) – finalization of the transfer of Valeo's thermal and powertrain systems business in Russia, part of Valeo Power, to the Russian company Avtopribor.

INVESTMENTS IN VENTURE CAPITAL FUNDS:

- **Cathay Innovation** (2015) – innovative companies, mainly French, American and Chinese;
- **Trucks Venture** (2016) – emerging transportation-sector companies, mainly American;
- **Iris Capital** (2017) – innovative French and German companies;
- **Maniv Mobility** (2017) – emerging transportation-sector companies, mainly Israel;
- **Cathay CarTech** (2017) – innovative Chinese automotive-sector companies.

RESEARCH AND TECHNOLOGY PARTNERSHIPS WITH:

- **NTT Docomo** (2018) – development of new mobility services for connected cars;
- **Baidu** (2018) – strategic partnership with Apollo, the open autonomous driving platform;
- **Meituan** (2019) – strategic cooperation agreement in last-mile autonomous delivery services;
- **Renault Group** (2022) – Renault Group, Valeo and Valeo Siemens eAutomotive joined forces to develop and manufacture the new-generation automotive electric motor in France;
- **Motherson** (2022) – Motherson and Valeo signed a partnership to create the automotive interior of the future;
- **TotalEnergies** (2022) – TotalEnergies and Valeo signed an agreement to develop an innovative way of cooling electric vehicle batteries using a new, very high-performance dielectric fluid;
- **SRG Global®** (2022) – Valeo and SRG Global® entered into a strategic alliance agreement to provide the next generation of exterior illuminated front panels to the automotive industry;
- **Ningbo Swell** (2022) – Valeo and Ningbo Swell Industry entered into a strategic alliance agreement for the development, production and marketing of the next generations of illuminated front grilles or panels for the Chinese market;
- **CNRS** (2022) – Valeo and the CNRS entered into a shared research program partnership, aimed at accelerating the development of innovations that will lead to cleaner and safer mobility for both people and goods;
- **VEN.AI** (2023) – Valeo, NTT Data and Embotech formed a consortium to provide automated parking solutions;
- **BMW** (2023) – BMW and Valeo engaged in a strategic cooperation to co-develop the next-generation Level 4 automated parking experience;
- **Renault Group** (2023) – Renault Group and Valeo signed a partnership in Software Defined Vehicle development;
- **Mobileye** (2023) – Mobileye and Valeo launched a partnership for world-class imaging radars;
- **Qualcomm** (2023) – Valeo and Qualcomm deepened their strategic collaboration to support small mobility in India (two-wheelers and three-wheelers);
- **Google Cloud** (2024) – Valeo accelerates in artificial intelligence thanks to Google Cloud tools;
- **Applied Intuition** (2024) – Valeo and Applied Intuition partner to provide digital twin technology for ADAS simulation;
- **Teledyne FLIR** (2024) – Valeo and Teledyne FLIR announced a strategic collaboration to bring thermal imaging technology to the automotive industry to enhance the safety of road users;
- **Dassault Systèmes** (2024) – Valeo partners with Dassault Systèmes to accelerate the digitalization of R&D and deployed Dassault Systèmes' 3DEXPERIENCE platform to optimize the development of new technologies;
- **Malhe** (2024) – Valeo and Mahle Group join forces to develop an innovative magnet-free electric axle system, targeting upper segment electric vehicles with peak power ranging from 220 kW to 350 kW;
- **CEA** (2024) – Valeo and CEA renew their partnership for four years to anticipate technological advances and encourage exchanges within the French and European research ecosystems.

HIGHLIGHTS

01-2024

Valeo accelerates in artificial intelligence thanks to Google Cloud tools

Valeo continues its close collaboration with Google Cloud in the field of generative artificial intelligence (AI). This collaboration enables Valeo to draw on Google Cloud's technologies, expertise and infrastructures, and focuses on generative artificial intelligence applications across the company.

01-2024

Valeo remains the French company filing the most patents worldwide

Valeo has once again been ranked the world's leading French patent filer, with 1,218 patents filed in one year according to the rankings published by France's intellectual property institute (INPI), which lists the initial patent applications filed by the world's main patent offices.

01-2024

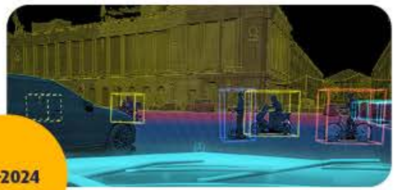
Valeo and Applied Intuition partner to provide digital twin technology for ADAS simulation

Valeo and Applied Intuition, a vehicle software supplier, have partnered to provide a digital twin platform for ADAS sensor simulation. The joint solution will allow automotive equipment manufacturers to bring safe and reliable ADAS features to market faster.

01-2024

Valeo and Teledyne FLIR announce agreement and first contract for thermal imaging for automotive safety systems

Valeo and Teledyne FLIR, part of Teledyne Technologies Incorporated, have announced a strategic collaboration to bring thermal imaging technology to the automotive industry to enhance road-user safety.
A contract signed in late 2023 with a leading automaker aims to deliver thermal imaging cameras as part of a new generation of advanced driver assistance systems (ADAS) to improve safety.



04-2024

Valeo wins a PACE Award for its SCALA™ 3 LiDAR

Valeo has won its 17th Automotive News PACE Award for its SCALA™ 3 LiDAR. The prestigious awards recognize automotive suppliers for superior innovation, technological advancement and business performance. The SCALA™ 3 is Valeo's next-generation LiDAR perception system, which already equips numerous models from European and Asian automakers, enabling advanced perception in all conditions.

04-2024

Valeo announces its new Valeo Power Division

Valeo has announced the creation of its new Valeo Power Division, the result of the merger between the Thermal Systems and Powertrain Systems Business Groups, in order to provide solutions that are better adapted to the needs of the electrification market and to improve Valeo's competitiveness and financial performance. Valeo is also renaming its two other activities to reflect the evolution of their businesses: the Comfort and Driving Assistance Systems Business Group has become the Valeo Brain Division, and the Visibility Systems Business Group has become the Valeo Light Division.

04-2024

Valeo announces a new €850 million green bond issue

On April 4, 2024, Valeo announced the successful placement of 850 million euros of new green bonds maturing on April 11, 2030. The proceeds from these bonds will be used for financing projects and investments linked to the portfolio of technologies that contribute to low-carbon mobility, in particular vehicle electrification.

06-2024

Valeo and Smovengo commit to circular maintenance of Vélib' electric bike motors and batteries

Valeo and Smovengo, which operates Vélib' Métropole, the public bicycle sharing system in Paris and 64 of its surrounding communes, have joined forces to recondition the motors and batteries of the 8,000 electric Vélib' bicycles that ride the streets of Greater Paris.

06-2024

Valeo partners with Dassault Systèmes to accelerate the digitalization of its R&D

Valeo is implementing Dassault Systèmes' 3DEXPERIENCE platform to optimize the development of new technologies. Over 15,000 Valeo users in R&D, purchasing, manufacturing and other areas will be connected in a virtual ecosystem featuring generative design and data science capabilities. This ecosystem will notably help Valeo optimize its R&D expenditure.

06-2024

Valeo receives the Frost & Sullivan Award for market leadership in software-defined vehicles

Valeo has been awarded the Frost and Sullivan 2024 Global Company of the Year award for its market-leading position on software-defined vehicles. Each year, Frost & Sullivan presents this award to an organization that demonstrates excellence in terms of growth strategy and implementation in its field. The award recognizes highly innovative products and technologies.

10-2024

Valeo and Mahle co-develop a magnet-free electric motor for the premium segment

Valeo and Mahle have joined forces to develop an innovative magnet-free electric powertrain system, targeting upper segment electric vehicles with peak power ranging from 220 kW to 350 kW. This cutting-edge Brushless Electrical Excitation technology combined with motor control laws aims to revolutionize the performance and efficiency of magnet-free electric motors.

10-2024

Valeo and HERE Technologies present Valeo Smart Safety 360 with Navigation on Pilot

At the Paris Motor Show 2024, Valeo and HERE Technologies, the location data and technology platform, presented for the first time a new version of the Valeo Smart Safety 360 system, which integrates a Navigation on Pilot (NOP) function. This function relies on a high-definition map, navigation and services experience for connected vehicles – combined with a turnkey or customizable SaaS (Software-as-a-Service) solution – provided by HERE.

1.3 Overview

1.3.1 Company profile

As a technology company and partner to all automakers and new mobility players, Valeo is innovating to make mobility cleaner, safer and smarter.

Valeo enjoys technological and industrial leadership in electrification, driving assistance systems, reinvention of the interior experience and lighting everywhere. These four areas, vital to the transformation of mobility, are the Group's growth drivers.

The Group achieved sales of 21.5 billion euros in 2024. At December 31, 2024, Valeo had 155 plants, 18 research centers, 46 development centers and 19 distribution platforms, and employed 106,100 people in 28 countries worldwide. Valeo is listed on the Paris Stock Exchange.

1.3.2 Legal structure

The Group's legal structure is based on three main holding companies interposed between the parent company, Valeo, a European company (see Chapter 7, section 7.1.2 "Legal structure and governing law", page 442) and its operating subsidiaries:

- Valeo Bayen, which holds most of the Group's shares in French and non-French companies;
- VIHBV (Valeo International Holding BV), registered in the Netherlands, which previously performed the function of investing in non-French companies, and which retains certain investments.

At an intermediate level, in some countries, investments can be held directly or indirectly by one or more companies, which play the role of holding company to form a local sub-group. Under this structure, the financial management of entities that are members of the sub-group is pooled and optimized and, where legally possible, a tax group is formed.

Valeo has also formed jointly owned companies with industrial or technological partners in order to break into new markets, consolidate its systems offering for customers and develop new product offerings.

1.3.3 Valeo's tax policy

Valeo's tax policy is aligned with the Group's strategy to create value for its shareholders, customers, employees and local communities while complying with the applicable laws and regulations and maintaining its reputation everywhere the Group operates.

The tax policy adopted by Valeo and its subsidiaries reflects the Group's ethical rules and responsible approach to taxation. It is based on the following three principles: giving priority to operations, applying tax regulations fairly and ensuring tax costs are correctly calculated.

Giving priority to operations

Valeo's tax policy is based on accepting all the tax consequences that arise as a result of the Group's operations. Accordingly, Valeo does not use tax optimization strategies if such strategies do not meet its operating requirements. An efficient tax structure is implemented provided it is in accordance with the law, supports a genuine business activity and is not artificial. Consequently, the Group has not set up any entity within a particular territory for the sole purpose of benefiting from favorable tax arrangements.

The same principle underpins the Group's transfer pricing policy, which takes into account the operating environment in which transactions are carried out, the location of intangible assets (know-how, Research and Development, patents, etc.), and the relevant functions and economic circumstances, and complies with the arm's length principle.

The Group's tax policy complies with the principles defined by the OECD (Organisation for Economic Co-operation and Development) with respect to declaring income where the value is actually created.

Applying tax regulations fairly

The Group adheres strictly to tax regulations and ensures that it complies with local tax laws, and international treaties and guidelines. While all of these regulations must be complied with, the Group should not, however, overpay tax as a result.

The Group takes a proactive but fair approach in its tax management and if necessary seeks the advice of external consultants, particularly when legislation is open to interpretation.

Developing strong professional relationships with the tax authorities and carrying out operations in full transparency are vital to ensuring the fair application of tax regulations.

In the event of a dispute, if it is legally possible to do so and does not result in the Group's tax liability being unfairly increased, Valeo favors reaching a compromise with the tax authorities as this minimizes the uncertain consequences of litigation.

Ensuring tax costs are correctly calculated

The Group seeks to ensure that tax costs are correctly calculated by using reliable data, documenting tax positions, training local teams, drawing on the advice of external consultants and cooperating with local tax authorities in full transparency.

Valeo ensures that the tax liability recorded in its financial statements has been correctly estimated. To do this, a reporting process has been put in place to provide the Group with the information required to evaluate the tax situation and costs of its subsidiaries.

Regular training is provided to ensure that the Group's tax policy is correctly implemented by those concerned.

1.4 Operational organization

The Group's operational structure is based on three Divisions, Valeo Service and 11 National Directorates.

Under the authority of the Chief Executive Officer, the **Divisions** (Brain, Power and Light) are responsible for the business growth and operating performance of the Product Groups, Product Lines and regional operations they manage worldwide. They propose technology roadmaps to the Group's General Management. With support from the National Directorates, they coordinate the pooling of resources, the allocation of Research and Development expenditure and the optimization of production resources at the plants.

Each of the Divisions – Brain and Light – is structured to reinforce cooperation and stimulate business growth worldwide. The Product Groups and Product Lines manage their activities and can draw on all the development, production and marketing resources needed to fulfill their objectives. The Regional Operations manage the operations of a Division in a given region.

The Power Division is organized around a centralized Research and Development unit responsible for developing product and technological standards, and around seven regional operations and one South Korean joint venture, which coordinate operational activities including marketing and producing products that closely match customer expectations.

Valeo Service operates under the responsibility of the Chief Executive Officer. Alongside the local business units and Power, Brain and Light Divisions, it supplies original equipment spares to automaker networks and replacement parts to the independent aftermarket. Valeo Service also aims to provide a range of services adapted to the needs of its customers and partners.

The **National Directorates** are tasked with ensuring the Group's growth in their respective countries and act as the interface with local customers. They also manage all the services that support operational activities in the country (see section 1.6.2 of this chapter, "Sales and Business Development", page 76).

Operational principles and rules, with an appropriate delegation of authority, have been established at all levels, with a precise definition of areas and decision-making thresholds.

The Group defines internal standards and policies and ensures their implementation, with the support of the functional networks. It allocates resources between the Divisions, and monitors the consistency of sales and industrial policies.

BRAIN

The Brain Division innovates in three strategic areas to make driving safer and enrich the onboard experience: developing advanced driver assistance systems (ADAS), upgrading vehicle architecture and software with the rise of software-defined vehicles (SDV) and enhancing the user experience.

€5bn
24% OF
2024 GROUP SALES

+4 pt
ORIGINAL EQUIPMENT SALES OUTPERFORMANCE
> ADAS: +3 PTS
> REINVENTION OF THE INTERIOR EXPERIENCE: +7 PTS

16.4%
EBITDA MARGIN
> ADAS: 17.3%
> REINVENTION OF THE INTERIOR EXPERIENCE: 14.3%

21,200
EMPLOYEES

24
PLANTS

20
R&D SITES

BRAIN

POSITIONING AND STRENGTHS

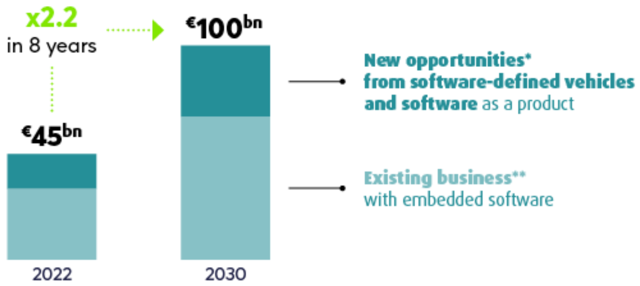
x10
addressable content per vehicle by 2030, driven by the take-up of centralized architectures

x10
ADAS content per Level 3 vehicle compared with a Level 2 vehicle

- A world leader in ADAS, with the broadest portfolio of sensor technologies.
- Pioneer and leader in industrial-scale manufacturing of long range automotive LiDAR systems.
- World leader in automated parking solutions; recognized source of end-to-end Level 2+ automated driving solutions.
- Leader in cabin electronics offering intuitive human-machine interfaces ensuring occupant safety and well-being.
- Major developer of central control units.
- Broad and deep software expertise, to play an essential role in the software-defined vehicle.

MARKET OUTLOOK AND TRENDS

THE ADAS, SOFTWARE-DEFINED VEHICLE AND REINVENTION OF THE INTERIOR EXPERIENCE MARKET



* Software-defined vehicle and software as a product or service
** Sensors, interior experience and connectivity solutions

About the Division

The Brain Division's two areas of activity are at the heart of the software-defined vehicle (SDV) revolution. Valeo Brain is leading the way in vehicle automation and the reinvention of the interior experience, leveraging all the opportunities offered by the new electrical/electronic architectures inherent in SDVs. This Division has two areas of activity:

- **Driving Automation**
- **Interior Experience**

Driving Automation

The emergence of software-defined vehicles (SDVs) marks a deep paradigm shift that is reshaping traditional automotive frameworks. Valeo Brain, our division specialized in Driving Assistance, is actively engaged in this transformation. As an integral part of the SDV concept, our solutions enhance the safety and pleasure of driving by using a broad spectrum of sensor technologies and advanced algorithms. This transition involves redefining ADAS and driving automation systems into three separate but interconnected components:

Sensors: Our portfolio of sensor technologies, the most extensive on the market, enables extremely precise mapping of the vehicle's surroundings. It includes ultrasonic sensors, cameras, thermal imaging systems, medium- and long-range radars and LiDARs.
Our expertise in producing LiDARs to volume and quality standards suited to automotive demands positions us as one of the leaders in this market.

Control units: Our domain controllers and centralized multi-domain controllers, real on-board supercomputers, process sensor data in real time to manage safety and automated driving functions, as well as infotainment. Zone controllers optimize power distribution and transfer aggregate sensor data to central control units.

Software: Software is becoming a hardware-independent product that can be upgraded and customized to meet evolving industry needs.

Our expertise extends to developing ADAS software that integrates Levels 2, 2+ and 3 of automated driving. We are also pioneering automated parking solutions, with technologies such as automated parking and automatic valet parking solutions for use in public parking lots or on industrial sites. Artificial intelligence is central to our innovations and underpinned by the contribution of Valeo.ai, our advanced AI research laboratory.
This expertise enables us to design comprehensive, high-performance solutions tailored to our customers' specific needs.

Main market competitors

ADAS & AD

Other: 87%

MAIN COMPETITORS:
Aptiv, Bosch, Continental, Magna and ZF

INTERIOR EXPERIENCE

Other: 95%

MAIN COMPETITORS:
Continental, Bosch, Visteon, Denso and Panasonic

To guarantee the quality of its systems, Valeo Brain has state-of-the-art testing and validation facilities. Its physical infrastructure includes nine test tracks and more than 200 test cars around the world. Its digital simulation resources include server farms using over 50 petabytes of data to simulate realistic driving scenarios involving hardware-in-the-loop (HIL) and software-in-the-loop (SIL) testing.

Interior Experience

At the heart of Valeo's Interior Experience business lies its world-leading expertise in human-machine interfaces and vehicle interior monitoring. The driver monitoring system detects signs of drowsiness and distraction, while interior cameras scan the facial expressions and postures of drivers and passengers to propose personalized, custom-tailored services. Interior radars can also detect vital signs, for example, if an infant has been left unattended inside the vehicle. The Interior Experience product group also develops innovative human-machine interface solutions such as touch-screens and intelligent surfaces that are ergonomically designed and harmoniously integrated into the cabin design. Heads-up display systems enable drivers to see all the information they need for driving without taking their eyes off the road.

MARKET TRENDS AND OUTLOOK

Fueled by the increase in content per vehicle and the penetration rate of its technologies, the Brain Division enjoys strong growth prospects in three key markets: driving automation, the interior experience and the software-defined vehicle (SDV). Today, nearly 50% of vehicles are equipped with Level 1, 2 or 2+ ADAS, a figure that is increasing sharply year after year. By 2030, it is estimated that more than 90% of vehicles will come fitted with these advanced technologies.
Another major trend for the Division is the transformation of the interior experience. Technology not only improves safety, it also creates a comfortable cocoon-like interior, offering passengers a personalized, interactive experience. Connectivity is a powerful enabler that also plays a key role in this trend, particularly by supporting the transition to SDV.
The SDV lies at the heart of these transformations.
As a major supplier in every layer of the SDV, from components to software to central control units, Valeo is positioned as a key driver of this revolution.

The systems also provide assistance by superimposing information on the driver's view of the road or obstacles using augmented reality.

Valeo has also developed an entirely software-based solution for detecting the driver's hands on the wheel, which is already in production and a key component in the Level 2+ ADAS safety concept. In addition, the Brain Division is working on transforming the steering wheel into an intuitive way of interacting with content displayed on screens or projected onto the windshield, and more generally with the vehicle's equipment.
Connectivity is another key component of the Interior Experience product group's activities, with the increasing use of telematics boxes connecting vehicles to the cloud, and the fast uptake of 5G connectivity in new vehicle models. Valeo's telematics box is a connectivity hub bringing together all the communication channels between the vehicle, its passengers and the cloud in a single, powerful, highly secure control unit. It also protects the vehicle from cyberthreats while supporting over-the-air updates and other core SDV features.
Valeo is also developing an innovative solution for accessing and starting the vehicle using a smartphone, called *Phone-as-a-Key*. Users can easily unlock, lock and start their vehicle without the need for a physical key. This solution also enables advanced features such as secure access sharing with others and guarantees a high level of security against hacking attempts.

POWER

**The Valeo Power Division covers all powertrain and thermal management solutions for electrified vehicles (end-to-end electric vehicle system, power electronics, transmission, battery thermal management, heat pumps, front-end modules and HVAC), including software-based energy management.
It also develops powertrain solutions for new electric mobility systems.**

€10.8bn
50% OF 2024 GROUP SALES

-5 pt
ORIGINAL EQUIPMENT SALES PERFORMANCE

11.6%
EBITDA MARGIN

43,200
EMPLOYEES

101
PLANTS

36
R&D SITES

POSITIONING AND STRENGTHS

x6
increase in content per vehicle (high-voltage systems)

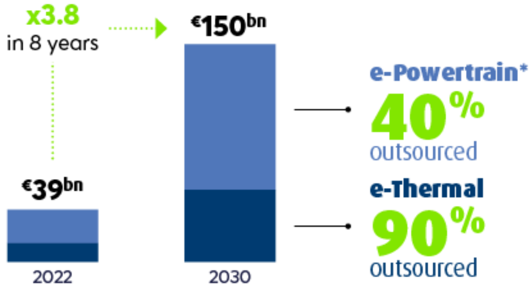
€6bn
in orders for high-voltage electrification solutions in 2023

- The go-to systems integrator with strong technological leadership, reinforced by synergies between powertrain and thermal management systems.
- A full product offering, from low-voltage to high-voltage solutions, including heat pumps, battery thermal management, electric powertrains with motors, inverters and transmission systems, onboard chargers and more.
- A portfolio of game-changing innovations, supported by research contracts signed with Asian, European and North American automakers, with strategic partners such as TotalEnergies for dielectric cooling and ROHM for power electronics, and by a wide variety of university partnerships in Europe, the United States and China.
- A highly robust international customer portfolio, primarily in Europe, but also in China (BYD, Geely, Chery, Li Auto, X Peng, etc.), Japan (Toyota and Nissan), Korea (Hyundai), India (Mahindra and Tata) and the United States, including West Coast automakers.
- Market-leading expertise in thermal engineering, crash boxes, materials, acoustics, electronics, mechatronics, systems and software.
- Diversification into such growth segments as new electric mobility, data center thermal management, recharging solutions and thermal management of high-power recharging stations.

MARKET OUTLOOK AND TRENDS

ELECTRIFICATION MARKET

** High-voltage and low-voltage powertrains for all levels of electrification (from mild hybridization to all electric) and new mobility solutions.*



About the Division

Valeo Power is the result of the merger of the Powertrain Systems and Thermal Systems Business Groups. The Division lies at the heart of the electrification revolution. By merging the expertise of these two groups, Valeo Power generates innovative solutions for all vehicle types. The Division develops optimized thermal management and electric powertrain systems to improve vehicle travel range, battery life and safety, and passenger comfort. Valeo designs comprehensive systems combining high-performance electric motors, advanced power electronics and efficient thermal management systems. This approach puts Valeo in a position to meet the growing demand for electrification to help reduce CO_2 and pollutant emissions.

Energy management and product expertise

The Power Division has a centralized research and development unit, organized around three product groups specialized in mechanical, electrical and thermal technology. These groups work closely to meet the challenges of electrified mobility in terms of cost, energy efficiency and vehicle range. Valeo provides solutions ranging from integrated multifunction modules (HVAC, heat pumps) to ensure onboard thermal comfort to management of the vehicle's electric and thermal power systems. Its high-performance EV battery cooling system based on immersing battery cells in a high-performance dielectric fluid ensures optimum cooling and rapid charging in complete safety.

Main competitors

Valeo Power's addressable market, including powertrain and thermal systems

Other: 90%

MAIN COMPETITORS

Leaders: Denso, Hanon, Borgwarner, Bosch - UAES, VMAX and ZF

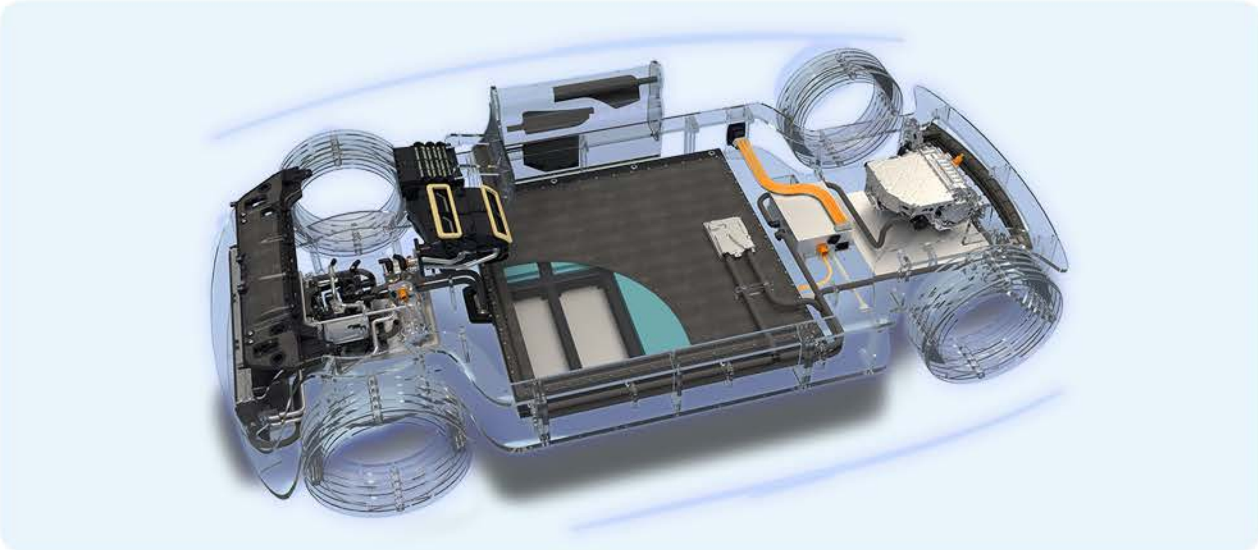
Fast followers: Schaeffler (Vitesco), Innovance, Sanden and Huawei

Technological solutions and major innovations

Valeo Power specializes in electrification solutions for conventional, hybrid and all-electric vehicles, with a portfolio ranging from 12V to 400/800V. The Division is a leader in 48V solutions, offering hybridization systems and complete electrification solutions for urban vehicles. Electric motors and their 48V control electronics are versatile, less expensive than high-voltage motors, and use technologies derived from components already in series production. For high-voltage (400/800V) all-electric motors, Valeo is working on solutions such as a magnet-free motor with Mahle, aimed at reducing the carbon footprint, more powerful and efficient power electronics solutions (800V SiC inverter, V2G onboard charger, high security DC/DC converter for autonomous vehicles) and transmission solutions for the best compromise between torque and power to meet all vehicle applications (single or two-speed gearbox).

Thermal management and travel range

Vehicle thermal management (cabin comfort, battery, motor and power electronics) is crucial to preserving electric vehicle travel range, especially in winter. Valeo's solutions include smart heat pumps, radiant heating systems and its predictive thermal management software, Valeo Predict4Range.
This software suite optimizes thermal management in real time, assessing vehicle parameters and external conditions to extend the vehicle's range by up to 25% at 0°C compared with conventional thermal management.



POWER

Unique market position

Valeo Power is the market leader in thermal management and powertrain system optimization, addressing key electrification issues such as EV travel range, power density and cost. Valeo benefits from synergies across systems to improve efficiency and power density through innovative solutions such as the Valeo Extended Range concept. This concept showcases the Division's expertise in maximizing electric autonomy while integrating advanced energy management technologies. This cutting-edge solution, incorporating Valeo Predict4Range software, optimizes thermal management in real time, extending travel range by up to 25% at 0°C compared with conventional thermal management. This unique position enables Valeo to meet the specific needs of automakers by offering efficient, accessible and autonomous solutions to support the transition to increasingly electrified vehicles.

MARKET TRENDS AND OUTLOOK

Following several years of strong growth, electric car sales slowed in 2024, mainly due to subsidies being withdrawn in countries such as Germany, leading to an increase in inventories and prompting manufacturers to reconsider their electrification strategies.

Hybrid vehicles, seen as a more affordable alternative, have gained popularity. Despite this slowdown, the underlying trend remains positive, driven by a growing product offering and technological progress, especially in China, where the plug-in hybrid and electric market remains the most competitive, with prices 25% to 30% lower than in Europe and the United States. The market's future will depend on government policies, charging infrastructure projects and battery costs. OEMs are focusing on energy management and efficient on-board systems, especially thermal management to optimize battery performance, speed up charging and guarantee range, even in winter. New environmental regulations, such as the ban on PFAS, are driving the adoption of more environmentally friendly refrigerants. Valeo, with an agile range of electrification solutions, has anticipated these trends and proposes innovative solutions in diverse fields such as urban mobility and thermal management for datacenters.

LIGHT

Through its Light Division, Valeo is the world leader in the lighting and wiper systems markets.

€5.5bn
26% OF
2024 GROUP SALES

+1 pt
ORIGINAL EQUIPMENT SALES OUTPERFORMANCE

13.2%
EBITDA MARGIN

31,700
EMPLOYEES

43
PLANTS

20
R&D SITES

POSITIONING AND STRENGTHS

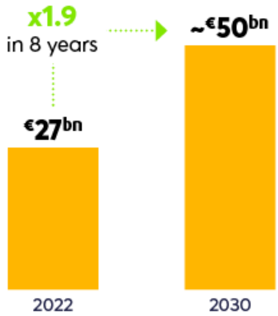
No. 1
worldwide
in lighting

No. 1
worldwide
in wiper systems

- World leader in lighting and wiper systems.
- A seamless ecosystem and partners to respond agilely to market trends.
- Growth in tech content per vehicle, contributing to the expansion of electric vehicles and automation.
- Standardized, competitive technology platforms in line with the Group's CAP 50 plan and 4R program.
- International-scale multidisciplinary expertise in design, digital simulation, optics, plastic injection molding, electronics and software.
- Product portfolio perfectly aligned with market trends in safety, style, performance, systems and integration.

MARKET OUTLOOK AND TRENDS

LIGHTING AND WIPER SYSTEMS MARKET



LIGHT

About the Division

The mission of the Light Division is to design and produce innovative, high-performance, smart exterior and interior lighting and signaling systems. The Light Division also designs window wiper and sensor cleaning solutions. In every driving situation, these systems assist the driver and improve safety for occupants and road users alike.

See and be seen

They can be fitted on any type of vehicle, whether conventional or autonomous, allowing them to be driven day or night in any kind of weather by:

- enabling optimal road visibility, thanks to intelligent, connected lighting, wiper and signaling systems;
- making sure cameras and other optical sensors work properly in all circumstances;
- enhancing driver and passenger comfort with innovative exterior and interior welcome and safety features;
- creating an immersive experience not only for the driver, but also for all the passengers.

As well as being designed to offer the best performance at affordable cost, all the systems developed by the Division are also optimized for weight and energy consumption to reduce the greenhouse gas emissions of internal combustion vehicles and extend the range of electric vehicles. The Division's innovation strategy is aligned with the Group's CAP 50 plan and 4R program carbon neutrality commitments.

The Division is composed of two product groups: the Lighting Systems product group offers a broad portfolio of solutions covering every market need, including personalized vehicle styling. Valeo is the world leader in Lighting Systems and Exterior Signaling Systems. This product group also engineers innovative interior lighting solutions that create a genuinely immersive onboard experience.
The Wiper Systems product group offers sensor cleaning solutions for autonomous vehicles and window wiping and cleaning systems to ensure perfect visibility of the road and the surrounding environment for both the driver and the vehicle's optical sensors.

Main competitors

EXTERIOR LIGHTING

Valeo (No. 1) 15%

Other: 85%

MAIN COMPETITORS: Koito, Marelli and Hella

WIPER SYSTEMS*

Valeo (No. 1) 23%

Other: 77%

MAIN COMPETITORS:
Bosch, Denso, Mitsuba and Shenghuabo

* excluding sensor cleaning

MARKET TRENDS AND OUTLOOK

Electrification is offering new growth opportunities by supporting significant changes in front and rear-end lighting styles.
This is enabling brands to assert their identities, while freeing designers from technical restrictions and unleashing their creativity, particularly in illuminating logos and front panels.
Creating an immersive sense of well-being and safety inside the vehicle is also a way for brands to differentiate themselves. Such an experience is fostered by interior lighting, which is already opening up promising growth prospects.

China and the rest of Asia is still the Light Division's fastest growing market, particularly in the lighting segment, where it is becoming the trendsetter. With six production plants and a number of research and development and design centers in China, the Light Division has built a solid position in the region and acquired a thorough understanding of the market's specific needs and expectations.
It serves some of China's biggest automakers with both wiper and lighting systems. To make roads safer, the Light Division has long integrated onboard software into its lighting and wiper solutions, in particular to improve windshield cleaning and to make nighttime driving less stressful.
With its adaptive lighting systems, Valeo enables drivers to use their high beams at all times to improve visibility without dazzling oncoming drivers. Other software solutions are being deployed to deliver innovative functions and customize taillight design throughout the vehicle's life cycle.
The Light Division is also developing the digital twin to help customers configure high-definition lighting features with a holistic preview of the design in real time. Autonomous vehicles absolutely need to communicate with their surroundings.
The Light Division's lighting solutions already send users clear, real-time information about their own vehicle and, in the future, will enable them to communicate with other road users as well. This requires the ability to combine lighting, signaling, electronics and software to serve a trend that is particularly increasing the demand for 360° lighting systems and rear lighting.

High-definition lighting solutions enable an autonomous vehicle's sensors and cameras to operate perfectly at night, improving obstacle detection and response times in the event of an emergency. Safety is paramount in the development of ADAS and autonomous vehicles. Cleaning the many cameras, LiDARs and infrared sensors equipping these vehicles is also an essential function to ensure that they operate reliably regardless of season or weather conditions.

In line with the Group's CAP 50 Plan and 4R program, the Division is increasingly using renewable and recycled materials, in both windshield wipers and lighting products. Particular attention is paid to reducing weight, optimizing power use and enabling repair and remanufacture.

VALEO SERVICE

The Valeo Service unit supplies spare parts, solutions and services to professionals in the mobility aftermarket: from car dealer service and maintenance networks to the independent aftermarket, to EV recharging station installers and electric bicycle repair shops.

150+
COUNTRIES COVERED

1,255
EMPLOYEES

€2.3bn
in sales in 2024

11%
of Group sales

POSITIONING AND STRENGTHS

Valeo Service supplies spare replacement parts and services to car dealer networks (OES market) and to the independent aftermarket (IAM market), as well as EV recharging station installers and electric bicycle repair shops.

Valeo Service is a value-creating partner that supports the development of aftermarket businesses on the vehicle maintenance, crash and repair markets:

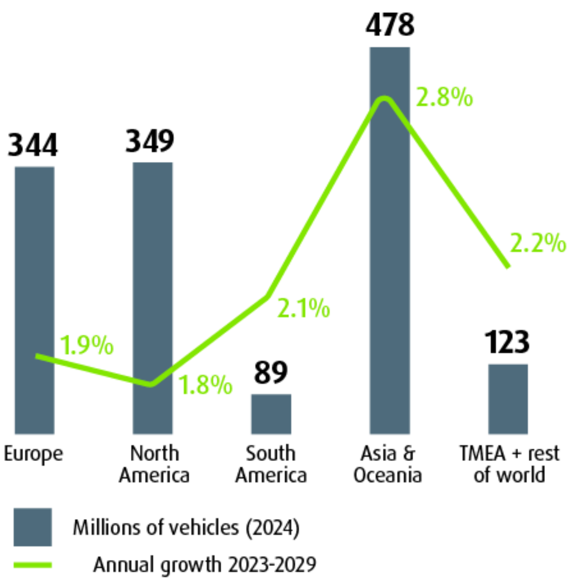
- coverage of cars and commercial vehicles;
- coverage of all day-to-day needs for vehicles on the road in more than 150 countries;
- support for the in-depth changes under way in the automotive sector thanks to Valeo's original equipment expertise, and innovative solutions developed specifically for the aftermarket.

Valeo Service is committed to supporting mobility professionals in their transformation by:

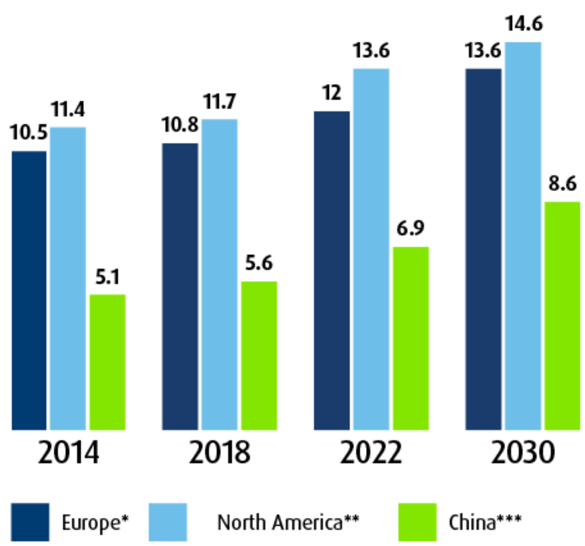
- acting as a trusted technical advisor in all repair and maintenance operations (parts, assistance and services) for all vehicles, including the new generations of electrified and smart (autonomous) vehicles, new mobility solutions and new technologies;
- offering new retrofit solutions and services to enhance vehicle value and the driver experience.

MARKET OUTLOOK AND TRENDS

GLOBAL VEHICLE FLEET



ACCELERATING AGEING OF VEHICLE FLEET (average age of vehicle fleet)



** Roland Berger*
*** S&P Global Mobility estimates*
**** Valeo data, based on data from CAAM (China Association of Automobile Manufacturers) + EUCOM + TecAlliance*

VALEO SERVICE

Description of the business

Valeo Service's mission is to lead change and help shape the aftermarket towards a more digital, technological and sustainable future.

As part of its STEPS strategy, it is implementing various initiatives to position itself as a value-creating partner for all players in the mobility aftermarket: a Smart, Trusted and Sustainable partner, offering a Premium Experience.

A "SMART" partner

Valeo is committed to acting as a smart partner by providing distributors and workshops with personalized, optimized digital solutions.

Accelerating worldwide rollout of Valeo Service websites: addressing key users (distributors, mechanics and drivers), with an emphasis on user experience. The international platform valeoservice.com, along with 19 national websites, today covers the United Kingdom, France, Spain, Portugal, Italy, Germany, Poland, the Netherlands, Belgium, the United States, Mexico, Brazil, Argentina, India, Turkey, China and Thailand. Valeo's e-platforms enjoy a large and rapidly growing number of visitors, making them some of the most widely viewed aftermarket websites in the world.

Valeo MyPortal, the digital portal designed specifically for distributor customers, is now rolled out in over 50 countries. It enables customers to manage their business with Valeo 24/7 by offering:

- access to essential functions to streamline day-to-day transactions, such as ordering, delivery tracking and billing;
- one-of-a-kind access to business opportunities, personalized promotional sales based on their profiles, and performance comparisons in their catchment areas.

Expanding the Valeo Specialist Club, a specific workshop loyalty program.

- Accessible via a simple, effective smartphone app that enables workshops to create and activate an account in a couple of minutes, and then scan Valeo products and watch the points add up in their accounts in real time.
- Both truck and car spare part purchases are eligible for the Club.
- Depending on the country, the Club also offers professionals access to attractive gift catalogs or vouchers redeemable in partner stores.
- The program has been taken up by more than 70,000 repair workshops worldwide, on every continent, from China to Brazil, Europe and Turkey, The United Arab Emirates joined the program in 2024.

A "TRUSTED" partner

Valeo Service is a trusted partner, both for its comprehensive, innovative product offering and for its highly advanced technical support.

Valeo supports professionals in their technological transformation by providing the aftermarket with the latest original equipment innovations and by developing dedicated aftermarket solutions. Some 5,500 products were added in 2024.

As part of this commitment, Valeo is strengthening Tech Assist, its online technical assistance platform for professionals.

- Tech Assist offers a fast, intuitive parts search engine, enabling workshops to find Valeo product details with ease, including technical features and automaker compatibility. Users can search by vehicle (brand, model or version), vehicle identification number (VIN), license plate (in some countries) or product reference;
- full technical information, including technical service bulletins, instructions and installation videos, is now available in a single location for immediate consultation.

Valeo Tech Assist is freely accessible online on the valeoservice.com and equivalent country websites in Europe, Southeast Asia, Africa, the French overseas territories and China (via the WeChat application, specific to China). The platform is also interconnected with the portals of several major European aftermarket players. In all, in 2024, more than 1.3 million professionals relied on Valeo, using Tech Assist to access technical information.

Valeo also facilitates the training of professionals who are expected to not only continue servicing internal combustion engine vehicles, but also to prepare to maintain electric and autonomous vehicles. Valeo Service has launched the Tech Academy, a new training platform for repair mechanics. With a 120-hour training program, including 50 hours on electric vehicles and hybrid technologies and 24 hours on advanced driver assistance systems (ADAS), the Valeo Tech Academy ensures that mechanics have the most up-to-date knowledge in the industry. Its flexible online modules and hands-on training using advanced simulators offer a unique blend of theoretical and practical learning, covering all automotive brands and systems.

Courses approved by the Institute of the Motor Industry and Qualiopi certify participants' expertise and enable them to stay ahead in the ever-changing automotive landscape.

Valeo Tech Academy was launched in 2024 in France, the United Kingdom, Spain, Germany and Poland and is scheduled to be launched in other countries in 2025. Over the course of 2024, Valeo Service trained more than 166,000 professionals worldwide.

A "PREMIUM EXPERIENCE" partner

The Net Promoter Score (NPS) approach is an essential tool for Valeo Service to assess the satisfaction of its distributor and workshop customers. It is measured twice a year and enables us to identify expectations, areas for improvement and levers for progress.

- The approach enables distributors to analyze the quality of their collaboration and optimize the support and services they offer.
- For workshops, the NPS is measured from Valeo Specialist Club members and online training participants to tailor offers and content to their needs.

By placing the customer at the center of its organization, Valeo Service is committed to offering a premium service that is increasingly efficient and more personalized. The scores obtained are particularly encouraging; they have improved steadily, year after year, and are now approaching excellence.

This underscores Valeo Service's ability to adapt to a constantly evolving market and to provide ever-better support to the mobility aftermarket.

A "SUSTAINABLE" partner

In 2024, Valeo continued to develop its I Care for the Planet program, which is aimed at helping to shrink the automotive aftermarket's environmental impact through three key vectors:

- Developing product innovations engineered to attenuate their environmental impact:
  one such example is Canopy, the first windshield wiper designed to reduce greenhouse gas emissions by more than 60%.
- Developing circular products, particularly remanufactured products that are being offered in an increasing number of categories, both for internal combustion and electric automotive applications and for soft mobility solutions, with the recent launch of remanufactured electric bicycle motors.
- Reducing environmental impacts by encouraging low-carbon mobility with a vast portfolio of more than 7,000 references for hybrid and electric vehicles, as well as by developing fixed, mobile and cable Valeo Ineez electric vehicle charging solutions.

1.5 Geographic and industrial footprint

Geographic footprint at December 31, 2024

	Plants	Research centers	Development centers	Distribution platforms	Total headcount
WESTERN EUROPE					
Belgium, France, Germany, Ireland, Italy, Netherlands, Spain, United Kingdom	41	14	11	5	25,586
CENTRAL AND EASTERN EUROPE					
Czech Republic, Hungary, Poland, Romania, Slovakia, Turkey	17	0	6	2	18,295
AFRICA					
Egypt, Morocco, South Africa, Tunisia	8	0	1	0	7,503
NORTH AMERICA					
Mexico, United States	22	0	6	2	16,532
SOUTH AMERICA					
Brazil	2	0	2	1	1,993
ASIA, MIDDLE EAST & OCEANIA					
China, India, Indonesia, Japan, Malaysia, South Korea, Thailand,	65	4	20	9	36,191
TOTAL	**155**	**18**	**46**	**19**	**106,100**

At December 31, 2024, the net carrying amount of the Group's real estate portfolio (land and buildings) was 1,370 million euros (see Chapter 5, section 5.4.6, Note 7.3 "Property, plant and equipment" to the consolidated financial statements, pages 391 to 393). The portfolio is largely composed of plants, the majority of which are wholly owned.

The net carrying amount of the Group's equipment, which is largely made up of technical facilities, machinery and tools, was 2,545 million euros at December 31, 2024, excluding property, plant and equipment in progress and other property, plant and equipment (see Chapter 5, section 5.4.6, Note 7.3 "Property, plant and equipment" to the consolidated financial statements, pages 391 to 393).

1.6 Functional structure

The Group’s functional structure is as follows:

- the **Internal Audit and Control Department** comprises the Risk Management, Internal Control, Internal Audit and Fraud teams;
- the **Sales and Business Development Department** consists of a Sales Department and an International Development Department for each Division, and Customer Directors dedicated to each major automaker. It partners Group customers across all their markets and all continents;
- the **Communications Department** is responsible for setting out and sharing the Group’s vision and strategy, both externally and internally (with customers, shareholders, journalists, suppliers, partners and the general public), in order to promote the Group’s image, highlight its performance and unite employees;
- the **Ethics, Compliance and Personal Data Protection Office** is tasked with putting in place, managing, and coordinating the Compliance program, as decided by the Executive Committee, at global, national, local, and plant levels;
- the **Finance Department** oversees management control, accounting, financial reporting, financing activities and cash management, taxation, investor relations, strategic operations, information systems and insurance risks; it also oversees the Strategy Department, which leads the Group's strategic planning efforts, notably with a view to preparing the medium-term plan and defining the main thrusts of the Group's organic and external growth and profitability strategies, and the Sustainable Development and External Affairs Department, which is responsible for implementing and monitoring the Group's sustainability policy and its relations with external stakeholders;
- the **Legal Department** ensures compliance with Group procedures and with legal regulations and strives to defend the Group’s interests;
- the **Purchasing Department** is in charge of Group purchasing. It seeks the most competitive suppliers, applies rigorous selection processes for new suppliers, and ensures suppliers comply with its total quality and innovation approach;
- the **Research & Development and Product Marketing Department** directs the Group’s innovation policy as well as product development methods and tools;
- **Valeo's Human Resources Department** is tasked with meeting the many challenges that Valeo encounters worldwide in developing and managing human resources, namely recruiting talent and ensuring diversity, acquiring and enhancing specialized skills, improving staff employability, monitoring the operational functioning of teams within plants, labor relations, legal affairs linked to employee relations, and the IT tools made available to managers to monitor team performance and presence.

1.6.1 Internal Audit and Control

Mission

The Internal Audit and Control Department is tasked with building a robust, integrated and structured risk management and control environment capable of helping the Group achieve its objectives.

Organization

It has four units:

- the Risk Management Unit is responsible for identifying, evaluating, processing and controlling risks of any kind liable to prevent the Group from achieving its objectives;
- the Internal Control Unit develops and maintains a robust control environment by way of operational support, by raising awareness among operating entities and functional departments, explaining control activities, and verifying their implementation and proper application. The team is made up of internal controllers at Group and regional level. An additional team handles IT Internal Control, which involves design and implementation of control procedures specific to information systems;
- the Internal Audit Department provides assurance, independent advice and objectives concerning the appropriateness and effectiveness of the governance structure and risk management system. The internal auditors, based in France at Group level and assisted by a team in China, carry out financial, IT and cross-functional audits of all Group entities to ensure procedures are properly applied, and put forward recommendations on improving effectiveness;
- the Fraud Department investigates all allegations of fraud received through the whistleblowing system or other channels (by email or letter), and raises awareness of fraud risks among all teams.

1.6.2 Sales and Business Development

Valeo partners with practically all of the world's automakers and truck manufacturers in developing, producing and marketing innovative products, systems and modules for both the original equipment market and the aftermarket.

Valeo supports its customers in the development of their markets on all continents, fielding a unique portfolio of innovative technologies and products designed to meet the automotive industry's challenges in accelerating powertrain electrification and ADAS, the reinvention of the interior experience and lighting everywhere.

Mission

The Sales and Business Development Department is tasked with designing and implementing a sales strategy adapted to all markets, and forging local and global partnerships with automakers to sustain profitable, global growth.

Organization

The Sales and Business Development Department pursues a program of continuous improvement to ensure customer expectations are met as fully as possible. It breaks down into two main functions:

- Sales Directors, reporting to each of the three Divisions' management teams, in charge of defining and applying the sales strategy of each Division and its Product Groups. They head up a network comprising the Sales Directors of each Product Group;
- Group Customer Directors, in charge of defining and implementing a growth strategy to grow the Group's business with customers, cross-functionally for all Divisions;
- International Development Directors in each of the three Divisions are responsible for identifying market opportunities in high-growth countries, defining and implementing the Division's external growth strategy, and managing relations with partners.

1.6.3 Communications

Mission

The Communications Department is tasked with defining and implementing the Group's communications strategy and with strengthening Valeo's image and reputation across the world and with all stakeholders (employees, customers, shareholders, journalists, suppliers, partners and the general public).

Organization

The Communications Department is structured as follows:

- **Media Relations**, which manages all relations with journalists worldwide and in all media formats. This unit handles all queries and requests from journalists as well as proactively offering news topics, interview themes and events designed to highlight the Group's activities and image;
- **Internal Communications,** tasked with building team cohesion, encouraging employees to act as company and brand ambassadors, and nurturing a Group-wide team spirit. Digitalization of internal communications and employee mobilization through the Valeo Employee Advocacy program are two of the key levers used to strengthen individual involvement and support the Group's major projects;
- **Brand**, responsible for ensuring a coherent brand expression worldwide, along with lasting brand integrity and strength to enhance Valeo's image;
- **Content**, responsible for developing a variety of content (written, audio and audiovisual) to promote all aspects (human, industrial, technological, etc.) of the Group's image and to enhance its visibility across the different channels under the unit's remit: the valeo.com website and the Group's social media accounts;
- **Events**, tasked with organizing all types of Group events – physical, hybrid and digital – such as trade shows, commercial and corporate events, customer visits, Shareholders' Meetings and internal events;
- **Investor Relations** (see Chapter 6, section 6.2 "Investor relations", pages 427 to 428), which is responsible for liaising with the entire financial community (investors, analysts and individual shareholders), and works closely with the Communications Department.

All of the Group's communications professionals in both the Communications Department and within the Divisions and countries work together to reinforce the Group's image and reputation across the world, in line with the main areas of focus determined annually by the Communications Department.

1.6.4 Ethics, Compliance and Personal Data Protection Office

Mission

The Valeo Group's Ethics, Compliance and Personal Data Protection Office proposes, designs, pilots and coordinates the implementation of programs to detect and prevent risks of corruption and anti-competitive practices, and to ensure compliance with international sanctions and export controls as well as with regulations on personal data protection and human rights.

Organization

The Ethics, Compliance and Personal Data Protection Office is headed by the Group Chief Ethics, Compliance and Personal Data Protection Officer, who sits on the Executive Committee and chairs the Alerts Committee.

It comprises two units:

- the Ethics and Compliance Office, a central team responsible for developing compliance policies and tools, incorporating compliance programs into methodologies and advisory systems for operational staff, providing training, and conducting second-level compliance audits. It is also in charge of the Whistleblowing System. A total of 61 Compliance Champions covering different countries, Business Groups and functions (Purchasing, Sales, Logistics, Communications, R&D, HR, IT, Legal, etc.) contribute to the implementation of policies, priorities, control points, action plans and instructions in their respective areas of responsibility;
- the Personal Data Protection unit, a central team responsible for defining programs and tools to protect personal data processed in connection with the Group's activities, and by the Human Resources and R&D Departments in particular. A total of 13 Personal Data Protection Managers and 37 Data Protection Champions contribute to the implementation of these programs and tools at local level, as well as compliance with regulations.

1.6.5 Finance

The Finance Department comprises the following departments: Management Control, Reporting, Accounting, Financing, Cash Management, Tax, Investor Relations (see Chapter 6, section 6.2 "Investor relations", pages 427 to 428), Strategic Operations, Information Systems and Risk Insurance.

Operating either on a Group-wide network basis or centrally from headquarters, these functions execute Valeo's financial strategy. In particular, they are tasked with:

- providing the tools and procedures necessary to supervise and monitor the performance of the Group's activities;
- producing tools to support decision-making;
- ensuring that the Group controls its financial risks;
- presenting detailed, up-to-date and relevant information on the Group's financial situation, the performance of its activities as well as its economic environment;
- ensuring the Group's financing;
- providing information systems units to meet their needs.

Management Control and Reporting

The management control function acts as co-pilot, assisting operations managers in the management of Group activities and in preparing and approving investment documentation and responses to tenders launched by automakers. It assists with the monthly accounts closing and provides analyses of performance, risks and opportunities using both key financial and operating indicators. It draws up three-month forecasts on a monthly basis and sets out the budget and the medium-term plan.

The management control function is present at all levels of the organization (sites, Product Lines, Product Groups, Regional Operations, Business Groups and Group). It works together with the accounting and cash management services to provide relevant and reliable information. The management control function has a number of effective tools to enable it to carry out its duties, including standardized enterprise resource planning and reporting systems.

Accounting

Mission

The Group Accounting Department is responsible for preparing the consolidated financial statements for the Group and the individual financial statements for Valeo. Its mission is to supervise and control all the Group's accounting activities.

Organization

To perform these duties, the Group Accounting Department is organized into three units:

- the **Technical Standards Department** is responsible for the implementation and application of International Financial Reporting Standards (IFRS). It ensures that the financial statements are prepared in accordance with said standards. This department also prepares and organizes training sessions for the Group's finance teams with a view to continuously improving reporting quality and promoting better knowledge of the standards. It also analyzes and assesses the impact of regulatory requirements in the area of sustainability on the financial information scope, and conducts appropriate reporting in coordination with the Sustainable Development Department;
- the **Consolidation Department** prepares the Group's consolidated financial statements; each member of the team, under its director's supervision, reviews the financial statements of subsidiaries within a specific region (Europe, America, Asia, etc.) and follows up on broader issues that also concern their region. In connection with the Group's transfer pricing policy, it oversees internal invoicing flows in conjunction with the Tax Department;
- the **Holding Companies Accounting and Valeo Internal Bank Department** prepares the financial statements of the Group's main holding companies and monitors the operations of the Group's Internal Bank as well as costs incurred at headquarters.

The accounts function for Group subsidiaries is usually handled by the Shared Services Centers (SSC). The Group currently has 10 SSCs worldwide.

The Group Accounting Department guarantees the quality of the consolidated financial statements and their consistency with IFRS, and ensures that subsidiaries' statutory financial statements are compliant with local accounting standards. As part of its role, it strives for continuous improvement in the transparency, relevance and readability of the financial information reported by Valeo.

Financing and Treasury

Mission

The Financing and Treasury Department develops and implements the Group's finance, cash management and financial risk management strategy. It guarantees the security and optimization of cash flows and manages relations with banks and rating agencies.

Organization

The Financing and Treasury Department is structured into three sub-departments:

- the **Cash Management Department**, which is responsible for cash indicator reporting, optimization of working capital and management of customer credit risk. To do this, it leads a team of corporate treasurers operating across the Group. Working within the SSCs, which are organized by country, the treasurers work closely with the accounting services to produce standardized reporting;
- Valeo Internal Bank, with its three offices**:**
  - the front office of Valeo Internal Bank, which identifies and centralizes the management of market risks (essentially interest rate, foreign currency, commodity and liquidity risk). The financing, investment and risk hedging strategies are reviewed monthly by the Group's Finance Department,
  - the middle office of the Valeo Internal Bank supervises control over operations,
  - the cash management/back office oversees banking relations and activities with external and internal counterparties;
- the **Treasury Systems Department**, which is responsible for means of payment and continuous upgrade and availability of treasury systems. Secure applications are in place to control payment and collection flows.

Tax

The Tax Department supports the Group's strategic and operational decisions and manages all tax matters.

The Tax Department is divided into two functions:

- **a Group-level tax specialist team** in charge of transfer pricing, indirect taxation, taxation of R&D and cross-business projects, and supporting operational tax specialists;
- **an operational tax team** managed by regional tax officers supported by local tax officers who are the representatives of the local Finance and Operations Departments. They guarantee that transactions are compliant with local regulations and are on the front line in the management of tax audits and disputes.

Strategy Department

Mission

The Strategy Department which, in collaboration with all the functional departments, the Divisions and the Valeo Service activity, coordinates the Group's strategic planning efforts, notably with a view to preparing the medium-term plan and defining the main thrusts of the Group's organic and external growth and profitability strategies.

The Strategy Department works with the Strategic Operations Department, which manages the Group's acquisitions and sales, as well as its joint ventures.

Strategic Operations

Mission

The Strategic Operations Department is responsible for managing the Group's acquisitions and sales processes, as well as the implementation of investments in joint ventures (see Chapter 1, section 1.1 "History and development of the Group", page 48).

The Department is responsible for carrying out due diligence prior to transactions, and for coordinating the internal and external teams involved in the valuation and contract negotiation processes.

Organization

To perform its duties, the Strategic Operations Department is supported by:

- a tight-knit, experienced in-house M&A team;
- the functional departments involved in operations, in particular the Finance, Legal, Internal Audit, Compliance, Accounting and Consolidation, Tax and Human Resources Departments;
- external consultants, in particular in the valuation process.

Customs

Mission

The Customs Department assists Valeo companies with completing and optimizing customs formalities for the international flow of goods.

Decentralized teams have been set up in the main countries where the Group operates to carry out this role and ensure compliance with specific local regulations.

Information Systems

Mission

The Group's Information Systems Department is tasked with defining and implementing solutions that address all of the Group's business needs. It is structured into six Functional Departments and five Continental Departments.

Organization

The six Functional Departments define Group standards for IT systems and infrastructure as follows:

- the **Enterprise Management Systems Department**, which safeguards the integrity of the central IT system, provides reporting and business intelligence tools and underpins Valeo's growth by developing standardized solutions for Production, Logistics, Quality and Purchasing;
- the **Research and Development Information Systems Department,** which supports innovation in Valeo products. Through its IT expertise centers and business partner network, it draws up and implements standard solutions used in product design and simulation, life cycle management for mechatronic products and onboard software, and planning, resource management and project reporting tools;
- the **Office Systems Department**, which defines the Group's communication and collaboration services and makes them available to all computer-equipped Group employees. It works to continuously boost both individual and collective efficiency to improve administrative productivity;

- the **Infrastructure Department**, which is responsible for the performance of all information systems. It produces resilient standards for information and telecommunications networks, hardware and software for workstations and servers. It monitors IT security policy through a network of experts in each country;
- the **Information Systems Security Department**, which sets Information Systems Security Policy and is responsible for deploying it and monitoring its implementation across all Valeo sites (organization, processes and security solutions). The department's objective is to guarantee the availability, integrity, confidentiality and traceability of Valeo's assets. It also audits third-party companies to ensure that they do not pose a risk for Valeo. Lastly, the department is responsible for preventing and managing cybersecurity incidents;
- the **Valeo Service Information Systems Department**, which is in charge of the information system designed specifically for managing a distribution activity. It also covers the deployment of Valeo standards.

The five Continental Departments oversee the measures taken to roll out and support adherence to standards at Business Group level. These departments, which work closely with operational staff, contribute to defining needs and are responsible for the implementation of solutions and services at Group sites. They are organized into a network of SSCs, usually one per country. Specialized functional analysts provide systems support for the IT managers at each site.

Risk and Insurance

The two main responsibilities of the Risk and Insurance Department are to (i) help draw up the management policy for insurable risks and oversee its application, and (ii) take out global insurance covering the risks relating to Valeo's businesses.

The Risk and Insurance Department contributes to updating the Group's risk map within the Risks Committee.

It specifies and implements the policy relating to the transfer of the Group's residual risks to the insurance and reinsurance markets by taking out insurance coverage and rolling it out globally. It ensures that coverage is constantly adapted to changes in the Group's situation.

Risks that could impact Valeo's business are set out in Chapter 2, section 2.1.1 "Strategy risks", page 85 et seq. Details on insurance and risk coverage are given in Chapter 2, section 2.2 "Insurance and risk coverage", page 94.

Sustainable Development, External Affairs, Technological Regulation and Collaborative Research

Mission

The main tasks of the Sustainable Development section of this Department are to define sustainability priorities, coordinate with the Human Resources Department on the key environmental and social indicators, and liaise with internal and external stakeholders.

2024 saw the introduction of the CSRD and CS3D directives, which transform the previous Universal Registration Document chapter 4 into an entirely new report based on the double materiality assessment covering impact materiality and financial materiality.

The progress made on decarbonization, environmental and social objectives is reviewed with the Board's dedicated committees. By working closely with the other Finance departments, this Department contributes to ESG roadshows and reporting on sustainability metrics for bond issuances.

The External Affairs section is responsible, in liaison with General Management, for representing the Group on public, national, multilateral, associative and participative bodies.

The Technological Regulations section coordinates work at Group, Division and country level on the regulations to be anticipated and applied in the automotive sector and emerging issues relating to circularity.

Finally, more recently, the Research Department decided to integrate collaborative research and partnership development within this Department, as it can more naturally interact with the different collaborative stakeholders with the aim of entering into various pre-competitive consortia and alliances, in full compliance with the applicable laws and regulations, to ensure eligibility for national or multilateral funding.

1.6.6 Legal

Mission

The Legal Department ensures that Valeo's operations are carried out in compliance with all applicable legislation as well as internal procedures, and works closely with Valeo's specialist departments to defend Group interests on any issues arising.

Organization

The Legal Department is run by the Group General Counsel, who sits on the Executive Committee. He is also the Group's General Secretary.

He leads a team that is mainly based at the Paris headquarters but also extends to Valeo's main markets: Germany, United States, China and Japan. This team comprises the Deputy Group General Counsel, the General Counsel for Mergers and Acquisitions whose tasks include handling due diligence and negotiating and drafting contracts, and four General Counsels each responsible for a Division or Valeo Service, who supervise legal affairs worldwide for the activity under their remit. The other members of the Legal Department are based abroad. These regional General Counsels report to their respective National Directorates and are more particularly dedicated to operations in their particular countries or regions, in coordination with and under the responsibility of the General Counsels of the Divisions and Valeo Service. All of the General Counsels advise operations managers and ensure that transactions within their remit are carried out in line with the Group's applicable ethics and compliance rules, the delegation and approval procedures implemented by General Management, and the interests of the Group.

The legal team works alongside the other functions, from the product design stage through to marketing and sales and beyond. It notably assists the Research and Development and Marketing Department in forming R&D partnerships, the Industrial Department in setting up new industrial facilities, the Purchasing Department in its relations with suppliers, and the Sales and Business Development Department in contracts with both old and new customers, as well as in managing product warranties.

The legal team also supports the Sustainable Development and External Affairs Department in matters relating to the implementation of the CSRD directive.

The General Counsels of the Divisions and Valeo Service are supported by and collaborate closely with the other functional departments to ensure maximum overall business security. They also oversee legal matters at Group entities.

1.6.7 Purchasing

Mission

The main responsibilities of the Purchasing function are to reduce overall purchasing costs by sourcing from the most competitive suppliers, to implement rigorous selection processes for new suppliers, to ensure suppliers and subcontractors comply with its total quality and innovation approach, and to establish close partnerships with the most innovative and efficient suppliers. Valeo sees its purchasing strategy as a path to achieving a truly competitive edge.

Organization

The Group's Purchasing Department has two major priorities:

- **a Commodity/Segment priority**, focusing on the specific purchasing strategy for commodities. Its global approach allows for a consistent supplier selection policy, run through business allocation committees. The seven commodities, divided into segments, are:
  - steel and processing,
  - plastics and processing,
  - non-ferrous metals and processing,
  - electromechanical components,
  - electronic components and systems,
  - lighting and other components,
  - indirect purchasing of products, equipment and services used in the design of Valeo products or in manufacturing processes;
- **an Operation and Projects priority,** focused on project release using optimally cost-effective parts and systems, on the achievement of technically efficient productivity, and on re-sourcing for competitive performance, with particular regard to the productivity it has to grant customers during the product life cycle.

Thanks to its Purchasing Department and its global reach, Valeo sources from cost-competitive regions while remaining close to customers. Valeo is particularly vigilant that suppliers comply with its Business Partners Code of Conduct (BPCC) focusing special attention on labor rights, human dignity and environmental protection.

1.6.8 Research and Development and Product Marketing

Mission

The main purpose of Valeo's Research and Development and Product Marketing Department is to position Valeo among the world's leading automotive suppliers, in terms of innovation, CO_2 emissions reduction and the improvement of onboard safety and comfort, largely through the development of electric, autonomous and connected vehicles.

Organization

Valeo's Research and Development and Product Marketing Department covers Research, Innovation, Development, Product Marketing and Intellectual Property, and the Digital Solutions and Information Systems Department (DSIS).

Product Marketing teams carry out surveys to develop a fuller understanding of users' mobility expectations, factoring in new usage patterns related to electric, autonomous and connected vehicles. These surveys are correlated with the needs expressed by automakers. The findings, along with benchmarking results, enable Valeo to draw up the most appropriate roadmaps.

Valeo's successful open innovation program has opened the way to various types of partnership with start-ups and top-ranking universities and research institutes in Europe, Asia and North America. It is also an efficient way of staying abreast of technological progress.

Partnerships with universities, laboratories and start-ups have intensified and become more international in scope, especially in Asia and the United States. Collaborative projects with leaders in other industries have been strengthened to share experience, best practices and research efforts in a spirit of collaborative innovation.

In 2024, Valeo continued to implement initiatives to decarbonize its products as part of the CAP 50 program and to accelerate its Circular Economy policy, structured around the 4Rs (Robust Design, Remanufacturing, Repair, Recycle(d)).

To ensure the most efficient use of resources, the Research and Development function optimizes team location on the basis of customers, costs, the skills market, and opportunities for synergies within the Group. Teams were accordingly strengthened in China, Japan, India and the United States.

Reorganizations linked to the Thermal and Powertrain Systems merger and the sale of non-strategic activities, combined with the deteriorating economic backdrop and significant uncertainty in automotive production volumes have resulted in R&D teams being reduced by 402 people to 18,966, while maintaining our level of expertise at 1,619 Experts, 11% of whom are women.

Processes, methods and development tools are continually adapted to enhance team performance and improve the technical and economic efficiency of the technological platforms that structure developments in electrification and in autonomous and connected vehicles.

The Group has rolled out a major policy to standardize components and products (platforms) across all Product Groups. A cross-functional technologies engineering organization (Engineering Disciplines) has been set up to coordinate, standardize and develop key technologies across the Group in seven areas: systems, software, electronics, artificial intelligence, mechanics, materials and cybersecurity.

1.6.9 Human Resources

Mission

The Human Resources Department holds a key place in Valeo's strategy, helping to build a common corporate culture rooted in strong values (teamwork, transparency, empowerment, professionalism, ethics) and personal behaviors (courage, agility, solidarity), geared toward achieving the Group's industrial and commercial objectives.

Its multiple aims address primordial challenges (see Chapter 4, section 4.3.4 "Sustainable development policies", paragraph "the Group's employee policy", pages 256 to 259):

- ensuring employee health, safety and well-being at work, by making sure workplaces are free of accident risks and offering a good work-life balance for each employee;
- attracting and developing top talent to strengthen the Group's market share and support innovation and business growth;
- promoting diversity, equality and inclusion across all teams worldwide;
- promoting labor relations and guaranteeing the dignity of individuals and fundamental labor rights;
- defending the interests of the Valeo Group in legal matters relating to personnel management as a whole;
- providing managers with IT tools to monitor team performance and presence.

Organization

Valeo's Human Resources strategy plays a key role in the Group's international expansion and positioning as a company developing and manufacturing high-tech products and systems. It is based on a comprehensive approach, taking into account specific cultural, economic and market conditions.

It is organized around three pillars:

- close support for operational teams through dedicated Human Resources teams located on site or at the Operational Region, Product Group or Division level;
- expertise in specialized areas of Human Resources through centers of expertise (Talent Acquisition, HR Technology, Talent and Organization Development, Labor Relations, Compensation & Benefits, Diversity Equity Inclusion, Employee Engagement);
- the pooling of Human Resources to improve efficiency and service quality through the Employee Services departments (Payroll, Administration, Training).

This three-pillar model is rolled out to each level of the organization, with a different focus at each level:

- to the Group's Human Resources Department, covering all aspects of the business;
- to each Division, each country and to certain Product Groups and Product Lines. A total of more than 1,330 people work in the Human Resources network, broken down between the various specialties:
  - attracting and developing talent,
  - compensation and benefits,
  - employee relations;
  - Human Resources information systems.

This organizational model, built around *Valeo Employee Services*, is designed to reinforce the partnership between business and Human Resources teams, develop Human Resources expertise, and thereby foster greater efficiency in the function.

2.

RISKS AND RISK MANAGEMENT

AFR *Information from the Annual Financial Report is clearly identified in the table of contents by the AFR symbol.*

2.1 Risk factors AFR

The environment in which the Group conducts its business is constantly changing. Valeo is therefore exposed to risks, i.e., events which, if they occurred, could prevent it from meeting its medium-term objectives. This chapter describes the main risk factors to which the Group is exposed.

Methodology

Risks are mapped using a global, iterative approach involving several stages:

- risks are identified and their causes and consequences analyzed using various methods, including interviews with key stakeholders;
- a risk hierarchy is then drawn up using the assessment method described below;
- action plans are prepared and controls implemented with the aim of continually improving risk management and limiting the impact and/or likelihood of occurrence of said risks as much as possible.

This general risk map is updated on a regular basis.

Risk assessment criteria

Risks are assessed according to two measures, each divided into four levels:

- net impact (limited/significant/critical/high), which looks at risks from a financial, operational, reputational, human and/or legal perspective;
- likelihood of occurrence (unlikely/fairly likely/likely/very likely).

Internal control and risk management system

The relationship between risk management and internal control is described in section 2.3.3 "Components of the Group's internal control and risk management system", pages 95 to 97.

In 2024, the Risk Management Department launched a maturity assessment of the risk control environment as part of the Group's major risk mapping update to assess the effectiveness of the control systems in place for each risk.

Other risk maps

Other risk maps are integrated into the Group's overall risk management system.

The corruption risk map devised in compliance with the Sapin II law[(1)] was updated during the 2024 financial year (see section 2.4 "Ethics and compliance", pages 99 to 100).

The Group also performed work to identify the risks and opportunities relating to climate change, based on the TCFD framework[(2)] (see Chapter 4, section 4.1.4.1 "Processes to identify and assess material impacts, risks and opportunities (DR IRO-1)", pages 202 to 203).

Lastly, in application of the CSRD[(3)] requirements, the Group carried out a double materiality assessment to identify sustainability impacts, risks and opportunities (see Chapter 4, section 4.1.3.3 "Material impacts, risks and opportunities and their interaction with strategy and business model", page 201). The analysis was based on a map of non-financial risks prepared in connection with the Non-Financial Information Statement[(4)].

(1) Law No. 2016-1691 of December 9, 2016 on transparency, anti-corruption and economic modernization, known as the Sapin II law.
(2) TCFD: Task Force on Climate-Related Financial Disclosures.
(3) Corporate Sustainability Reporting Directive: Directive (EU) 2022/2464 of the European Parliament and of the Council of December 14, 2022 as regards corporate sustainability reporting, transposed into French law by Government order no. 2023-1142 of December 6, 2023 on the publication and certification of sustainability reporting and the environmental, social and corporate governance obligations of commercial companies.
(4) Government order No. 2017-1180 of July 19, 2017 on the disclosure of non-financial information by certain large corporations and groups of corporations.

Main risk factors

The table below indicates the main risk factors that are considered to have a medium or high level of criticality for the Group. These risk factors are discussed in the following section.

Risk	Risk factors	Criticality
Strategy risks	Risks related to the automotive equipment industry	High
	Risks related to talent engagement and retention	Medium
Operational risks	Risks related to the development and launch of new products	Medium
	Risks related to the quality and safety of products and services sold	High
	Cybersecurity	High
	Supplier and supply chain failure risk	Medium
Financial risks	Risks related to an increase in operating costs	High
	Foreign currency risk	Medium

Criticality ● High ● Medium

The Group's operations could also be impacted by other risks of which it is not currently aware, or which it does not consider material at the date of this document. These procedures do not provide absolute assurance that the Group's objectives will be achieved and that risks will be avoided.

2.1.1 Strategy risks

Risks related to the automotive equipment industry

Risk factor	Potential impact on the Group and risk management
The Group's sales are directly dependent on the level of automotive production, which itself depends on registrations and automaker sales and production policies. In turn, these are influenced by a number of contextual factors linked to the geopolitical, macroeconomic and health situation. It should also be pointed out that supply contracts with automakers take the form of open orders, with no minimum volume guarantee.	A deterioration in the automotive market or a geopolitical conflict, as well as a change in regulations, customs, taxes or other barriers or restrictions to doing business in the regions in which the Group and its customers are present, particularly Europe, Asia or North America, could lead to a decline in the Group's revenue or profitability and/or to the default of some of its customers or suppliers, and could thereby affect Valeo's financial position. In the event of a deterioration in the automotive market or the relocation of automotive production, Valeo has the necessary expertise and resources to implement large-scale action plans in order to variabilize costs and safeguard the Group's cash position. The Group maintains a tight rein on costs, particularly by ensuring good workforce flexibility. Moreover, the Group has operations in 29 countries and its sales are generated in some 60 countries. The diversity of the Group's sales in terms of region, customer, brand and platform makes it less vulnerable to negative trends in one of its markets. The Group's two largest customers in 2024 accounted for 32% of its sales, its five largest customers, 57%, and its ten biggest customers, 88%. Valeo also derives 11% of its sales from the aftermarket, which is less sensitive to fluctuations in the economy. The balanced geographic alignment of Valeo's businesses and its diversified customer portfolio are described in Chapter 5, section 5.1.1 "2024 business review", page 349. In addition, there was a shift in the automotive industry's customer mix, linked to the sharp increase in Chinese and North American customers, particularly for electric vehicles. In this context, Valeo is repositioning its customer portfolio in China to strengthen its position with the most dynamic local customers. While the electric vehicle market still offers attractive long-term prospects, it is likely to remain volatile in the short term (see Chapter 5, section 5.4.6, Note 7.4.1 "Impairment testing", page 396 and Chapter 4, section 4.2.3.2 "Material impacts, risks and opportunities and their interaction with strategy and business model", page 219). The Group implemented cost reduction measures in late 2023 and throughout 2024, aimed at further improving profitability and cash generation over the next few years.

Risks related to talent engagement and retention

Risk	Potential impact on the Group and risk management
The Group operates in a competitive environment and in a sector that is undergoing radical transformation. Against this backdrop, and given the performance, profitability and innovation challenges facing the Group, talent management risk primarily concerns employee retention and engagement, and adapting skill sets to changes in the automotive industry.	Failure by the Group to attract and retain talent could impact its product innovation, development, launch and production, and have a negative impact on its business, financial results and reputation. Amid profound transformation and reorganization in 2024, a key priority is retaining and fostering loyalty among the talents and profile types that will support the Group’s current and future business operations. Several initiatives have been set up to support this effort. Firstly, the Talent Acquisition Centers (TACs), which manage recruitment in a given country or region, focus on identifying in-house candidates for each job vacancy (excluding Operators). "Country mobility forums" support this scheme, which is outlined in the Internal Mobility Charter. By drawing up and monitoring succession plans, as well as organizing collegial talent reviews at all levels across management committees and departments, we can develop clear career paths for the benefit of employees and the organization. Lastly, the Group compensation policy, which is based, in particular, on external benchmarks as well as personalized recognition systems, enables the Group to remain competitive with the external job market. An ambitious training program remains one of the Group's key levers for developing and fostering talent, as well as preparing employees for changes in the Group's businesses. In an upskilling drive, the content of the digital e-learning platform was revised in 2024 to ensure that our digital learning solutions meet learners’ needs. Managerial culture also plays a significant role in influencing talent retention and engagement. Training managers is a priority for Valeo. In two years, 8,000 line managers (50% of all managers) have been trained in the new Leadership programs, which are designed to address changes in business practices as well as in business activities. The Way We Are program promotes the three key behaviors expected of all employees (Agility, Courage and Solidarity) and encourages buy-in by showcasing a key element of our culture. As Valeo believes that team diversity fosters engagement and translates into better performance, it encourages inclusion and stepped up its Diversity and Inclusion programs in 2024. For example, a new support module for women starting their careers (Rock the talk) has been rolled out to support the Group's ambition to increase the share of women in its workforce at all levels of the organization. In 2024, 28% of the Group's Managers and Professionals were women. By 2030, the Group is aiming to increase the share of women on its various management committees to 32%. Progress on this objective is monitored and reviewed several times a year. At end-December 2024, the result was 25.6%. To strengthen employee engagement, Valeo uses its "5 Axes" operational excellence model, which defines shared standards across all sites in terms of requirements for the employee experience. It is backed up by action plans, steered and monitored at each site by an Engagement Committee composed of both management and employee representatives, whose role is to draw up and implement progress plans. Employee engagement is also fostered through year-round opportunities to take part in local events and activities such as health and safety awareness campaigns, initiatives concerning Valeo's corporate social responsibility, and information campaigns on topics of shared interest. These initiatives not only encourage interaction and learning, but also foster a sense of shared purpose. In addition, regular meetings are held at all sites to share strategic priorities, challenges and outcomes. The overarching goal is to connect the company's global vision with local action while explaining initiatives and mobilizing teams towards achieving strategic objectives. Finally, in order to remain attentive to its employees and improve their satisfaction, the Group conducted a digital survey of over 91,000 employees in 2024, which had a participation rate of 81%. The survey revealed an engagement score of 7.2 on a scale of 10. The survey covered numerous topics, enabling the Group to gain a clearer understanding of what drives employee engagement and to establish targeted action plans. For more information on the program, policies and actions implemented by the Human Resources Department and their results, see Chapter 4, section 4.3.1 “Policies and commitments related to Valeo’s own workforce”, page 262.

2.1.2 Operational risks

Risks related to the development and launch of new products

Risk factor	Potential impact on the Group and risk management
Valeo is exposed to the risks inherent in developing and launching new products. The Group may face problems in connection with project management, from design through to industrialization and including management of changes to orders already made. As the Group conducts its business in an international environment, it is also exposed to risks resulting from changes in applicable laws or regulations affecting its products in all or some of its markets, or affecting export control regimes.	Failure to deliver in a timely manner innovative solutions, solutions that meet new regulatory requirements, or products expected by its clients, could harm Valeo's reputation and affect its financial position. The Group may incur administrative and/or criminal sanctions and its customers and/or suppliers may be unable to carry on their business either temporarily or definitively. Measures in place to mitigate the risks inherent in developing and launching new products are based on: • project teams to ensure that products are developed in compliance with deadlines and customer expectations. Each project has a specific team with a shared objective and schedule. Since 2019, the Group has strengthened project governance, especially with regard to preparing series production launches at the level of design centers as well as at plants; • an organization based on technological platforms allowing a high degree of product and production process standardization: systematic reuse of technological components in innovation processes and technology roadmaps. These platforms enable Research and Development expenditure to be adapted to the technological maturity of the market concerned; • training for members of the project teams so that they can develop the skills they need. An upskilling program covering the use of specific project risk management tools was launched in 2024. Reviews are performed to ensure that this policy is duly applied; • ongoing operating and financial supervision, based on a structured approach that defines key issues in terms of product development and processes. Valeo has also implemented a structured approach to develop software and systems. All of these methodological principles are applicable at the Product Group level. Organizational and governance guidelines, business and best practice descriptions, and forms are available to the teams in their daily work. In order to anticipate regulatory changes and ensure that the products it develops and manufactures are compliant, Valeo has implemented the following measures: • a Regulatory Officer within the Research and Development team has been appointed for each Division, responsible for identifying and properly understanding the regulations applicable to products in each of the countries where it operates. Each regulation is translated into a standard for the Group's products; • Research and Development teams in charge of verifying that these standards are duly applied for products under development have been strengthened; • a Product Development Integrity Charter has been rolled out, defining the expectations of General Management with regard to the operation of the Research and Development, Project, Purchasing, Quality, Industrial, and Sales and Business Development networks, in terms of regulations, transparency, compliance, quality assurance and management reporting. Through annual compliance training sessions, all of Valeo's corporate staff are assessed on their knowledge of the five fundamental points of this Charter; • a special training program is in place for all employees of the Research and Development and Production Quality laboratories in order to guarantee the independence of its laboratories. This training is part of the onboarding program for all new laboratory employees. Valeo's export control policy consists of a specific compliance program based on strict rules and procedures applicable to Purchasing and Research & Development teams. The Group constantly looks to anticipate changes in technology and in the regulatory landscape. However, it cannot be sure to anticipate all such changes.

Risks related to the quality and safety of products and services sold

Risk factor	Potential impact on the Group and risk management
Some products and services may be intrinsically linked to the safety of people and goods. Regulations seeking to protect car users and/or defend the public interest, particularly in terms of the environment, are increasingly strict and checks that such regulations have been complied with are ever more frequent and thorough. Similarly, the contractual commitments imposed by Group customers, which are also highly demanding, reflect the excellence they expect from their suppliers in terms of operational performance. If products sold by the Group were to prove insufficiently robust, present design, manufacturing or operational defects, or prove non-compliant or incompatible with applicable regulations, Valeo could be exposed to the following risks: • risk of liability warranty claims by its customers; • major recalls; • risk of individual or group liability claims in the event that such products are alleged to have caused damage to users and/or third parties; • risk of liability claims by its customers for breach of contractual commitments.	The Group's businesses, earnings and financial position as well as its image and reputation could be significantly affected. During the product design and development phase, the Research and Development and Quality Departments are in charge of managing these risks. These departments ensure that the product has a robust design and complies with customer specifications, standards and regulations. Valeo is represented in international standard-setting groups (SAE, ISO, IEEE, etc.) and contributes to the development of new safety standards. Product compliance is guaranteed by an independent review process that meets the requirements of the relevant standards (notably ISO 26262). During volume production, the Purchasing, Industrial and Quality functions, driven by the same total quality approach, seek to ensure that components and materials purchased are appropriate and meet the requisite quality standards, and also ensure that production processes are stable. The measures described below illustrate this approach during product development: • lessons learned from past incidents are used to revise definitions of the standards and processes concerned; • accelerated tests are carried out on products in abnormal conditions of use in order to identify any product weaknesses that could appear in the first three months on the road; • a system for collecting and analyzing returns at car dealer networks enables Valeo to identify weak warranty signals before the parts are physically returned or a customer alert is received; • an annual reassessment process for purchased components has been implemented with Valeo's suppliers to guarantee that all purchased parts match initial samples. Any discrepancies are monitored using a specific indicator; • safety- and regulatory compliance-related discrepancies relating to special product and process characteristics (SPPC) are monitored using an indicator that is updated weekly; • a rigorous process is in place to monitor contractual warranty obligations. A specific procedure has been added to the Financial and Administrative Manual and an approval process has been created. It concerns all networks R&D, Quality, Purchasing, Projects, Processes, etc. The Group has taken out specific insurance policies to cover the risk that products may be recalled and protect itself against civil liability claims. However, it is uncertain whether these policies would be adequate to cover the full financial consequences of any such claims. In any case, criminal liability risk cannot be insured and certain coverage exclusions can be applied. The Group's insurance policy is presented in section 2.2 "Insurance and risk coverage" of this chapter, page 92. Provisions for customer warranties are set aside to cover the estimated cost borne by Valeo to replace the products covered by the various warranties granted to customers. These amounted to 381 million euros at December 31, 2024 (see Chapter 5, section 5.4.6, Note 8 "Other provisions and contingent liabilities" to the consolidated financial statements, page 399).

Cybersecurity

Risk factor	Potential impact on the Group and risk management
The Group depends on infrastructure and IT applications common to all of its businesses. These include procurement, production, distribution, billing, reporting and consolidation software, as well as new product design and development. Cybersecurity risks can include breaches of confidentiality, loss of integrity and/or availability of the data and/or transactions processed by the information systems (system malfunction, data theft, data destruction and loss of data integrity). These may result from external (attempted denial of service, attempted damage, attempted hacking, malware[1]) or internal (tampering, breach of rules, human error, breach of data confidentiality) threats. Valeo also faces other indirect social engineering-type threats such as "fake chairman" or "fake treasurer" fraud, blackmail and ransomware[2], as well as indirect threats resulting from third party access to its network, and subcontracting. In addition, the Group faces threats in relation to onboard products and systems, and other products such as electric chargers, in their design phase and also in their operational and service phases, as the case may be. These threats are even greater with the rise of the autonomous and connected car.	All of these risks and threats could impact the Group's operations, its reputation and its profitability. Since 2016, a Group Chief Information Security Officer, who reports to the Chief Financial Officer, has been in charge of stepping up information system security and addressing these risks and threats. He reports to the Executive Cybersecurity Committee, in the presence of the Chief Executive Officer, every six months, and to the Audit & Risks Committee once a year. The Chief Information Security Officer is responsible for the governance and continuous improvement of information system security policy, and particularly: • preventing risk by raising employee awareness, emphasizing a security "by design"[3] and "by default"[4] mindset and by stepping up audits of critical system components; • continuing the security program in order to bolster access control for persons and equipment, protect sensitive data and identify potential system weaknesses; • improving the detection of security incidents and the response model in accordance with the type of threat or its potential impact, and automatically blocking any apparent malware. As part of this effort, the Group set up a dedicated response unit – the Cybersecurity Incident Response Team (CIRT) – in 2018 to improve its response to cybersecurity incidents and cyberattacks. Cybersecurity risks are managed across all geographies, with dedicated cybersecurity managers in each region and at each site. The program for vetting suppliers and more generally, for verifying external systems interfacing with the Group's information systems or managing data on the Group's behalf (SaaS)[5] has been stepped up to better take into account any associated risk, the needs of Valeo's customers, legal and regulatory requirements, as well as the recommendations on information system security issued by various government organizations. All information system security rules are formally documented in an Information Systems Security Policy (ISSP), set out in an Information and Communications Technologies User Charter put in place by the Group and applied by all users. This Charter is explained and illustrated in a practical guide that aims to raise users' awareness of the importance of safeguarding the Group's assets on a daily basis through the fair and responsible use of available IT resources. An additional program to raise employee awareness of emerging IT threats was rolled out in 2017 and, since 2020 also covers phishing[6]. An operational security improvement program is also being deployed to combat the new threats faced by industries, which includes advanced detection and threat intelligence[7] features. Product cybersecurity was enhanced in 2017 when the Group recruited a Product Cybersecurity Officer, reporting to the Group Chief Information Security Officer. Working closely with the Divisions and Product Groups, the Cybersecurity Officer is responsible for: • overseeing the governance and continuous improvement of product cybersecurity, including its organizational structure; • representing Valeo in international standard-setting groups and regulatory bodies such as UNECE, ISO, AutoISAC and ENX in the area of automotive cybersecurity. Valeo has an internal Cybersecurity Management System (CSMS) appropriate for the state-of-the-art auto industry and certified ISO/SAE 21434 by UTAC on January 31, 2024; • verifying that the various Product Groups develop their projects in compliance with the CSMS; • capitalizing on the new developments by creating reusable architecture, software and models to increase efficiency and robustness; • improving the Group's embedded cybersecurity expertise by rolling out an internal training plan, recruiting experienced individuals and developing external joint projects with higher education and research institutions.

(1) Malicious software used to contaminate information systems.
(2) Malicious software taking data hostage. Ransomware encrypts and locks files saved on computers and demands a ransom in exchange for a key allowing them to be decrypted.
(3) "Security by Design" (SbD) is a strategy to mitigate cybersecurity risks with processes "that build security into IT systems from the beginning using sound design principles, rather than trying to tack it on at the end," (NIST definition – National Institute of Standards and Technology).
(4) "Security by default" means processes are always applied whenever necessary, as for example in privacy scope, as required by GDPR.
(5) "SAAS" or "software as a service" is an application software solution hosted and operated outside the organization by a third party, also called a service provider.
(6) "Phishing" is a fraudulent technique intended to trick Internet users through the use of deceptive emails into revealing personal (log-ons, passwords, etc.) and/or banking data by pretending to be a trusted third party.
(7) "Threat Intelligence" refers to a body of expertise used to identify and analyze external IT threats to an organization on an ongoing basis.

Supplier and supply chain failure risk

Risk factor	Potential impact on the Group and risk management
In purchasing primarily specific products, Valeo is exposed to the risk that one of its suppliers fails to deliver on schedule the quantities required, or that the products supplied fail to meet the requisite quality standards.	***Supplier failure risk*** Failure of one or more of the Group's major suppliers in this respect could cause interruptions to suppliers and prevent the Group from delivering to its customers, or cause returns of products under warranty or product recalls. This would also generate additional costs (exceptional transportation costs, deterioration in the supplier's production facilities or financial difficulties of the supplier). The Group's earnings and financial position could be affected. Supplier failure could result: • from Valeo growing on innovative markets, thereby leading it to increase its share of business among an optimal number of suppliers; • from a structural change in automotive markets and the disappearance of certain products, which could immediately impact a supplier's financial staying power if that supplier were unable to reposition itself on other markets; or • from an economic crisis, such as the 2020 health crisis, if it were to last longer than the supplier's cash resources. Although the supplier default rate is contained, the inflationary context and rising interest rate environment are weighing on the financial strength of the supplier base. The Group ensures secure relations with its suppliers through: • a solid risk identification and monitoring process for each new contract and new business awarded, as well as for new suppliers with a long history with recently consolidated entities; • continuous monitoring of the supplier base in accordance with supplier risk assessment procedures based on criteria including financial and management criteria, dependence on Valeo, integration and quality, as set out in IATF standard 16949[(1)]; • a watchlist of high-risk suppliers, who are monitored monthly by the Group Purchasing Committee. Emergency stockpiles are built up where necessary and/or additional production facilities launched; • a product civil liability insurance program for its suppliers. Each supplier can subscribe and thereby meet the Group's coverage standards in terms of product defect risks. As a result, they are covered against any harm they may cause Valeo as a result of the products they supply; • diversified supply streams in order to mitigate supplier failure risk as much as possible while maintaining acceptable economic conditions. The markets for certain materials and product families may, in certain cases, be exposed to supply limitations for cyclical reasons, depending on the supply regions. In order to cover this risk, several suppliers may be sought for each business and each region and included in the panel. Ninety-five percent of Valeo's needs are handled by 1,935 suppliers. The Group's biggest supplier accounts for 2.9% of its purchases, its five biggest suppliers, 7.6% and its ten biggest suppliers, 11%. In addition, a detailed action plan involving the Purchasing Department, the Research and Development Department and the Industrial Department, set up following the recent supply shortages observed for certain electronic components, was maintained in 2024. Under this plan, the Group's projected requirements are to be communicated to its supplier database and the purchasing strategy is to systematically factor in purchases of components in product designs.

(1) The International Automotive Task Force (IATF) standard 16949 has replaced ISO TS 16949.

The Group's supply chain and delivery procedures apply worldwide and incorporate all physical and information flows throughout the logistics process, upstream and downstream of plants and warehouses.

A breakdown in this chain arising from either internal or external factors – whether regarding supply, transportation or logistics – exposes the Group to the risk that it will be unable to deliver on schedule the quantities required, or that the products supplied fail to meet the requisite quality standards.

Supply chain failure risk

Failures in the supply chain could lead to production line interruptions and production stoppages at automakers. This would also generate additional costs (exceptional transportation, financial and commercial penalties due to customer production stoppages). The Group's earnings and financial position could be affected.

A failure in the supply chain could result:

- either from internal events such as a failure to place orders or a miscalculation of requirements, poor anticipation of transportation capacities, delays in the configuration of flows, or internal transportation and logistics accidents;
- or from external events such as natural disasters, pandemics, political crises, conflicts, war, strikes, cyber attacks, accidents or attacks on means of transportation, as well as the lack of transport supply or the global shortage of a commodity (e.g., electronic components).

The Group manages this risk using various processes:

- the application of safety guidelines regarding traffic, handling equipment and storage in racks in order to limit the risk of internal accidents;
- an "inbound material flow strategy", which is designed to take control of long-distance transportation flows, while locating returnable supplier inventories as close as possible to where they are needed, provided this is permitted by applicable laws and regulations;
- supply chain checklists. These allow Valeo to verify that logistics processes have been implemented throughout projects, by systematically applying the Group's logistics standards and failure mode analyses to the supply chain;
- the securing of supplier capacities through the "early open order" process;
- the entire strategic, operational and execution planning process, which now covers 24 months in advance;
- a formal document listing Valeo's supply chain and logistics requirements. This document is sent to all suppliers of primary materials and parts;
- the logistics protocols signed by Valeo with its production suppliers;
- the transportation protocols signed by Valeo with its haulers;
- the information systems that update inventory movements, cyclical inventory standards and the specific control reports from these systems (inventory coverage, transit operation tracking, etc.);
- supervision of transportation flows by means of hauler alerts;
- the "Logistic Red Alert" process, which now incorporates alerts related to tier 2 suppliers;
- a unit of specialists (Supply Chain Management Allocation and Risk Team) focused on high-risk technologies within the Electronics segment, which decides how requirements and resources are allocated across all Group sites;
- tools and processes to provide complete visibility of needs and resources across the supply chain, from suppliers to customers.

Since 2022, international conflicts and climate change have led to a reorganization of transportation flows, resulting in an increase in in-transit inventories and risks of disruption.

Claims, litigation, and governmental, legal and arbitration proceedings

Proceedings arising within the ordinary course of business

In the ordinary course of the Group's operations, certain entities may be involved in legal proceedings. Lawsuits have been brought by certain current or former employees for asbestos-related damages, or on the grounds of previous asbestos exposure. Almost exclusively in France, employees exposed to asbestos in the Group's plants could have developed an illness as a result of this exposure. If such illnesses were considered as occupational illnesses by health insurance funds, the employees concerned could bring a claim against Valeo (as their employer) for inexcusable misconduct (faute inexcusable). If the claim of inexcusable misconduct and the occupational nature of the illness are confirmed, Valeo will be required to pay compensation to claimants and any beneficiaries as well as the increase in the annuity awarded by the primary health insurance fund (Caisse Primaire d'Assurance Maladie).

In 1999, French law introduced an early retirement scheme for workers having been employed at sites officially recognized by decree as having contained asbestos. Under certain conditions, the workers concerned are entitled to early retirement. Pursuant to rulings previously handed down by the Supreme Court (Cour de cassation), many former employees have brought claims against Valeo before the French Labor Court (Conseils de prud'hommes) seeking damages for anxiety regarding an asbestos-related illness.

Other claims may be filed against Group companies, for example by their employees or by the tax authorities.

Each of the known cases involving Valeo or a Group company is examined at the end of the reporting period and the provisions deemed necessary based on the advice of legal counsel are set aside to cover the estimated risks.

Provisions for employee-related and other disputes notably cover risks relating to former employees, particularly in connection with asbestos. A provision is also set aside for tax disputes.

Even though the outcome of outstanding lawsuits cannot be foreseen, at the date of this report Valeo considers that they will not have a further material impact on the Group's financial position.

Antitrust investigations and resulting proceedings

At the end of July 2011, antitrust investigations were initiated against numerous automotive suppliers (including Valeo) by the US and European antitrust authorities in the area of components and systems produced for the automotive industry (see Chapter 5, section 5.4.6, Note 8.2 "Antitrust investigations" to the consolidated financial statements, page 400).

In the United States, the Department of Justice and Valeo's Japanese subsidiary, Valeo Japan Co. Ltd, reached a settlement of the Department of Justice's investigation into conduct involving thermal systems products on September 20, 2013 as part of which Valeo Japan Co.

Ltd agreed to pay a fine of 13.6 million US dollars. This settlement agreement, which was ratified by the United States District Court for the Eastern District of Michigan on November 5, 2013, terminated any proceedings instituted or likely to be instituted by the US federal authorities against the Group for practices that came to light during their investigations. Separately, the Department of Justice investigated conduct involving access mechanism products, but granted Valeo immunity and so did not fine Valeo for this conduct.

Following on from the agreements signed with the Department of Justice, Valeo reached settlement agreements putting an end to all class action and prospective class action lawsuits with car dealers, direct purchasers and/or automotive end-payers. Class actions filed against Group companies in British Columbia, Quebec and Ontario in Canada were settled with the plaintiffs in 2023.

In Europe, the European Commission issued a decision on March 8, 2017, fining certain automotive air conditioning and compressor suppliers for conduct involving thermal systems products. Valeo was fined a total of 26.8 million euros. On June 21, 2017, the European Commission issued a further decision fining automotive lighting system suppliers and marking an end to all its investigations involving Valeo. Valeo was among those identified by the Commission in the automotive lighting system case, but was granted immunity and was therefore not fined.

Valeo terminated a certain number of claims for damages and interest from automakers resulting from the European Commission's proceedings, and remains in contact with others.

Additional actions for damages can or may be brought further to the aforementioned antitrust investigations. The Group sets aside provisions whenever the payment of compensation is likely and can be quantified.

2.1.3 Financial risks

Valeo's Financing and Treasury Department (part of the Finance Department) proposes and implements rules on managing financial risks. These risks are generally managed centrally by the parent company. Financing, investment, risk identification and hedging strategies are reviewed each month by the Group's Finance Department.

The Financing and Treasury Department is supported by, among other things, a treasury management system that constantly monitors the main liquidity indicators and all of the financial derivatives used at central level to hedge commodity, currency and interest rate risks. Valeo's Finance Department receives periodic reports about market trends and the liquidity, commodity, currency, interest rate and counterparty risks incurred by the Group, as well as hedging operations implemented and their valuation.

Risks related to an increase in operating costs

Risk factor	Potential impact on the Group and risk management
The Group purchases more than 42 billion electronic components every year, and uses a certain number of raw materials for its industrial operations, including non-ferrous metals, steel, plastics and rare-earth metals. The Group is therefore directly exposed to the risk of an increase in operating costs, including raw material costs and, more broadly, wages and salaries as well as costs relating to transportation and electronic components. This risk relates to the difficulty of resisting requests for price increases from suppliers, and, in turn, of passing on the impact of market increases to customers. Given current geopolitical tension, decarbonization of business activities, tightening regulations and the increasing scarcity of raw materials, this risk is significant.	The risks related to an increase in operating costs could have a significant adverse impact on the Group. To reduce this impact, it is important to anticipate market trends and develop alternative sources in the event of obsolescence or increasing scarcity of given components. The Group frequently carries out specific renegotiations with customers in order to pass on market increases when specific pass-through clauses are not provided for. Exposure to raw materials, and in particular residual exposure to non-ferrous metals, is hedged using derivative instruments. See Chapter 5, section 5.4.6, Note 9.1.4.2 "Fair value of commodity (non-ferrous metals) derivatives" to the consolidated financial statements, page 412.

Foreign currency risk

Risk	Potential impact on the Group and risk management
As the Group conducts its business in an international environment, Group entities conducting cross-border operations may be exposed to operational currency risk resulting from purchases or sales of products or services in currencies other than their functional currency. The financing needs, met by intra-Group borrowings, of foreign subsidiaries outside the eurozone expose some entities of the Group to financial currency risk. This risk corresponds to the risk of changes in the value of financial receivables or payables denominated in currencies other than the functional currency of the borrowing or lending entity.	The Group's earnings may be adversely impacted in the event of significant fluctuations in certain currencies. See Chapter 5, section 5.4.6, Note 9.1.4.1 "Fair value of foreign currency derivatives" to the consolidated financial statements, page 410.

2.2 Insurance and risk coverage

The Group's insurance strategy is combined with a strong risk prevention and protection approach aiming to reduce the frequency and severity of risks and coverage includes major claims.

The Group self-insures risks that are likely to recur frequently, but that are not deemed financially material, to optimize its insurance costs.

The Group pools its risks in worldwide insurance plans taken out in each country in accordance with local rules, guaranteeing uniform quality and coverage level throughout the world. This strategy also contributes to reducing volatility of coverage levels and costs.

All Group companies are insured by first-rate insurance companies for all major risks that could have a material impact on their business, earnings, assets and liabilities.

The risks covered include:

- property damage: insured events relate to technological risks (in particular fire, explosions and/or machine breakages) as well as natural hazards (such as high winds, floods and earthquakes). Property is insured on the basis of the replacement cost value of buildings, equipment and inventories;
- business interruption: this covers any cases where activity is interrupted or reduced following an event insured under property damage coverage, or by extension, one of the following events with specific sublimits: physical impossibility of accessing a site, client or supplier deficiencies and loss of energy supply. Business interruption is insured on the basis of loss of gross margin and additional operating costs;
- Group liability for all kinds of damage caused to third parties (customers, suppliers, etc.). The Group also takes out insurance to cover the financial consequences of any liability it incurs due to damage of any nature caused by its products, as well as product recall campaigns that may be carried out by automakers;
- directors' and corporate officers' liability;
- IT system security infringements;
- political violence and terrorism;
- goods and equipment transportation;
- liability towards employees for occupational illnesses and accidents.

Property damage and business interruption events are sufficiently covered to meet the estimates drawn up by the Group's insurers during their annual prevention/protection audits with regard to the number of claims that they could receive. Valeo endeavors to optimize the part of its insurance coverage which is subject to sublimits by current practice and restrictions common to the insurance and reinsurance markets. In particular, special attention is given to coverage of natural events.

In 2024, the general liability insurance policy provided coverage in line with the continental insurance market's highest standards. With regard to the recall policy, Valeo pays 20 million euros per claim per year through its reinsurance subsidiary, above and beyond the applicable deductibles.

Insurance is adjusted each year and as necessary in order to best protect the Group's exposures as well as changes in its business, taking into account the constraints and limits of the insurance and re-insurance markets.

The Group also took out an insurance policy allowing each production supplier to contract insurance with appropriate coverage and acceptable amounts for Valeo so as to protect themselves against any damage they could cause the Group as a result of the products they supply. This policy now covers a significant panel of suppliers.

2.3 Internal control and risk management

The Board of Directors has asked the Group Internal Audit and Control Director to describe in this section the internal control and risk management procedures in place in accordance with the reference framework and the Application Guide prepared in 2010 under the aegis of the French financial markets authority *(Autorité des marchés financiers – AMF)*.

The Group's comprehensive risk management system can be illustrated in accordance with the IIA's (Institute of Internal Auditors) Three Lines model. It outlines the responsibilities of the Group's different governance bodies and defines the roles and relationships between the different functions.

Board of Directors

The Board of Directors defines the composition and the responsibilities of the Audit & Risks Committee, and its modus operandi.

Audit & Risks Committee

The Audit & Risks Committee oversees the effectiveness of the risk management and internal control systems within the Group. It regularly reviews the risk mapping of the main risks identified by General Management, the results of the operation of the risk management and internal control systems and the relevance of the risk monitoring procedure. It also ensures that appropriate action plans have been implemented to mitigate any problems and weaknesses identified.

General Management

General Management sets strategic guidelines, arbitrates the allocation of resources to the Divisions and Valeo Service, develops synergies between the Divisions and National Directorates through the functional networks, and ensures that internal control procedures are duly in place.

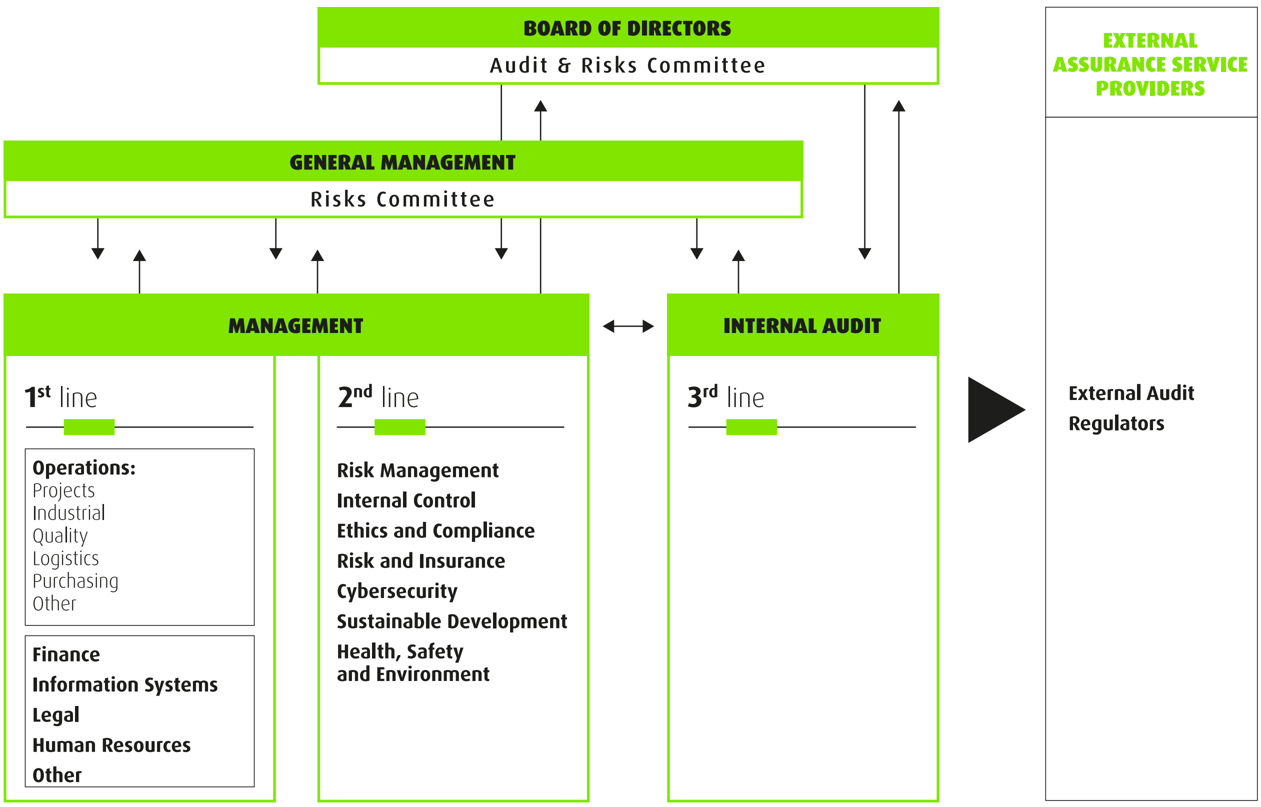
Risks Committee

The Risks Committee coordinates the risk management process, reviews risk mapping and heads up the dynamic risk management system.

External assurance service providers

External auditors report on any material internal control weaknesses with regard to the procedures for preparing and processing accounting and financial and non-financial information. This is part of their annual statutory audit and consolidated/parent company financial statement and certification engagement.

The regulators also play a part in reinforcing existing risk management procedures.



Management

Management is responsible for achieving the Group's objectives.

The **Divisions, Valeo Service** and **National Directorates** verify the performance of operational entities and provide entity coordination and assistance. Each manager is directly involved in implementing internal controls and is responsible for assessing and mitigating risks associated with the processes falling within his/her remit.

The First-Line and Second-Line functions and the Internal Audit Department work in close cooperation, maintaining an ongoing dialog with each other.

First line

The First-Line operational and support functions are directly linked to the supply of products and services to customers, and they coordinate and implement the actions necessary to achieve the Group's objectives, including risk management.

For example:

- the **Quality Department** implements the "zero defects delivery" quality policy and tools needed to meet targets and ensure that the sites meet the latest quality assurance standards for the sector;
- the **Finance Department** provides the tools and designs the procedures needed to monitor and control the Group's businesses and to ensure the Group's financial risks are duly managed;
- **the Legal Department** ensures that transactions are conducted in full compliance with legislation and the Group's procedures.

Second Line

The Second-Line functions are responsible for coordinating the overall risk management framework, providing additional expertise and assisting the First-Line stakeholders. These functions may be given specific objectives: For example:

- the **Risk Management** function, whose role is to keep the risk maps up to date and to oversee the active management of risks;
- the **Internal Control Department**, whose role is to ensure the internal control system is consistent and deployed at all of the Group's sites;
- the **Ethics and Compliance Office**, whose role is to put in place, manage and coordinate the Compliance Programs;
- the **Risk and Insurance Department**, whose role is to contribute to the management policy for insurable risks and oversee its application, and take out global insurance covering the risks relating to Valeo's businesses;
- the **Health, Safety and Environment Department**, whose role is to apply the Group's risk management policy in terms of environment, safety and security and certification (ISO 14001, ISO 45001 and ISO 50001) across all sites;
- the **Sustainable Development and External Affairs Department** which, together with the Risk Management function, performs analyses of non-financial risks and the double materiality assessment;
- the **Cybersecurity Department**, which is responsible for the governance and continuous improvement of the information security policy with the aim of staying abreast of cybersecurity risks and threats.

Third Line

Internal Audit provides assurance, independent advice and objectives concerning the appropriateness and effectiveness of the governance structure and risk management system in place within the Group. It carries out financial, IT and cross-functional audits of all Group entities to ensure that procedures are duly applied.

2.3.1 Internal control and risk management – Definitions and applicable standards

Definition

Risk management is a comprehensive system for identifying, assessing and managing risks of all kinds, involving risk mapping and action plans to address these risks. The methodology and the main risks to which the Group is exposed are described in this chapter, section 2.1 "Risk factors", pages 82 to 91.

Internal control as defined by the Group is the process implemented by management and employees to provide reasonable assurance regarding the due and proper management of operations with regard to the following objectives:

- reliability of financial and management data;
- compliance with applicable laws and regulations;
- implementation of guidelines and strategies set by General Management;
- adequate functioning of the Company's internal processes, particularly processes to help safeguard its assets;
- risk management;
- effectiveness and efficiency of operations.

As with any control system, Valeo's risk management and internal control procedures cannot provide absolute assurance that the Group's objectives will be achieved and that all risks will be eliminated. The purpose of the system put in place by Valeo is to reduce the probability of incidents occurring and their potential impact.

Applicable standards

Valeo refers to the international standards of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) to define and continuously improve its overall risk management system.

The Group has adopted a definition of internal control similar to the COSO findings revised in 2013 in the United States (COSO ICIF-2013 or Framework). There are no significant discrepancies between Valeo's internal control organization and the procedures and principles described in the reference control framework and the Application Guide prepared under the aegis of the AMF.

2.3.2 Scope of internal control and risk management

Valeo's overall risk management procedures are applied to the entire Valeo Group, defined as the parent company Valeo and all of its fully consolidated subsidiaries (see Chapter 5, section 5.4.6, Note 3 "Scope of consolidation" to the consolidated financial statements, pages 366 to 369).

2.3.3 Components of the Group's internal control and risk management system

Valeo's internal control procedures are based on the five components defined in the COSO framework.

Control environment

The control environment sets the tone of an organization, influencing the level of awareness of its employees to the need for controls within the Group.

Valeo's internal control system – which falls under the Board of Directors' supervision, but operates entirely independently – is organized around a multi-tier operational structure: General Management, Group functional departments, Divisions/Product Groups, Valeo Service, National Directorates and operational entities. General Management sets strategic guidelines, arbitrates the allocation of resources to the Divisions/Product Groups and develops synergies between Divisions and National Directorates in the functional networks. The Divisions, Valeo Service and the National Directorates control the performance of the operational entities and play a key role of coordination and support between the entities, notably with regard to the pooling of resources, the allocation of Research and Development expenditure and the optimization of production among the different industrial plants. Each level is directly involved in implementing the internal control system. For this purpose, the Group has established operating principles and rules with appropriate delegations of powers, starting with those of the Chief Executive Officer, which precisely define the areas and levels of decision-making and control for each operational manager.

Valeo's self-imposed policies and behavioral principles are set out in its Code of Business Ethics, which aims to ensure that Valeo operates in accordance with national and international rules of law. The code places major emphasis on upholding fundamental rights with respect to the prohibition of child labor, the fight against discrimination and harassment, occupational health and safety, diversity, and promoting the employment of disabled workers (see Chapter 4, section 4.3.4 "Employee-related policies and commitments", pages 256 to 259). It also highlights the Group's commitment to sustainability, based on respect for the environment and the relentless drive for environmental protection, both of which are a priority for the Group. Lastly, the Code of Business Ethics deals with social issues and integrity in business conduct, the fight against corruption and anti-competitive practices. These values are also broken down in the Valeo Business Partners Code of Conduct, which explains the Group's expectations of its business partners in terms of integrity and ethics. Available on the intranet and translated into 26 languages, the Code of Business Ethics has been sent out to all of the Group's employees. It is also available on Valeo's website (www.valeo.com).

Capitalizing on its Code of Business Ethics and its culture of integrity, the Group has implemented a compliance initiative since 2012 under the aegis of the Ethics, Compliance and Personal Data Protection Office. which created five in-depth programs tailored to the regulatory requirements of each country in which Valeo does business. The programs are dedicated to the fight against corruption and anti-competitive practices, compliance with regulations on export control and economic sanctions, personal data protection and human rights.

The anti-corruption program (described in this chapter, section 2.4 “Ethics and compliance”, pages 99 to 100) is based on mandatory training campaigns for all Group Managers and Professionals. In addition, the Group has rolled out an anti-corruption self-assessment questionnaire at its sites. To follow up on its various initiatives, the Ethics, Compliance and Personal Data Protection Office defines and rolls out action plans and training modules, and adjusts the anti-corruption program, as required.

In addition, the Group has a Code of Conduct concerning the prevention of insider trading and the notification procedure for those affected (see Chapter 3, section 3.2.2 “Preparation and organization of the Board of Directors’ work”, pages 133 to 147).

A data protection compliance program has also been set up in accordance with global regulations, in particular the General Data Protection Regulation (see section 2.4 “Ethics and compliance” of this chapter, pages 99 to 100).

Risk management and assessment

The overall risk management system is designed to ensure the ongoing identification, prioritization, management and analysis of risks that may prevent Valeo from carrying out its strategy or meeting its objectives.

During the risk mapping process, risks are reviewed in depth and their impact and likelihood of occurrence are assessed. The risk assessment criteria are detailed in section 2.1 “Risk factors”, pages 82 to 91. By prioritizing risks, action plans can be devised for identified risks to improve risk management and control, by acting on their impact or on their likelihood of occurrence.

The risk management process is coordinated by a Risks Committee made up of ten permanent members: the Chief Financial Officer, the Chief Executive Officer of Valeo Light Division, the Group General Counsel and General Secretary, the Chief Ethics, Compliance and Personal Data Protection Officer, the Group Chief Human Resources Officer, the Chief Communications Officer, the Risk and Insurance Director, the Group Accounting Director, the Group Internal Audit and Control Director, and the Head of Risk Management. The committee met five times in 2024 and was mainly tasked with reviewing the risk mapping process and the procedures in place to address those risks. For each major risk on the risk map, a "risk owner" is identified. The risk owner reports to a member of the Risks Committee and his or her role is to (i) assess the criticality of the risk and the effectiveness of the associated risk control procedures, and monitor changes in the risk on the basis of key indicators, and (ii) identify and implement action plans to manage the risks where appropriate.

Risk monitoring by the Divisions and National Directorates enhances the dynamic risk management implemented by the Risks Committee. Along with the functional networks, the Divisions and National Directorates are responsible for assessing and managing risks within their remit, and for ensuring compliance with local regulatory requirements. They are also responsible for ensuring that guidelines and recommendations defined at Group level are properly applied throughout their operational entities. The Group therefore has a global view of risks.

Risk mapping gives rise to an annual update approved by the Risks Committee, based on a detailed analysis of the major risks and monitoring carried out by the risk owners. The findings of the latest update were presented to the Audit & Risks Committee at its meeting on December 16, 2024. A 2025 audit plan was defined on the basis of these findings, with a focus on the most acute risk areas.

The major risks identified and the procedures for managing these risks are presented in section 2.1 of this chapter “Risk factors”, pages 82 to 91. They are:

- strategy risks, which include in particular risks related to the automotive equipment industry as well as risks related to talent engagement and retention;
- operational risks, which include risks related to the development and launch of new products, risks related to the quality and safety of products and services sold, cybersecurity, and supplier and supply chain failure risk;
- financial risks, which include risks related to an increase in operating costs and foreign currency risks.

Control activities

Control activities are the policies and procedures that help ensure that General Management directives are carried out. They are performed throughout the organization, at all levels and in all functions with the aim of mitigating the risks described above.

The Group has a Financial and Administrative Manual that contains all the financial management procedures. It is used throughout the operating departments on a daily basis and is divided into four main sections defining the rules relating to:

- internal control;
- management control;
- accounting: how the main items of the statement of financial position and income statement should be measured and presented;
- cash management: payment procedures and cash from operations.

Every year, letters of representation regarding compliance with the Group’s internal control and management guidelines are drawn up at the level of the operational organization. At the end of 2024, the National Directors and National Financial Directors, the Financial Directors of the Shared Services Centers (SSC), as well as the Financial Directors and Controllers of the operational entities all signed these letters of representation.

In addition to the Financial and Administrative Manual, the functional departments have implemented special rules and procedures that are consistent with financial and management standards:

- CPM (Clean Project Management), including the Constant Innovation Charter, which defines the way to manage development projects;
- marketing procedures and sales practices;
- human resources procedures;
- ethics and compliance rules that define the principles that all the Group’s employees must comply with while conducting business and completing work related to their position and level of responsibility;

- purchasing procedures that set down the Group's strategy and objectives for purchasing and its supply base, as well as the rules that buyers and all stakeholders must follow throughout the purchasing process;
- the Risk Management Manual on security, safety, health and the environment, as well as the Insurance Manual;
- flow and inventory management procedures;
- legal procedures that set down the principles with which the Group must comply, mainly laws and regulations applicable in the countries where the Group operates, the Group's contractual obligations and the rules protecting the Group's intellectual property;
- rules for using information technologies.

Details of these rules and procedures can be consulted on the Group's intranet by the staff concerned.

As regards quality, Valeo has set its own standard – Valeo 5000. In addition, the Quick Response Quality Control (QRQC) method ensures the prompt implementation of corrective action, and the Lessons Learned Cards (LLC) process enables the Group to monitor best practices and explore avenues for improvement. These changes were incorporated into product standards and processes through the RAISE (Robustness Accountability Innovation Standardization Expertise) customer feedback consolidation process.

For the past 15 years or so, the Group has organized Valeo Finance Academy seminars with the aim of developing internal control and financial management skills. By combining modules (on accounting, cash flow, management control and internal control) with case studies and simulations, these yearly training sessions help the Group's younger financial managers to get better acquainted with the methods and tools used in financial control.

Information and communication

Pertinent information must be identified and communicated in a form and timeframe that enable all of the Group's staff to carry out their responsibilities and perform the checks required of them. The information originating from the management system is analyzed and circulated once a month to all operational personnel. A monthly summary is then presented to the Group's Executive Committee, comprising the Chief Executive Officer and 11 other functional or operational directors.

Steering the internal control system

The internal control system is jointly monitored and steered by General Management, the Risks Committee, and the Internal Audit and Control Department, with support from the functional departments, as well as management teams at the Divisions/ Product Groups, Valeo Service and the National Directorates.

The internal control system is audited by the Internal Audit and Control Department. This department is tasked with carrying out assignments within the Group to ensure that the procedures are implemented, the performance indicators are calculated in accordance with the rules of the business lines and the processes are effective. The tasks set out in the annual audit plan are set down based on the risk map. For 2024, Internal Audit performed financial and IT audits of the operational entities and Shared Services Centers (finance and accounting), as well as cross-functional audits examining project and R&D activities.

In 2024, the Anti-Fraud Department within the Internal Audit Department also performed over 70 specific investigations following allegations of fraud reported through the whistleblower hotline or through other communication channels. These investigations were conducted by a dedicated audit team under the responsibility of the Group's Fraud Investigation Officer. Fraud offenders are subject to disciplinary action. None of the detected cases of fraud has a material financial impact.

Recommendations for critical issues identified during the various assignments carried out by Internal Audit are put forward to the audited entities and Shared Services Centers (SSC), which are subsequently required to implement appropriate action plans. Internal Audit's work and findings, as well as the progress made with the action plans in the audited entities, are presented to the Audit & Risks Committee every year in accordance with the Committee's internal procedures.

The Internal Audit Department is certified by the French Institute of Audit and Internal Control (IFACI) in accordance with the profession's international standards.

The application of Valeo's quality, industry, project management and safety standards is regularly checked via VAQ (Valeo Audit Quality) audits, and the environmental and safety aspects are overseen by the Health, Safety and Environment Department. Valeo has launched a certification program for its manufacturing plants in accordance with the following standards: ISO 9001 and IATF 16949 (concerning quality management), ISO 14001 (concerning environmental management) and ISO 45001 (concerning occupational health and safety).

At December 31, 2024, 148 plants had been certified ISO 14001 and 138 plants had been certified ISO 45001, out of a total of 164 eligible plants. The percentage of ISO 14001 and ISO 45001 certified plants is therefore 91% and 85%, respectively. In addition, in 2013, Valeo launched a certification program for its manufacturing plants in accordance with ISO 50001 (relating to energy management systems). At December 31, 2024, 105 plants (64%) had been certified ISO 50001 (see Chapter 4, section 4.2 "Environmental information", pages 206 to 260).

2.3.4 Organization of internal control and description of the assessment process

The Internal Control Department reports directly to the Internal Audit and Control Department. At the end of December 2024, it was made up of a team of 14 people, exclusively dedicated to internal control at Group and regional level. In 2024, the main role of the regional controllers was to assist the Group Internal Control Director in overseeing the internal control self-assessment campaign and ensuring best practices are applied uniformly across the regions with the support of the Divisions and National Directorates.

The Group has developed a self-assessment process based on a questionnaire in order to measure and assess correct implementation of existing internal control procedures throughout all of its operational entities.

In 2024, the self-assessment questionnaire was rolled out, focusing on the following 13 processes: accounts closing; sales, management of customers and incoming payments; production purchases, management of suppliers and outgoing payments; non-production purchasing; projects and research & development; monitoring of fixed assets; monitoring of inventories; payroll and human resources; cash management; customs, duties; information systems; and compliance. The self-assessment campaign involved 371 operational entities including 10 finance Shared Services Centers (SSC).

As part of the campaign, rules for documentation and testing (size of the sample used) were set so as to ensure reliability and uniformity of the tests carried out in the entities. A special database of internal control best practices has been posted on the Group's intranet.

In 2024, the following measures were implemented:

- Continued transfer of logistics control activities to the operational entities (previously carried out by the Finance network);
- Launch of a project to simplify and strengthen the justifications and revisions process for the various operating sites' financial statements. The pilot phase was completed at the end of the year;
- Implementation of a new metric management tool dedicated to internal control. Almost 50 metrics have been developed across the Group's industrial sites to evaluate the quality of the control environment.
- Definition of the CSRD control environment and launch of operational control activities for sustainability metrics.

A report of the initiative implemented in 2024 was presented to the Audit & Risks Committee on December 16, 2024. It confirms the robustness of the internal control assessment system, thanks in particular to the reliability of the controls embedded in Valeo's management systems. A plan to carefully monitor key controls was also presented, and will be deployed from 2025.

The areas for improvement for the Group's internal control and risk management procedures are presented in section 2.3.6 "Outlook" of this chapter, page 99.

In addition to the internal control self-assessment and the implementation of action plans, Valeo has rolled out a procedure aimed at reviewing user profiles and access controls for the integrated management software package used within most of the Group's entities. The aim of this process is to ensure proper system access control practices across all operational entities and Shared Services Centers. Using matrices that show incompatibilities for each of the processes, standard user profiles respecting the principles for separation of tasks have been defined and deployed. Whenever the package is deployed for the first time, the Internal Audit team provides manuals and tracks incompatibility matrices, in liaison with the entities concerned.

2.3.5 Procedures for preparing and processing financial and accounting information for the financial statements of the Company and the Group

The Finance Department is responsible for preparing the parent company and consolidated financial statements, and reports to the Chief Executive Officer. The budget and monthly reporting procedure is a critical tool for Valeo in managing its operations. The same information system tool is used for the consolidation and reporting processes, thus ensuring completeness and consistency in the preparation of financial information.

The Finance Department is in charge of the internal control procedures pertaining to the preparation and processing of financial information. Production and analysis of this information is handled as follows:

- the Group Accounting Department prepares and disseminates the accounting procedures used by the Group, making sure they are consistent with the International Financial Reporting Standards (IFRS) as adopted by the European Union. The Group Accounting Department, along with the Management Control Department, carries out regular checks to ensure that operations have been correctly recorded in the accounting books;
- the Consolidation Department (within the Group Accounting Department) is responsible for preparing half-yearly and annual consolidated financial statements under IFRS. Each half-yearly and annual report includes for each legal entity complete financial statements, prepared on the basis of detailed period-end closing instructions, which include the accounts closing schedule, changes in the scope of consolidation, classification of and movements in the main statement of financial position items, the process for reconciling intercompany transactions within the Group, and the supervision of off-balance sheet commitments (entities are required to provide an exhaustive list of their commitments and also to monitor them);
- based on detailed monthly information for each management entity, the Management Control Department assesses the economic performance of the Group, analyzes the relevance of reported information, and prepares a summary of management indicators for General Management. Its analyses focus on sales, the order book, and margin and EBITDA analyses[1] for each Division/Product Group and geographic area;
- the Tax Department coordinates the Group's tax policy and advises the legal entities, National Directorates and, where necessary, the Divisions/Product Groups and Valeo Service on all issues relating to tax law and also on the implementation of the tax consolidation system within certain countries.

(1) *See financial glossary, page 48.*

2.3.6 Outlook

Valeo will pursue ongoing efforts to improve its identification and analysis of risks, as well as its internal control system. The purpose of these efforts, in place for several years now, is to constantly adapt human resources, management and control tools and information systems in line with changes in the Group's structure and objectives. In 2025, the Group will continue to develop its internal control policy by:

- Continuing to roll out IT internal control guidelines;
- Focusing the control system on the most critical processes. This action is being carried out in cooperation with the operational teams (Finance, Human Resources, Logistics, Purchasing, Projects) and the Divisions;
- Continuing to develop data analysis tools to continuously monitor its operating entities, in particular by configuring performance charts incorporating indicators to measure and manage internal control at the Group's operating entities;
- Introducing a new, more effective tool for justifying the financial statements of operating entities. The introduction of this tool goes hand-in-hand with strengthened balance sheet reviews by the financial management teams at all sites;
- Continuing to develop the CSRD control environment based on COSO ICSR (Internal Control on Sustainability Reporting). The network of internal controllers plans to extend its support to around 50 plants by 2025.

The Group's aim is to develop pertinent and effective internal controls at each level of responsibility, based on:

- An appropriate control environment;
- The accountability of all parties involved, and particularly operational staff key to the internal control processes and responsible for driving forward ongoing internal control improvements;
- Consideration of the cost of implementing internal controls with regard to the level of risk exposure.

The Group will continue developing its risk management system, drawing inspiration from professional standards (COSO ERM[1]), including, in particular:

- Continuing to roll out maturity assessments of the risk control environment as part of the Group's major risk mapping update;
- Continuing to map risks of all kinds together with certain departments, including the Strategy, R&D, and Sustainable Development departments for sustainability matters, the Ethics, Compliance and Personal Data Protection Office for risks related to human rights, etc.;
- Continuing the process initiated in 2021 to identify climate change risks and opportunities and manage the associated risks, using the classification proposed by the TCFD[2];
- Continuing to prepare the risk management component of the CSRD;
- Continuing to work closely with Internal Control and Internal Audit teams, with the common objective of continuously improving risk management and the control environment.

This approach is actively supported by the Group's General Management.

2.4 Ethics and compliance

Run by General Management and the Ethics, Compliance and Personal Data Protection Office, endorsed by all management teams and relayed worldwide by Compliance Champions, Data Protection Champions and Data Protection Officers, the Group's Compliance Programs are designed to prevent a number of risks and ensure compliance in particular with the applicable regulations regarding:

- the fight against anti-competitive practices;
- the fight against corruption and influence peddling;
- compliance with international economic sanctions and export control regimes;
- upholding human rights;
- personal data protection;
- whistleblower mechanisms and measures aimed at protecting whistleblowers, targeted persons and facilitators.

Designed in line with the highest international standards, including France's Sapin II law, the Foreign Corrupt Practices Act (FCPA) and the General Data Protection Regulation (GDPR), the Compliance Programs break down into different principles, policies, instructions, recommendations, tools and training modules.

They are based on a Code of Business Ethics and risk mapping, and a set of internal rules that:

- concretely and operationally reflect Valeo's determination to comply with regulations and prevent identified risks;
- describe prohibited practices using a range of illustrations and examples;
- define the conditions and prerequisites for acceptable conduct regarding business relationships and alliances;
- establish procedures for implementing and monitoring these rules and the effectiveness of the Compliance Programs; and
- help to prevent and detect risks, and implement corrective action plans as appropriate.

(1) *COSO ERM (Enterprise Risk Management): the risk management framework defined by the Committee of Sponsoring Organizations of the Treadway Commission.*
(2) *Task Force on Climate-Related Financial Disclosures.*

The Compliance Programs come with a range of awareness and training campaigns aimed at Managers and Professionals, along with those people identified as the most exposed to certain risks, and new hires.

Training courses, whether generic or targeted in light of a particular need or activity, are subject to rigorous and systematic monitoring by the Group's Human Resources Department and the Ethics, Compliance and Personal Data Protection Office. Any delays must be caught-up and are grounds for disciplinary action. Awareness-raising involves recurring and regular communication campaigns.

The Compliance Programs are rolled out globally by the Ethics, Compliance and Personal Data Protection Office, with the support of Compliance Champions, Data Protection Champions and Data Protection Officers, who are experienced executives known and acknowledged by their peers and their teams. Drawing on their detailed knowledge of the specificities of their network, country, Division or Activity, they help relay all of the programs to their teams, and guide employees on these challenges, thereby actively supporting their implementation at all levels of the organization. Management teams also play a key role in promoting and applying operational compliance within their teams. All managers are expected to set an example and take a zero-tolerance approach to non-compliance.

In 2024, these programs were regularly evaluated and adjusted to ensure that the content fully matched the needs.

Over the period**, the Anti-Competitive Practices Program** focused on:

- raising awareness of the need to evaluate and manage collaborative projects likely to involve competitors, notably at the request of customers;
- implementing the Antitrust Policy revised at the end of 2023 through an intensive global campaign including:
  - messages from senior managers (General Management and members of the Liaison Committee);
  - poster campaigns and video broadcasts at all sites;
  - dedicated training modules;
- training in business intelligence risks and in the lawful ways of gathering strategic and confidential information.

With regard to the **Anti-Corruption Program**, corruption risk mapping by geographic area and business activity has been updated. To address the risks identified, a plan providing for several targeted training and awareness-raising initiatives will be rolled out from January 2025.

In view of the situation in 2024, **international economic sanctions, export control regimes and their applicability to Valeo products** continued to be closely monitored. The Compliance Program, which sets out the conditions for exporting certain technologies or developing business relationships with current or potential partners (customers, suppliers, etc.) located in or linked to countries targeted by international sanctions, has been continuously updated and enhanced with tools to assist operational staff.

Since the Russia–Ukraine conflict began, international sanctions and export–import controls have been the subject of ongoing legal monitoring to keep our dedicated compliance system aligned with evolving regulations, particularly those concerning Russia and Belarus. This system is deployed worldwide and closely supervised.

The **Human Rights Protection Program** is a response to what has become a global challenge. It focuses not only on respecting and upholding human rights in Valeo's own businesses, but also in those of suppliers and service providers in its supply chain. The Human Rights policy was stepped up in 2024 to comply with obligations arising from recent and particularly stringent regulations. A Human Rights manual has been written specifically for the Group's business partners.

The protection of personal data is subject to specific regulations in virtually all of the countries in which Valeo does business. The Data Protection Program is based on the Valeo Data Protection Principles (VDPPs), which are cross-functional and apply worldwide. They are rounded out where necessary, depending on local regulations, with principles specific to the various countries in which Valeo operates.

Fair trade practices, mutual respect and integrity among employees and Group business partners alike are the foundations of an ethical and responsible ecosystem. All of Valeo's principles and values are reflected both in-house in the Code of Business Ethics applicable to employees, and externally in its equivalent, the Code of Conduct for Business Partners, which was updated and distributed in 2024.

With a view to establishing honest and lasting partnerships, the Group follows an in-depth due diligence process to rigorously screen the suppliers and third parties likely to represent it.

Finally, the **Whistleblowing System**, accessible via a dedicated and secure platform available free of charge 24/7, allows all employees and stakeholders to issue detailed, confidential – even anonymous – and documented alerts, either orally or in writing, by completing a pre-selected questionnaire in the language of their choice. Access to the system is provided by a European operator. It is available on PC, smartphone, and tablet, via a link or a QR code.

Alerts received are systematically analyzed and investigated when they are deemed admissible in compliance with provisions designed to protect whistleblowers, facilitators and any other persons mentioned in the alerts.

The Alerts Committee oversees the system and is chaired by the Chief Ethics, Compliance and Personal Data Protection Officer. The committee is composed of the Group Internal Audit and Control Director, the Group General Counsel and General Secretary, the Group Chief Human Resources Officer, the Vice-President, Employee Relations, the Chief Financial Officer and the Chief Purchasing Officer. Depending on the severity of the alert, the committee may be extended to include the Chief Executive Officer and the Chief Communications Officer.

This alert system aims to detect and prevent breaches of regulations and Compliance Programs. It is outlined in our Code of Business Ethics and systematically reiterated in all our compliance policies and training courses. Employees are strongly encouraged to report unethical practices.

3. CORPORATE GOVERNANCE AFR

AFR *Information from the Annual Financial Report is clearly identified in the table of contents by the AFR symbol.*

Valeo refers to the AFEP-MEDEF Corporate Governance Code for Listed Companies, in its version of December 2022 (the "**AFEP-MEDEF Code**"). The Code is available, in particular, on the MEDEF website (www.medef.com). The application of the recommendations of the AFEP-MEDEF Code is described in section 3.2.4 of this chapter, “Corporate Governance Code”, page 148.

The information contained in this chapter, pages 101 to 184, constitutes the Corporate Governance Report required by Article L. 225-37 of the French Commercial Code *(Code de commerce)*. The information comprising this report was prepared by several of Valeo’s Functional Departments, mainly the Legal, Finance and Human Resources Departments. It was reviewed by the Compensation Committee and the Governance, Appointments & Corporate Social Responsibility Committee for the parts under their respective authority, and then by the Board of Directors.

3.1 Executive bodies

[*ESRS 2 § 21*]

At December 31, 2024, the Group’s Executive Management team comprised the Chairman of the Board of Directors, the Chief Executive Officer, the Associate Chief Executive Officers and Chief Executive Officers of the Divisions, the Chief Executive Officer of Valeo Service and the Functional Directors, who are members of the Executive Committee.

Chairman of the Board of Directors
Independent director

Gilles Michel

(First appointed as a director on May 23, 2018 – Current term of office began on May 24, 2022 – Current term of office expires at the Shareholders’ Meeting that will be called to approve the financial statements for the financial year ended December 31, 2025)

(First appointed as Chairman of the Board of Directors on January 1, 2023 – Current term of office expires at the Shareholders’ Meeting that will be called to approve the financial statements for the financial year ended December 31, 2025)

In his capacity as Chairman of the Board of Directors, Gilles Michel organizes and presides over the work performed by the Board of Directors, and presents a report on its activities to the Shareholders’ Meeting. He ensures that the Company’s governance functions effectively and that the directors are able to perform their duties.

Chief Executive Officer
Director

Christophe Périllat

(First appointed as a director/current term of office began on May 26, 2021 and expires at the Shareholders’ Meeting that will be called to approve the financial statements for the financial year ended December 31, 2024)[(1)]

(First appointed as Chief Executive Officer on January 26, 2022 – Current term of office expires at the Shareholders’ Meeting that will be called to approve the financial statements for the financial year ended December 31, 2024)[(1)]

In his capacity as Chief Executive Officer, Christophe Périllat has the widest possible powers to act in any circumstances in the Company’s name. He exercises these powers within the limits of the Company’s corporate purpose and subject to the provisions of the law, the Company’s articles of association and the Internal Procedures. He represents the Company in its relations with third parties.

(1) *At the Shareholders’ Meeting on May 22, 2025, the Board of Directors, acting on the recommendation of the Governance, Appointments & Corporate Social Responsibility Committee, will propose the reappointment of Christophe Périllat as a director for a term of four years ending at the Shareholders’ Meeting to be called to approve the financial statements for the financial year ended December 31, 2028. The Board of Directors, on the recommendation of the Governance, Appointments & Corporate Social Responsibility Committee, also proposed to renew the term of office of Christophe Périllat as Chief Executive Officer for the duration of his new term as director, (subject to his reappointment), at the meeting to be held immediately after the Shareholders' Meeting.*

COMPOSITION OF THE EXECUTIVE COMMITTEE AT DECEMBER 31, 2024

From left to right:

- **Xavier Dupont,** Chief Executive Officer of the POWER Division and Group Executive Vice President
- **Marc Guédon,** Chief Purchasing Officer
- **Édouard de Pirey,** Chief Financial Officer
- **Catherine Delhaye,** Chief Ethics, Compliance and Data Protection Officer
- **Maurizio Martinelli,** Chief Executive Officer of the LIGHT Division and Group Executive Vice President
- **Christophe Périllat,** Chief Executive Officer
- **Marc Vrecko,** Chief Executive Officer of the BRAIN Division and Group Executive Vice President
- **Agnès Park,** Chief Human Resources Officer
- **Éric Antoine Fredette,** Group General Counsel and General Secretary
- **François Marion,** Chief Communications Officer
- **Detlef Juerss,** Chief Sales and Business Development Officer
- **Éric Schuler,** Chief Executive Officer of Valeo Service Activity

3.2 Composition of the Board of Directors, and preparation and organization of its work

[ESRS 2 § 21]

The table below provides key figures relating to the Board of Directors during the 2024 financial year:

15 Members	**10** Meetings in 2024	**97.92%** Attendance rate in 2024

91.66% Independent directors[(1)]	**3** Directors representing employees and employee shareholders (1 director representing employee shareholders and 2 directors representing employees)	**41.66%** Women directors[(1)]	**5** Nationalities

(1) *Directors representing employees and employee shareholders do not count for the purpose of determining the proportion of (i) independent directors in accordance with the recommendation in Article 10.3 of the AFEP-MEDEF Code, and (ii) gender diversity in accordance with Articles L. 225-23 and L. 225-27-1 of the French Commercial Code.*

3.2.1 Composition of the Board of Directors

[*ESRS 2 § 21*]

Composition of the Board of Directors at December 31, 2024 and changes during the 2024 financial year

The composition of the Board of Directors at December 31, 2024 is shown in the table below:

	Personal information				Experience	Position on the Board of Directors				
	Age	**Gender**	**Nationality**	**Number of shares**	**Number of directorships in listed companies**(1)	**Independence**	**First appointed**	**Expiration of term of office**	**Years' service on the Board**	**Membership of Board Committees**(2)
Gilles Michel Chairman of the Board of Directors	68	M	🇫🇷	8,650	1	✓	05/23/2018	2026 Shareholders' Meeting	6 years	-
Christophe Périllat Chief Executive Officer	59	M	🇫🇷	279,342(3)	1	-	05/26/2021	2025 Shareholders' Meeting	3 years	-
Bruno Bézard	61	M	🇫🇷	3,000	0	✓	10/24/2017	2026 Shareholders' Meeting	7 years	ARC
Bpifrance Participations Represented by Alexandre Ossola	50	M	🇫🇷	12,600,000(4)	0	✓	06/21/2019	2026 Shareholders' Meeting	5 years	ARC/SC
Éric Chauvirey Director representing employee shareholders	50	M	🇫🇷	2,500(5)	0	N/A(6)	05/23/2024	2028 Shareholders' Meeting	<1 year	ARC
Alexandre Dayon	57	M	🇺🇸 🇫🇷	15,000	0	✓	07/26/2022	2025 Shareholders' Meeting	2 years	GACSRC (Chair)/ CC (Chair)/SC
Fonds Stratégique de Participations Represented by Julie Avrane	53	F	🇫🇷	10,213,000(4)	3	✓	03/24/2020	2028 Shareholders' Meeting	4 years	GACSRC/CC/ARC
Stéphanie Frachet	47	F	🇫🇷	1,500	0	✓	01/01/2023	2027 Shareholders' Meeting	2 years(7)	GACSRC/CC/SC
Mari-Noëlle Jégo-Laveissière	56	F	🇫🇷	1,500	2	✓	05/26/2016	2025 Shareholders' Meeting	8 years	ARC
Éric Poton Director representing employees	58	M	🇫🇷	38(8)	0	N/A(6)	06/30/2021	06/30/2025	3 years	GACSRC/CC
Beatriz Puente	53	F	🇪🇸	1,500	1	✓	05/23/2024	2028 Shareholders' Meeting	<1 year	ARC
Patrick Sayer	67	M	🇫🇷	11,700	0	✓	05/23/2019	2027 Shareholders' Meeting	5 years	GACSRC/CC/SC (Chair)
Grzegorz Szelag Director representing employees	47	M	🇵🇱	317(8)	0	N/A(6)	11/19/2020	11/19/2028	4 years	SC
Véronique Weill	65	F	🇫🇷	2,390	1	✓	05/26/2016	2025 Shareholders' Meeting	8 years	ARC (Chair)
Sascha Zahnd	49	M	🇨🇭	1,500	2	✓	05/23/2024	2028 Shareholders' Meeting	<1 year	SC

N/A = Not applicable.
Nationalities:
🇫🇷: French – 🇺🇸: American – 🇪🇸: Spanish – 🇵🇱: Polish – 🇨🇭: Swiss

(1) Except for the directorship in the Company.
(2) ARC = Audit & Risks Committee; GACSRC = Governance, Appointments & Corporate Social Responsibility Committee; CC = Compensation Committee; SC = Strategy Committee.
(3) Christophe Périllat also holds 135,646 shares in the Valeorizon mutual fund (Group employee share ownership plan), which would represent 135,499 shares.
(4) These shares are held by the legal entity serving as a director.
(5) In accordance with the law, the articles of association and the Internal Procedures, the director representing employee shareholders is not required to hold 1,500 shares. Nevertheless, in accordance with Article L. 225-102 of the French Commercial Code, he/she is required to own, either individually or through a corporate mutual fund (FCPE) invested in Valeo shares, at least one Company share, or a number of FCPE units equivalent to at least one Company share. Éric Chauvirey holds 1,709 shares in the Valeorizon mutual fund (Group employee share ownership plan), which would represent 1,707 shares.
(6) Directors representing employees and employee shareholders do not count, in accordance with the recommendation in Article 10.3 of the AFEP-MEDEF Code.
(7) Stéphanie Frachet has served five years on the Board of Directors, taking into account her term of office as permanent representative of Bpifrance Participations between June 21, 2019 and December 31, 2022.
(8) In accordance with the law, the articles of association and the Internal Procedures, the directors representing employees are not required to hold 1,500 shares of the Company. Éric Poton and Grzegorz Szelag also hold 614 shares and 19 shares, respectively, in the Valeorizon mutual fund (Group employee share ownership plan), which would represent 613 shares and 19 shares, respectively.

The changes in the composition of the Board of Directors and its Committees during the 2024 financial year are shown in the table below:

	Departures	Appointments	Reappointments
Board of Directors	Thierry Moulonguet(1) Ulrike Steinhorst(1) (May 23, 2024 Shareholders' Meeting)	Éric Chauvirey Beatriz Puente Sascha Zahnd (May 23, 2024 Shareholders' Meeting)	Fonds Stratégique de Participations (May 23, 2024 Shareholders' Meeting) Grzegorz Szelag (European Company Works Council meeting of July 11, 2024, with effect as of November 19, 2024)
Governance, Appointments & Corporate Social Responsibility Committee	Ulrike Steinhorst(1) Véronique Weill Grzegorz Szelag (Board meeting of February 29, 2024, with effect after the May 23, 2024 Shareholders' Meeting)	Alexandre Dayon (Chair) Éric Poton Fonds Stratégique de Participations(2) (Board meeting of February 29, 2024, with effect after the May 23, 2024 Shareholders' Meeting)	N/A
Compensation Committee	Ulrike Steinhorst(1) Véronique Weill Grzegorz Szelag (Board meeting of February 29, 2024, with effect after the May 23, 2024 Shareholders' Meeting)	Alexandre Dayon (Chair) Éric Poton Fonds Stratégique de Participations(2) (Board meeting of February 29, 2024, with effect after the May 23, 2024 Shareholders' Meeting)	N/A
Audit & Risks Committee	Thierry Moulonguet(1) Éric Poton (Board meeting of February 29, 2024, with effect after the May 23, 2024 Shareholders' Meeting)	Véronique Weill (Chair)(3) Éric Chauvirey(2) Beatriz Puente(2) (Board meeting of February 29, 2024, with effect after the May 23, 2024 Shareholders' Meeting)	Fonds Stratégique de Participations(2) (Board meeting of February 29, 2024, with effect after the May 23, 2024 Shareholders' Meeting)
Strategy Committee	Thierry Moulonguet(1) Ulrike Steinhorst(1) (Board meeting of February 29, 2024, with effect after the May 23, 2024 Shareholders' Meeting)	Bpifrance Participations Grzegorz Szelag Sascha Zahnd(2) (Board meeting of February 29, 2024, with effect after the May 23, 2024 Shareholders' Meeting)	N/A

N/A: Not applicable.
(1) The terms of office of Thierry Moulonguet and Ulrike Steinhorst expired at the end of the Shareholders' Meeting of May 23, 2024, and they did not put themselves forward for reappointment.
(2) Subject to appointment/reappointment at the Shareholders' Meeting of May 23, 2024.
(3) Véronique Weill was already a member of the Audit & Risks Committee.

Summary of the main rules regarding the composition of the Board of Directors

Size of the Board of Directors

According to the Company's articles of association, the Board of Directors comprises at least three and no more than 18 members (subject to any amendments in line with changes in the applicable law). Directors representing employees and the director representing employee shareholders are not included in the minimum and maximum number of directors. On December 31, 2024, the Board of Directors comprised 15 members, including two directors representing employees and a director representing employee shareholders.

Directors (non-employees) appointed at Shareholders' Meetings

Directors are appointed at Shareholders' Meetings on the recommendation of the Board of Directors, which in turn receives recommendations from the Governance, Appointments & Corporate Social Responsibility Committee. They are appointed for a term of four years ending at the end of the Shareholders' Meeting called in the year in which their term expires to approve the financial statements for the previous financial year. They may be reappointed and may be removed from office by the Shareholders' Meeting at any time. To ensure smooth renewal on the Board of Directors, the Company's articles of association provide for staggered terms of office, with one quarter of the directors up for reappointment in any one year in principle. Where one or more seats on the Board become vacant due to the death or resignation of any member or members, the Board of Directors may appoint new members on a temporary basis until the next Shareholders' Meeting, in accordance with the applicable legislation. Moreover, the term of office of the Chairman of the Board of Directors may not exceed his term of office as a director.

Directors put forward by the Board and appointed by the Shareholders' Meeting are selected on the basis of the diversity policy as described in the section "Board of Directors' diversity policy", pages 111 to 113.

Directors representing employees

By exception and in accordance with the applicable law, the directors representing employees are appointed in accordance with the arrangements provided for in the articles of association. If the Board of Directors comprises eight members or less, it must include a director representing employees, appointed by the Group Works Council. If there are more than eight directors, a second director representing employees must be appointed by the European employee representative committee, which is called the European Company Works Council. The second director representing employees will only take up office if the Board still has more than eight members at the date on which that director is appointed (which must be within six months of such threshold being exceeded). The rules, presented above, applicable to directors appointed by the Shareholders' Meeting as regards the term and renewal of office also apply to the directors representing employees (other than the rule regarding the reappointment of one quarter of the Board of Directors' members), it being specified that their term of office will end at the expiration of that four-year term. If a seat as director representing employees becomes vacant for any reason, it shall be filled under the conditions provided for by law, i.e., in the same way as the outgoing director representing employees was appointed. Should the number of directors fall below or be equal to the legal threshold of eight, the term of office of the second director representing employees appointed by the European Company Works Council will be maintained until it expires. If the requirements to appoint a director representing employees no longer applies, the term of a director or directors representing employees may be ended by anticipation, on the decision of the Board of Directors, at the end of the Board meeting at which the Board of Directors duly notes that Valeo is no longer subject to that requirement.

Director representing employee shareholders

In accordance with Article L. 225-23 of the French Commercial Code, when the report presented annually by the Board of Directors to the Shareholders' Meeting, pursuant to Article L. 225-102 of the French Commercial Code, states that the aggregate number of shares held by employees of the Company and/or of related companies or groupings (within the meaning of Article L. 225-180 of said Code) represent more than 3% of the Company's share capital, a director representing employee shareholders must be appointed by the Ordinary Shareholders' Meeting in compliance with the procedures provided for in the applicable laws and regulations and/or in the articles of association.

In accordance with the articles of association, since the procedures for nominating a candidate to be put forward for appointment as director representing employee shareholders (and, where applicable, his/her substitute) are not defined by the applicable laws and regulations or by the articles of association, the Board of Directors' sets these procedures based on the recommendation of General Management. This particularly applies to setting the timeframes for nominating candidates and the rules governing eligibility to stand for election (including any sponsorship).

The candidate and his/her substitute nominated following the internal election process carried out in accordance with the provisions of the articles of association and the procedures set by the Board of Directors are then put forward for appointment by the shareholders.

As is also the case for directors representing employees, the rules, presented above, applicable to directors appointed by the Shareholders' Meeting as regards the term and renewal of office also apply to the director representing employee shareholders (with the exception of the rules regarding the reappointment of one quarter of the Board of Directors' members), it being specified that his/her term of office will end at the Shareholders' Meeting called during the financial year in which their term expires for the purpose of approving the financial statements for the previous year. If the seat of the director representing employee shareholders becomes vacant for any reason, a candidate will be nominated to replace that director in accordance with the conditions provided for in the Company's articles of association, i.e. in the same way as the director representing employees whose seat has become vacant. The nomination must take place at the latest before the next Ordinary Shareholders' Meeting or, if that meeting is held less than four months after the seat becomes vacant, before the following Ordinary Shareholders' Meeting.

If the requirement to appoint a director representing employee shareholders no longer applies, in accordance with the law, the term of the director representing employee shareholders may be ended by anticipation, on the decision of the Board of Directors, at the end of the Board of Directors' meeting following the Ordinary Shareholders' Meeting at which the Board of Directors' report is presented in which it is stated that Valeo is no longer subject to that requirement.

For details of the directorships and other positions held by the members of the Board of Directors (including those held in the last five years), and their experience and expertise, see section "Presentation of directors for the 2024 financial year", pages 116 to 132.

Attendance rate at Board of Directors' meetings

The Board of Directors met ten times in the 2024 financial year, including the Board meeting that closed the annual strategy seminar.

The average attendance rate of directors at Board of Directors' meetings held in 2024 was 97.92%.

In addition, 21 Board Committee meetings were held in the 2024 financial year:

- the Governance, Appointments & Corporate Social Responsibility Committee met five times with an average attendance rate of 96%;
- the Compensation Committee met five times with an average attendance rate of 96%;
- the Audit & Risks Committee met six times with an average attendance rate of 100%;
- the Strategy Committee met five times with an average attendance rate of 96.30%.

The attendance rate of directors at Board and Committee meetings in the 2024 financial year is shown in the table below.

	Attendance rate at Board meetings(1)	Attendance rate at GACSRC meetings(1)	Attendance rate at CC meetings(1)	Attendance rate at ARC meetings(1)	Attendance rate at SC meetings(1)
Gilles Michel (Chairman of the Board of Directors and an independent director)	10/10	N/A	N/A	N/A	N/A
Christophe Périllat (Chief Executive Officer and a director)	10/10	N/A	N/A	N/A	N/A
Bruno Bézard (Independent director)	10/10	N/A	N/A	6/6	N/A
Bpifrance Participations Represented by Alexandre Ossola (Independent director)	10/10	N/A	N/A	6/6	2/2(2)
Éric Chauvirey(3) (Director representing employee shareholders)	4/4	N/A	N/A	4/4	N/A
Alexandre Dayon (Independent director)	10/10	2/2(4)	1/1(4)	N/A	5/5
Fonds Stratégique de Participations Represented by Julie Avrane (Independent director)	10/10	2/2(4)	1/1(4)	6/6	N/A
Stéphanie Frachet (Independent director)	10/10	5/5	5/5	N/A	5/5
Mari-Noëlle Jégo-Laveissière (Independent director)	10/10	N/A	N/A	6/6	N/A
Thierry Moulonguet(5) (Director)	6/6	N/A	N/A	2/2	3/3
Éric Poton (Director representing employees)	10/10	2/2(4)	1/1(4)	2/2(6)	N/A
Beatriz Puente(7) (Independent director)	4/4	N/A	N/A	4/4	N/A
Patrick Sayer (Independent director)	8/10	4/5	4/5	N/A	4/5
Ulrike Steinhorst(5) (Director)	6/6	3/3	4/4	N/A	3/3
Grzegorz Szelag (Director representing employees)	10/10	3/3(8)	4/4(8)	N/A	2/2(3)
Véronique Weill (Independent director)	9/10	3/3(8)	4/4(8)	6/6	N/A
Sascha Zahnd(7) (Independent director)	4/4	N/A	N/A	N/A	2/2
TOTAL	**97.92%**	**96%**	**96%**	**100%**	**96.30%**

N/A: Not applicable.

(1) Board = Board of Directors; ARC = Audit & Risks Committee; GACSRC = Governance, Appointments & Corporate Social Responsibility Committee; CC = Compensation Committee; SC = Strategy Committee.

(2) Since being appointed as a member of the SC by the Board of Directors on February 29, 2024, on the recommendation of the GACSRC, with effect from the end of the Shareholders' Meeting on May 23, 2024.

(3) Since being appointed as a member of the Board of Directors representing employee shareholders by the Shareholders' Meeting on May 23, 2024.

(4) Since being appointed as a member of the CC and the GACSRC by the Board of Directors on February 29, 2024, on the recommendation of the GACSRC, with effect from the end of the Shareholders' Meeting on May 23, 2024.

(5) Until the end of his/her term as a member of the Board of Directors on May 23, 2024.

(6) Until the end of his term as a member of the ARC on May 23, 2024.

(7) Since being appointed as a member of the Board of Directors on May 23, 2024.

(8) Until the end of his/her term as a member of the GACSRC and the CC on May 23, 2024.

Director independence review

[*ESRS 2 § 21*]

Qualification as an independent director is reviewed by the Governance, Appointments & Corporate Social Responsibility Committee and the Board of Directors on two occasions: when a new director is appointed and every year before the Corporate Governance Report is prepared.

In accordance with the AFEP-MEDEF Code, the Internal Procedures classify as independent a director who has no relations whatsoever with the Company, the Group or its Management that may compromise his/her ability to exercise freedom of judgment.

In particular, in accordance with the Internal Procedures and pursuant to the AFEP-MEDEF Code, independence is presumed to exist when a director:

- is not and has not been in the past five years:
  - an employee or an executive corporate officer of the Company,
  - an employee, executive corporate officer or director of one of the Company's consolidated subsidiaries,
  - an employee, executive corporate officer or director of the Company's parent company or of one of the parent company's consolidated subsidiaries (Criterion 1);
- is not an executive corporate officer of a company in which the Company holds a directorship, either directly or indirectly, or in which an employee appointed in that role or an executive corporate officer of the Company (currently in office or having held such office during the last five years) is a director (Criterion 2);
- is not (and is not directly or indirectly related to) a customer, supplier, commercial banker, investment banker or adviser:
  - that is material to the Company or its Group, or
  - for which the Company or Group represents a significant portion of its business. The issue of whether or not the relationship with the Company or the Group qualifies as significant is discussed by the Board of Directors, and the quantitative and qualitative criteria used for the assessment (continuity, economic dependence, exclusivity, etc.) are explicitly stated in the Corporate Governance Report (Criterion 3);
- is not related by close family ties to a corporate officer (Criterion 4);
- has not been a Statutory Auditor of the Company in the past five years (Criterion 5);
- has not been a director of the Company for more than 12 years, at which point the director is no longer considered to be independent (Criterion 6).

A non-executive corporate officer cannot be deemed independent if he/she receives variable compensation in cash or shares, or any compensation tied to the Company or Group performance (Criterion 7).

Directors representing major Company shareholders can be deemed independent if those shareholders do not have a controlling interest in the Company. However, above a 10% threshold of the share capital or voting rights of the Company, the Board of Directors, acting on a report from the Governance, Appointments & Corporate Social Responsibility Committee, will decide whether the directors qualify as independent, taking into account the composition of the Company's share capital and the existence of any potential conflict of interest (Criterion 8).

Director independence review on appointment during the 2024 financial year

For each appointment or co-optation of a new director during the year, the Board of Directors, on the recommendation of the Governance, Appointments & Corporate Social Responsibility Committee, reviews the independence of the new members based on each of the above criteria.

Pursuant to its decision of January 25, 2024 to propose the appointment of Sascha Zahnd and Beatriz Puente as directors at the Shareholders' Meeting of May 23, 2024, the Board of Directors, on the recommendation of the Governance, Appointments & Corporate Social Responsibility Committee, reviewed their independence and concluded that they qualified as independent.

In addition, pursuant to its decision of February 29, 2024 to propose the reappointment of Fonds Stratégique de Participations, with Julie Avrane as permanent representative, as director at the Shareholders' Meeting of May 23, 2024, the Board of Directors, on the recommendation of the Governance, Appointments & Corporate Social Responsibility Committee, noted that the independence review carried out for the purposes of the 2023 Corporate Governance Report based on the above independence criteria remained valid and that they were therefore independent.

Director independence review upon preparation of the Corporate Governance Report

In accordance with the Internal Procedures and the AFEP-MEDEF Code, and on the recommendation of the Governance, Appointments & Corporate Social Responsibility Committee at its meeting held on January 22, 2025, the independence of the directors in office was discussed at the Board of Directors' meeting of January 23, 2025.

The table below provides an overview of the status of each director at December 31, 2024, in light of the independence criteria set out in the AFEP-MEDEF Code and the Internal Procedures.

Criterion(1)	Criterion 1: Employee or corporate officer in the last five years	Criterion 2: Cross-directorships	Criterion 3: Significant business relationships	Criterion 4: Family ties	Criterion 5: Statutory Auditors	Criterion 6: In office for more than 12 years	Criterion 7: Non-executive corporate officer	Criterion 8: Major shareholder
Gilles Michel Chairman of the Board of Directors	✓	✓	✓	✓	✓	✓	✓	✓
Christophe Périllat Chief Executive Officer	✖	✓	✓	✓	✓	✓	✓	✓
Bruno Bézard	✓	✓	✓	✓	✓	✓	✓	✓
Bpifrance Participations(2) Represented by Alexandre Ossola	✓	✓	✓	✓	✓	✓	✓	✓(3)
Éric Chauvirey(4) Director representing employee shareholders	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Alexandre Dayon	✓	✓	✓	✓	✓	✓	✓	✓
Fonds Stratégique de Participations(5) Represented by Julie Avrane	✓	✓	✓	✓	✓	✓	✓	✓(6)
Stéphanie Frachet	✓	✓	✓	✓	✓	✓	✓	✓
Mari-Noëlle Jégo-Laveissière	✓	✓	✓	✓	✓	✓	✓	✓
Éric Poton(4) Director representing employees	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Beatriz Puente	✓	✓	✓	✓	✓	✓	✓	✓
Patrick Sayer	✓	✓	✓	✓	✓	✓	✓	✓
Grzegorz Szelag(4) Director representing employees	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Véronique Weill	✓	✓	✓	✓	✓	✓	✓	✓
Sascha Zahnd	✓	✓	✓	✓	✓	✓	✓	✓

N/A: Not applicable.

(1) In the table, ✓ signifies an independence criterion that has been met and ✖ signifies an independence criterion that has not been met.

(2) The independence assessment was conducted for both the company (Bpifrance Participations) and its representative (Alexandre Ossola).

(3) Bpifrance Participations held 5.15% of Valeo's share capital and 9.20% of the voting rights at December 31, 2024. Bpifrance Participations is controlled by Bpifrance SA, a 49.20%-49.20% joint venture between Caisse des Dépôts et Consignations and EPIC Bpifrance.

(4) Directors representing employees and employee shareholders do not count, in accordance with the recommendation in Article 10.3 of the AFEP-MEDEF Code.

(5) This independence assessment was conducted for both the company (Fonds Stratégique de Participations) and its permanent representative (Julie Avrane).

(6) Fonds Stratégique de Participations held 4.17% of Valeo's share capital and 7.18% of the voting rights at December 31, 2024.

During the independence review, the Board of Directors paid particular attention to the independence of Bruno Bézard, Bpifrance Participations and Fonds Stratégique de Participations:

- Bruno Bézard's independence: Bruno Bézard is one of the Managing Partners of Cathay Capital Private Equity, a private equity company of the Cathay Capital group. The Cathay Capital group comprises several investment fund management companies. The Group has made five investments in funds managed by asset management companies in the Cathay Capital group: the Sino-French (Innovation) Fund, the Sino-French (Innovation) Fund II, the Sino-French (Innovation) Fund III, the Cartech fund and the Taicang fund[1] (the "**Cathay Funds**"). The review to determine whether the business relationships between the Group and the Cathay Capital group should be qualified as significant was based on several quantifiable and qualitative criteria. As regards financial transactions, the Group's investment commitments relating to the Cathay Capital group via the Cathay Funds represented approximately 0.69% of its 2024 sales and 2.96% of the Cathay Capital group's assets under management at December 31, 2024, and are therefore not material. In addition, management fees, which are charged on an arm's length basis, are paid in proportion to the percentage held by each investor in the Cathay Funds and the Group's share is not material. Bruno Bézard does not sit on any committee responsible for the Group's past or future investments in the five funds. Bruno Bézard has no direct or indirect decision-making power in the continuation of this business relationship, which existed before he was appointed as a director of the Company. Moreover, the Group is free to make investments via funds that do not belong to the Cathay Capital group. There is no relationship of exclusivity or dependency (economic or otherwise) between the Group and the Cathay Capital group. The same is true for the Cathay Capital group funds, in which many other investors have invested. Lastly, Bruno Bézard does not receive any form of compensation in relation to the abovementioned investments. The business relationships between the Group and the Diot-Siaci group, in which Bruno Bézard sits on the Supervisory Board, were also reviewed. The review showed that these business relationships were not significant, for either the Group (0.005% of sales in 2024) or for the Diot-Siaci group (0.11% of sales in 2023). Accordingly, on the recommendation of the Governance, Appointments & Corporate Social Responsibility Committee, the Board of Directors concluded that Bruno Bézard continued to qualify as independent.
- Independence of Bpifrance Participations: Bpifrance Participations has been a director of the Company and a Valeo shareholder since the 2019 financial year, during which time it has made successive acquisitions of Valeo shares. In accordance with Article 23 of Valeo's articles of association, in April and May 2023, double voting rights were allocated to the shares acquired by Bpifrance Participations in 2019. At December 31, 2024, Bpifrance Participations held 5.15% of the Company's share capital and 9.20% of the theoretical voting rights in the Company. The independence review of Bpifrance Participations for the financial year ended December 31, 2024 particularly took into account the major shareholder criterion in recommendation 10.7 of the AFEP-MEDEF Code, which defines a major shareholder as a party holding 10% or more of a company's capital or voting rights. Bpifrance Participations' shareholding in Valeo is still below this 10% threshold and the independence review showed that (i) the increase in its voting rights is purely passive as it results from double voting rights being allocated rather than from Bpifrance Participations actively increasing its shareholding, (ii) Bpifrance Participations' actual exercisable voting rights are not sufficient for its vote to determine decisions taken at Shareholders' Meetings, it only has one representative on Valeo's Board and, more generally, it does not hold actual decision-making power within the Company, (iii) Bpifrance Participations has not markedly objected to decisions taken by the Company's management team, which if it had, would indicate a lack of independence or a conflict of interest, and (iv) there are other Valeo shareholders that hold more than 5% of the capital or voting rights (or holding close to that threshold). Accordingly, on the recommendation of the Governance, Appointments & Corporate Social Responsibility Committee, the Board of Directors concluded that Bpifrance Participations continued to qualify as independent.
- Independence of Fonds Stratégique de Participations: Fonds Stratégique de Participations has been a director of the Company and a Valeo shareholder since March 24, 2020. In accordance with Article 23 of the Company's articles of association, in 2024, double voting rights were allocated to the shares acquired by Fonds Stratégique de Participations in 2020. At December 31, 2024, Fonds Stratégique de Participations held 4.17% of the Company's share capital and 7.18% of the theoretical voting rights in the Company. The independence review of Fonds Stratégique de Participations for the financial year ended December 31, 2024 particularly took into account the major shareholder criterion in recommendation 10.7 of the AFEP-MEDEF Code, which defines a major shareholder as a party holding 10% or more of a company's capital or voting rights. Fonds Stratégique de Participations' shareholdings in Valeo is still below this 10% threshold and the independence review carried out for Bpifrance Participations is applicable to Fonds Stratégique de Participations. Accordingly, on the recommendation of the Governance, Appointments & Corporate Social Responsibility Committee, the Board of Directors concluded that Fonds Statégique de Participations continued to qualify as independent.

Business relationships between the Group and groups or entities in which certain directors hold positions or directorships were also identified, but they are not significant for either the Group or the other groups/companies identified, based on quantitative criteria (sales, amount of purchases, arm's length conditions) and, where applicable, qualitative criteria (in particular, whether the business relationship predated the event, possible economic dependence, exclusivity, existence of other suppliers, position within the group and influence on the business relationship).

Regarding Christophe Périllat, he cannot be deemed as independent as he holds the office of Chief Executive Officer of the Company.

Following the independence review of the directors in office, the Board of Directors, on the recommendation of the Governance, Appointments & Corporate Social Responsibility Committee, concluded that 11 of the 12 directors were independent (the directors representing employees and employee shareholders do not count in accordance with the recommendation in Article 10.3 of the AFEP-MEDEF Code): Bruno Bézard, Bpifrance Participations (represented by Alexandre Ossola), Alexandre Dayon, Fonds Stratégique de Participations (represented by Julie Avrane), Stéphanie Frachet, Mari-Noëlle Jégo-Laveissière, Gilles Michel, Béatriz Puente, Patrick Sayer, Véronique Weill and Sascha Zahnd.

(1) *Including two investments that were made before Bruno Bézard was co-opted by the Board as a director on October 24, 2017.*

Board of Directors' diversity policy

[*ESRS 2 § 21*]

Valeo firmly believes in the importance and relevance of broader diversity at all levels and in every profession within the Company, not only as a question of social responsibility, but also as a tool for performance. Valeo is thus committed to promoting diversity within its governing bodies and across the Group as a whole (see Chapter 4, section 4.3.1,"Policies and commitments related to Valeo's own workforce", pages 261 to 281).

The policy described below reflects Valeo's approach to diversity within the Board of Directors.

Diversity policy statement

The Board of Directors believes it is essential to encourage gender diversity on the Board, as well as a broad mix of backgrounds and expertise, to ensure that the Board can operate smoothly, to help the Group achieve its objectives, including by ensuring a high quality of discussion within the Board, and to protect the interests of both the Company and all its shareholders and stakeholders.

A broad mix of experience and viewpoints and the independence of the directors gives the Board of Directors the objectivity required in relation to General Management and a specific shareholder or group of shareholders. A diversified composition of the Board of Directors also means seeking a permanent balance between recently appointed members and more long-serving directors, to bring a fresh slant to the Board's discussions whilst ensuring the long-term consistency of its decisions. The length of the directors' term of office and staggered appointments also help to maintain the stability of the Company's corporate bodies.

Through that experience and diversity, Valeo's directors are able to exercise good judgment and have an ability to anticipate events, enabling them to act in the Company's interests and to respond to the challenges facing the Group.

Finally, the Board of Directors regularly reviews its composition and identifies ways in which to ensure the broadest possible diversity.

Composition of the Board of Directors and objectives

Gender diversity and independence

At December 31, 2024, the Board of Directors comprised 15 members, of which five women and ten men, including two directors representing employees appointed respectively by the Group Works Council and the European Company Works Council and one director representing employee shareholders appointed by the Shareholders' Meeting following an internal election process. In accordance with Articles L. 225-23 and L. 225-27-1 of the French Commercial Code, the directors representing employees and employee shareholders do not count for the purpose of determining the proportion of men and women on the Board of Directors[1]. The percentage of women on the Board of Directors is therefore 41.66%. Valeo intends to continue its drive to diversify the composition of the Board.

Information about the independence of members of the Board of Directors at December 31, 2024 is provided above (see paragraph "Director independence review" of this section, pages 108 to 110).

Diversity of backgrounds and experience

At December 31, 2024, seven of the directors held directorships or other positions in French or international listed companies outside the Group, and only Christophe Périllat (Chief Executive Officer), Éric Poton and Grzegorz Szelag (directors representing employees) and Éric Chauvirey (director representing employee shareholders) held positions within the Group.

The directors (and, where applicable, the permanent representatives of legal entities holding directorships) comprising the Board of Directors at December 31, 2024 come from different backgrounds, bringing to the Group the benefit of their broad range of experience and expertise in business, industry, operations, technology and finance, as well as in sustainable development, which are of interest to the company's sectors, products, and geographic location. Furthermore, the two directors representing employees and the director representing employee shareholders bring to the Board of Directors the benefit of their knowledge of the Company and its businesses, markets, customers and expertise. For a presentation of the background and experience of each Board member, see "Presentation of directors for the 2024 financial year" in this section, pages 116 to 132.

Procedure for selecting directors in accordance with the diversity policy

The Board of Directors regularly reflects on how best to evolve its composition, particularly when co-opting directors or proposing directors for appointment or reappointment and as part of the annual assessment of the Board's operating procedures, composition and organization. As part of the assessment of its operations for the 2023 and 2024 financial years, the Board of Directors expressed its commitment to further enhancing the diversity and mix of profiles among the Board members (background, nationality, skills).

The Board of Directors relies on advice from the Governance, Appointments & Corporate Social Responsibility Committee, which identifies and selects candidates for the position of director. In its drive to achieve a diversified composition guided by the interests of the Company and of all its shareholders, the Board takes the following considerations into account: (i) the appropriate balance based on the composition of and changes in the Company's shareholding structure, (ii) gender balance, (iii) any representation of vested interests, (iv) the timeliness of renewing directorships, (v) the integrity, skills, international experience, nationality and independence of each candidate, and (vi) the appropriate number of independent directors. The Governance, Appointments & Corporate Social Responsibility Committee, in its search, can also call on external specialized independent consulting firms to identify potential directors meeting the relevant selection criteria and diversity objectives set in the current policy. Where appropriate, the Governance, Appointments & Corporate Social Responsibility Committee conducts its own independence review to confirm that the profiles identified meet this criterion. Based on the principles and objectives of the diversity policy, the Governance, Appointments & Corporate Social Responsibility Committee identifies new candidates of interest for appointment or co-optation to the Board of Directors.

[1] *The Board of Directors and its specialized Committee, the Governance, Appointments & Corporate Social Responsibility Committee, are closely monitoring the implementation of Directive (EU) 2022/2381 of the European Parliament and of the Council of November 23, 2022 on improving the gender balance among directors of listed companies and related measures (the designated Women on Boards Directive), as transposed by Ordinance no. 2024-934 of October 15, 2024, which notably extends from January 1, 2027 for Valeo the framework for gender balance currently in force in France to directors representing employees and employee shareholders.*

The process continues with the selection of candidates and, after interviews with them, a recommendation is submitted by the Governance, Appointments & Corporate Social Responsibility Committee to the Board of Directors, which decides whether to co-opt the candidate or to propose his/her appointment to the Shareholders' Meeting (for further information on the role of the Governance, Appointments & Corporate Social Responsibility Committee, see section 3.2.2 of this chapter, "Preparation and organization of the Board of Directors' work", pages 133 to 147).

The selection procedure described above applies to all directors (non-employees), including independent directors.

In accordance with the law, the directors representing employees and the director representing employee shareholders are appointed in accordance with the procedures set out in the applicable laws and regulations as well as in the Company's articles of association (see paragraph "Summary of the main rules regarding the composition of the Board of Directors" of this section, pages 105 to 106), it being specified that the director representing employee shareholders is appointed at the Shareholders' Meeting.

The Company's new directors are eligible for training, notably through immersion sessions with the main Group executive managers as well as Group site visits, to help them learn about the Company's specificities, its business lines and business sector, and its corporate social and environmental responsibility (CSR) challenges (for further information on the directors' training, see section 3.2.2 of this chapter, "Preparation and organization of the Board of Directors' work", pages 133 to 147). This training helps the directors gain in-depth understanding of Valeo's key challenges and strategy (including in relation to CSR).

Valeo's Board of Directors reports annually on the results of this diversity policy in the Corporate Governance Report.

Results achieved in the previous year

The following objectives, which had been set by the Board of Directors for 2024, were achieved:

- a continued balanced representation of women and men on the Board of Directors, in line with the legal requirements (41.66% women);
- an independent Chairman of the Board of Directors, Gilles Michel, since January 1, 2023;
- the strengthening of the international profiles and key skills within the Board, with the appointment by the Shareholders' Meeting of May 23, 2024 of (i) Sascha Zahnd, a Swiss national, who brings to the Board his experience in the automotive industry, new technologies and in distribution/production/supply chain, and (ii) Beatriz Puente, a Spanish national, who brings to the Board her experience in finance, capital markets, mergers & acquisitions and CSR;
- the strengthening of employee representation on the Board of Directors, with the appointment of a third employee, Éric Chauvirey, as a director representing employee shareholders, at the Shareholders' Meeting of May 23, 2024, in addition to the two directors representing employees (Grzegorz Szelag and Éric Poton);
- the increase in the proportion of independent directors, from 75% to 91.66%, with the appointment of two new independent directors to the Board, Sascha Zahnd and Beatriz Puente, at the Shareholders' Meeting of May 23, 2024 (see section 3.2.1 of this chapter, "Director independence review", above);
- in connection with the implementation of the European Corporate Sustainability Reporting Directive (CSRD), as transposed into French law, the strengthening by the Board of Directors of the collaboration between the Governance, Appointments & Corporate Social Responsibility Committee and the Audit & Risks Committee on CSR/sustainability issues, including (i) the role of chairing the Audit & Risks Committee by Véronique Weill since May 23, 2024, previously Chair of the Governance, Appointments & Corporate Social Responsibility Committee and (ii) the role of member in charge of CSR issues by Julie Avrane, as a member of both the Governance, Appointments & Corporate Social Responsibility Committee and the Audit & Risks Committee.

Upcoming changes in the composition of the Board of Directors

The terms of office of four directors – Alexandre Dayon, Mari-Noëlle Jégo-Laveissière, Christophe Périllat and Véronique Weill – are set to expire at the end of the Shareholders' Meeting on May 22, 2025.

On the recommendation of the Governance, Appointments & Corporate Social Responsibility Committee, the Board of Directors has decided to propose the reappointment of Christophe Périllat Mari-Noëlle Jégo-Laveissière and Véronique Weill for a new four-year term, set to expire at the end of the Shareholders' Meeting called to approve the financial statements for the financial year ended December 31, 2028, to the shareholders at the Shareholders' Meeting on May 22, 2025. These reappointments will provide the Board of Directors with the continued benefit of their expertise and experience, as described in their biographies, as well as from a balanced representation of women and men on the Board of Directors.

The directors proposed for reappointment are independent in accordance with the criteria set out in the Board of Directors' Internal Procedures and the AFEP-MEDEF Code to which the Company refers, with the exception of Christophe Périllat, who cannot be considered independent due to his executive functions.

Alexandre Dayon, whose term of office expires at the end of the Shareholders' Meeting to be held on May 22, 2025, has informed the Board of Directors that, for personal reasons, he does not solicit the renewal of his term of office as director.

In this context, the Board of Directors has decided, on the recommendation of the Governance, Appointments & Corporate Social Responsibility Committee, to propose the appointment of Gilles Le Borgne as director, in replacement of Alexandre Dayon. This appointment would take effect from January 1, 2026 – the date on which Gilles Le Borgne will be available – for a period of four (4) years which will end at the end of the Shareholders' Meeting called to approve the financial statements for the financial year ended December 31, 2028.

Subject to approval of these proposals at the Shareholders' Meeting of May 22, 2025, the Board of Directors would comprise (i) 14 members until December 31, 2025, including 10 independent directors out of a total of 11 directors (excluding directors representing employees and employee shareholders), i.e., 90.91%[1], and five women, i.e., 45.45%[2], and (ii) 15 members from January 1, 2026, including 11 independent directors out of a total of 12 directors (excluding directors representing employees and employee shareholders), i.e., 91.67%[1], and five women, i.e., 41.67%[2].

In addition, it is recalled that Christophe Périllat's term of office as Chief Executive Officer expires at the end of the Shareholders' Meeting to be held on May 22, 2025. The Board of Directors noted that, since he was first appointed as Chief Executive Officer on January 26, 2022, the Group's financial performance has improved steadily and strongly in a particularly complex environment[3]. The high level of profitable order intake demonstrates the quality of the Group's positioning and operating performance, and the quality of execution of the strategy as proposed by the Chief Executive Officer and approved by the Board of Directors. The Board of Directors wished to confirm the Group's strategy, and to reiterate its determination to have it implemented. To this end, the Board of Directors, on the recommendation of the Governance, Appointments and Corporate Social Responsibility Committee, proposed to renew Christophe Périllat's term of office as Chief Executive Officer for the duration of his new term of office as a director (subject to reappointment), thereby demonstrating its great confidence in Christophe Périllat's ability to lead this strategy.

Diversity policy within the governing bodies

As part of the Group's diversity policy, the Board of Directors also ensures that the Chief Executive Officer implements a policy of non-discrimination, diversity and gender diversity, particularly as regards a balanced representation of women and men on the governing bodies. Valeo promotes equality between men and women, particularly pay equality, and ensures that women are represented at all levels of the Company, including top management. At December 31, 2024, Valeo's Executive Committee had 12 members, 10 men and 2 women – Catherine Delhaye (Chief Ethics, Compliance and Data Protection Officer) and Agnès Park (Group Chief Human Resources Officer).

Valeo is committed to making the further progress required and taking all possible measures to improve gender diversity on governing bodies. In accordance with the recommendations of the AFEP-MEDEF Code, in 2020, the Board of Directors set its 2030 gender diversity targets for the governing bodies as well as intermediate targets on the recommendation of General Management.

Gender diversity is a priority for Valeo and the Company plans to double the proportion of women on its various management committees within the Group, from 16% at January 1, 2020 to 32% by December 31, 2030, with intermediate targets of 23% women by December 31, 2024 and 27% by December 31, 2027[4]. At December 31, 2024, the proportion of women within the Group's various management committees was 25.6%.

Progress in achieving these targets will be monitored regularly by the Board of Directors. The number of women on the Group's various management committees is taken into account as a criterion for allocating performance shares to the Chief Executive Officer, other Executive Committee members, Liaison Committee members, the main senior managers reporting directly to members of the Liaison Committee, and other Group managers.

In addition, action and measures taken by Valeo to promote diversity and equality between men and women are presented in Chapter 4, section 4.3.1 "Policies and commitments related to Valeo's own workforce", pages 261 to 281.

Shareholder dialogue

The Group attaches great importance to dialogue with its investors. The Chief Executive Officer, the Chief Financial Officer and the Head of Investor Relations serve as an interface between the Group and the international financial community, including institutional investors such as ESG investors and impact investors, as well as financial analysts and individual shareholders. In 2024, the Group continued to organize or take part in a significant number of roadshows and investor conferences (whether general or thematic – focused on topics such as automotive and ESG). For further information on the Group's interaction with the financial community, see Chapter 6, section 6.2 "Investor relations", pages 467 to 468.

Gilles Michel, in his capacity as Chairman of the Board of Directors, and Véronique Weill followed by Alexandre Dayon in their capacity as Chair of the Governance, Appointments & Corporate Social Responsibility Committee, take part in shareholder dialogue about governance issues with the Company's main shareholders and the principal proxy advisory firms, with the assistance of the Group General Counsel and General Secretary. During this dialogue, the most important aspects of Valeo's governance, including CSR matters, over the past financial year are discussed, along with proposed resolutions for Shareholders' Meetings.

The Board of Directors is also regularly kept informed of the main issues of interest to shareholders and investors, and of the work of the Investor Relations Department.

(1) Excluding directors representing employees and employee shareholders, in accordance with recommendation 10.3 of the AFEP-MEDEF Code.

(2) In accordance with Articles L. 225-23 and L. 225-27-1 of the French Commercial Code, directors representing employees and employee shareholders are not taken into account in calculating the proportion of men and women on the Board of Directors.

(3) EBITDA increased from 11.3% of sales at the end of 2021 to 13.3% of sales at the end of 2024, operating margin increased from 1.7% of sales at the end of 2021 to 4.3% of sales at the end of 2024, and cash generation went from (102) million euros at the end of 2021 to 481 million euros (after one-off restructuring costs) at the end of 2024. 2021 data has been restated for comparison with the 2024 figures: the 2021 data has been restated by consolidating 100% of the financial data of the former Valeo Siemens eAutomotive with the Group's financial data as if Valeo Siemens eAutomotive had been 100%-owned in 2021, and removing from the Group's reported consolidated data for 2021 the earnings of Valeo Siemens eAutomotive, which were recorded under net earnings of equity-accounted companies. This performance also drove a 14.3% increase in the dividend per share between 2022 (dividend paid for 2021) and 2024 (dividend paid for 2023).

(4) Intermediate targets were adjusted in March 2021 to take into account the progression in 2020.

CSR policy

[*ESRS 2 § 22*] - [*ESRS 2 § 26*]

The Board of Directors determines the Company's business strategies, with particular consideration for the social and environmental impacts of its operations.

The Group's corporate social responsibility and its challenges in the area of sustainable development, including climate change, in relation to its activities are carefully examined by the Governance, Appointments & Corporate Social Responsibility Committee. In view of the increasing importance of CSR issues in the Group's strategy, the Committee decided on October 27, 2020 to appoint a member in charge of CSR issues. In 2024, in the context of the implementation of the CSRD, the Governance, Appointments & Corporate Social Responsibility Committee decided to dedicate an entire meeting to CSR issues, as well as to the organization put in place at both the Board level and within its specialized Committees to address these topics.

CSR issues are presented to the Governance, Appointments & Corporate Social Responsibility Committee several times a year[1], and in 2024 presentations were given by:

- the Vice President, External Affairs and Sustainable Development about the monitoring of objectives and results on the topics covered by the key performance indicators in terms of CSR, identified by the Governance, Appointments & Corporate Social Responsibility Committee and approved by the Board of Directors. These indicators, which are regularly monitored by the Governance, Appointments & Corporate Social Responsibility Committee, relate to (i) environmental eco-efficiency (the Group's "CAP 50" Carbon Neutrality Contribution Plan, lower levels of hazardous and non-hazardous waste production, lower water consumption), (ii) social aspects (lower FR1 accidents, representation of women on Group management committees, gender equity index, development of employee skills) as well as (iii) societal aspects (enhanced transparency across the value chain in compliance with the CSRD, anticipation of Valeo's staffing needs by calling on professional training or research organizations, participation in the "One site, One cause" volunteer program). In connection with the implementation of the CSRD and the drafting of the first sustainability report, he also reviewed the organization and procedures put in place within the Group for this purpose;
- the Vice President, Health, Safety and Environment (HSE) on subjects relating to health, safety and the environment (in particular the continued rollout of a safety culture and the main areas of development for safety in 2024, such as the reduction of category 1 accidents);
- the Group Chief Human Resources Officer, on subjects relating to diversity, equality and inclusion (in particular the monitoring of the Group's objectives and commitments to promoting diversity within its governing bodies, as well as a presentation on an action plan that will be carried out over the coming years for the empowerment of women and encouraging all forms of diversity (culture, disability, age); she also provided an update on social relations within the Group.

CSR and climate issues are also addressed by the Audit & Risks Committee, through discussions and work on CSR-related impacts, risks and opportunities (including climate risks) and, more generally, since 2023, as part of meetings with the director in charge of CSR issues who attends at least one Audit & Risks Committee meeting each year.

At the Audit & Risks Committee meeting on April 23, 2024, the member in charge of CSR issues reminded its members that the underlying purpose of her attending the Audit & Risks Committee meeting was to reinforce the Committee members' knowledge on CSR issues, and to increase the collaborative work conducted between the two Committees, especially in view of the new sustainability reporting requirements introduced under the CSRD, in line with the Board's decision to reinforce collaboration between these two Committees, as described below. She also gave a presentation about the CSR work carried out by the Governance, Appointments & Corporate Social Responsibility Committee.

As part of the preparatory process for applying the CSRD, the Board of Directors decided to increase the collaboration between the Audit & Risks Committee – which is in charge of the responsibilities provided for in the CSRD – and the Governance, Appointments & Corporate Social Responsibility Committee, by envisaging the principle of the Chair of the Audit & Risks Committee attending a meeting of the Governance, Appointments & Corporate Social Responsibility Committee at least once a year, to present the work carried out by the Audit & Risks Committee on non-financial issues, particularly regarding the internal control and processing of sustainability information. The internal procedures of the two Committees were amended to this effect on February 29, 2024.

On September 18, 2024, the Chair of the Audit & Risks Committee presented to the Governance, Appointments & Corporate Social Responsibility Committee:

- an overview of the Audit & Risks Committee's obligations resulting from the transposition into French law of the CSRD in December 2023;
- the work of this Committee regarding the processing of sustainability information under the CSRD;
- the scope of the Corporate Sustainability Due Diligence Directive (CS3D) (not yet transposed into French law).

In terms of non-financial ratings, in 2024, Valeo was once again well-rated by the main rating agencies. Valeo maintained its position among the highest rated automotive suppliers by MSCI ESG Ratings (AAA), CDP Water (A-), CDP Climate (A), Sustainalytics (8.8 – negligible risk), ISS ESG (B-), S&P Global Corporate Sustainability Assessment (score of 74/100) and Moody's (score of 61/100).

Furthermore, in accordance with the recommendations of the AFEP-MEDEF Code, Valeo presented the Group's climate strategy at the Shareholders' Meeting of May 23, 2024, building on the presentation made at the Shareholders' Meeting of May 24, 2023 on the recommendation of the Chairman of the AFEP, in anticipation of the entry into force of the recommendation of the AFEP-MEDEF Code. In accordance with the CSRD, Valeo's climate transition plan, which outlines efforts to mitigate climate change and adapt to its impacts, is described in Chapter 4, section 4.2.3.4 "CAP 50: Transition plan for climate change mitigation", pages 223 to 226. An update on climate strategy will be given at the Shareholders' Meeting to be held on May 22, 2025.

[1] *In particular, these presentations provide an opportunity to validate the Group's action plans, notably with regard to (i) the deployment of the CAP 50 carbon neutrality contribution plan, (ii) the preservation of water, resources (including waste management and the circular economy) and biodiversity, (iii) work-related health and safety and the development of a healthy working environment, (iv) the development of human capital and social dialogue, (v) diversity, inclusion and respect for individual and collective rights, and (vi) the inclusion of sustainable development principles in the Purchasing policy as well as annual achievements in these areas.*

For further information on Valeo's climate strategy, see Chapter 4, section 4.2.3, pages 217 to 236.

In view of the fact that the Group's sustainability report in 2025 will have to be audited, at the Shareholders' Meeting held on May 23, 2024, Forvis Mazars was appointed as statutory auditor in charge of the certification of sustainability information, following a tender process led by the Audit & Risks Committee.

Succession plan

One of the tasks of the Governance, Appointments & Corporate Social Responsibility Committee is to work on matters related to the future membership structure of the Company's governing bodies.

Succession planning for corporate officers and members of management bodies is an important matter for Valeo. In order to protect the interests of the Company, its shareholders and stakeholders, Valeo takes all possible measures to anticipate and prepare for the succession of its executive corporate officers and, where necessary, prepare for the potential unforeseen departure. Valeo's succession plan covers various time horizons depending on the nature of the succession:

- short-term horizon for unforeseen vacancies (death, resignation, unavailability) or forced vacancies (mismanagement, poor performance, failure);
- medium-term horizon for planned successions (end of term, retirement).

The succession and development plan is reviewed each year, including by monitoring the career development of each candidate and their acquisition of the expertise and experience regarded as necessary, and assessing these periodically. The succession plan, which is regularly reviewed in depth by the Governance, Appointments & Corporate Social Responsibility Committee (most recently on October 17, 2024), is then presented to the Board of Directors.

In addition, (i) a review is conducted of the Executive Committee's composition and the development of the Executive Committee's direct reports, and (ii) a talent review is carried out with the Group Chief Human Resources Officer. The analysis of gender representation is systematically incorporated into the talent review process and succession plans.

For the purpose of performing its succession planning duties, the Governance, Appointments & Corporate Social Responsibility Committee:

- keeps the Board informed of the progress of its work; and
- works closely with General Management and the Group Chief Human Resources Officer to ensure that (i) the plan is consistent with Valeo and market practices, and (ii) any key positions that may fall vacant are carefully monitored.

Presentation of directors for the 2024 financial year

(Information as at December 31, 2024, unless otherwise specified)

[*ESRS 2 § 23*] – [*ESRS G1 § 5*]

Gilles Michel

Chairman of the Board of Directors

Independent director

French
Age: 68

Valeo
100, rue de Courcelles
75017 Paris
France

First appointed: 05/23/2018

Start of current term of office: 05/24/2022

End of current term of office: Shareholders' Meeting called to approve the financial statements for the financial year ended 12/31/2025

Number of shares held: 8,650

Membership of Board Committees: –

Main position held outside the Company

- Director (various companies)

Directorships and other positions currently held

Directorships and other positions within the Group

–

Directorships and other positions held outside the Group

- Directorships in unlisted subsidiaries of the Eclosia group (Mauritius) and a directorship in TPCL, a listed company (Mauritius) ♦ majority-controlled by the Eclosia group
- Member of the Supervisory Board, Marbour (member of the Compensation Committee) (since 09/2024)

Directorships and other positions held within the past five years

- Director, IBL Ltd (Mauritius), IBL Energy Holdings Ltd (Mauritius) and Solvay (Belgium)

Summary of main areas of expertise and experience

Gilles Michel has extensive experience in the automotive industry, having spent several years in senior management positions at PSA Peugeot Citroën, where he held roles such as Chief Executive Officer of the Citroën brand and member of the Management Board of Peugeot SA.

He began his career at ENSAE, then at the World Bank in Washington DC, before joining Saint Gobain in 1986, where, for 16 years, he held various senior management roles, notably in the United States, before being appointed President of the Ceramics & Plastics division in 2000. He then joined PSA Peugeot Citroën group in 2001 as Executive Vice President of Platforms, Technical Affairs and Purchasing, before becoming Chief Executive Officer of the Citroën brand and a member of Peugeot SA Management Board. In 2008, he was the first Chief Executive Officer of Fonds Stratégique d'Investissement (FSI), in charge of equity investments in companies offering growth and competitiveness for the French economy, which he set up and then managed. He headed the Imerys group from 2010 to 2019, as Deputy Chief Executive Officer, Chairman and Chief Executive Officer and then Chairman of the Board of Directors.

Gilles Michel is a graduate of the *École polytechnique,* ENSAE and the *Institut d'études politiques de Paris* (IEP).

He is a French citizen and speaks French and English.

♦ *Listed company (for directorships currently held).*

Christophe Périllat

Chief Executive Officer
Director

French
Age: 59

Valeo
100, rue de Courcelles
75017 Paris
France

First appointed: 05/26/2021

Start of current term of office: 05/26/2021

End of current term of office: Shareholders' Meeting called to approve the financial statements for the financial year ended 12/31/2024

Number of shares held: 279,342[(1)]

Membership of Board Committees: –

Main position held outside the Company

- Director (various companies)

Directorships and other positions currently held

Directorships and other positions within the Group

- President, Valeo Service (until March 29, 2024)
- Chairman of the Board of Directors, Valeo SpA (until December 13, 2024), Valeo (UK) Limited (until December 5, 2024) and Valeo North America, Inc (until 12/01/2024)

Directorships and other positions held outside the Group

- Director, Ayvens (ALD) ♦ (Chair of the Appointments Committee; member of the Compensation Committee)

Directorships and other positions held within the past five years

- Director, Valeo Service España SAU
- Chief Operating Officer, Associate Chief Executive Officer and Deputy Chief Executive Officer, Valeo

Summary of main areas of expertise and experience

Christophe Périllat joined the Valeo Group in 2000 and held a number of management positions in Group entities of increasing size before becoming Chief Operating Officer in 2011, Associate Chief Executive Officer in 2020, Deputy Chief Executive Officer in 2021 and Chief Executive Officer in January 2022.

Prior to joining Valeo, Christophe Périllat worked in the aerospace industry at equipment manufacturer Labinal, where he held roles in supply chain management, as well as plant, project and subsidiary management positions in France and the United States.

He is a board member at Ayvens (ALD).

Christophe Périllat is a graduate of *École polytechnique* and *École des mines de Paris*. He also holds an EMBA from the French business school HEC.

Christophe Périllat is a French citizen and speaks French and English.

♦ *Listed company (for directorships currently held).*

(1) *Christophe Périllat also holds 135,646 shares in the Valeorizon mutual fund (Group employee share ownership plan), which would represent 135,499 shares.*

Bruno Bézard

Independent director

French
Age: 61

Cathay Capital Private Equity
52, rue d'Anjou
75008 Paris
France

First appointed: 10/24/2017

Start of current term of office: 05/24/2022

End of current term of office: Shareholders' Meeting called to approve the financial statements for the financial year ended 12/31/2025

Number of shares held: 3,000

Membership of Board Committees:

- Audit & Risks Committee

Main position held outside the Company

- Managing Partner of investment fund Cathay Capital Private Equity

Directorships and other positions currently held

Directorships and other positions within the Group

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Directorships and other positions held outside the Group

- Director, Matmut (member of the Audit & Risks Committee)
- Member of the Supervisory Board, Binance France (member of the Audit Committee) and Diot-Siaci (member of the Audit Committee; member of the Appointments and Remuneration Committee; member of the M&A Committee)

Directorships and other positions held within the past five years

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Summary of main areas of expertise and experience

Bruno Bézard has experience in the most prestigious roles in the French civil service, spanning the economic, industrial and financial spheres, as well as in the private equity world. In addition, over the past few years he has gained in-depth knowledge of China, where he lived for several years and spends a substantial amount of time in his current activities. He also speaks the language.

Bruno Bézard served as Head of the French Public Finance Administration after spending two years as Minister-Advisor in Beijing, overseeing France's Greater China Regional Economic Department. He created, and then headed, the French State Shareholding Agency *(Agence de Participations de l'Etat)*, representing the State as a shareholder on a large number of company boards and acquiring vast experience in corporate governance and mergers & acquisitions.

He has notably held a seat on the boards of EDF, SNCF, Areva (Orano), La Poste, Thales, Air France, Engie, PSA and Fonds Stratégique d'Investissement (FSI). He was Head of the French Treasury and President of the Paris Club before joining the private equity fund Cathay Capital in 2016, a private equity fund that invests in start-ups, SMEs and middle market companies, and supports their international development in Europe, the United States and China, of which he is one of the managing partners.

Bruno Bézard is a member of the Supervisory Board of Binance France and Diot-Siaci and a director of Matmut.

An Inspector General of Finance, Bruno Bézard is a graduate of the *École polytechnique* and the *École nationale d'administration* (ENA), and taught at both schools for a number of years.

He is a French citizen and speaks French, English, Chinese and Russian.

Bpifrance Participations

Independent director

27/31, avenue du Général-Leclerc
94710 Maisons-Alfort Cedex France

First appointed: 06/21/2019

Start of current term of office: 05/24/2022

End of current term of office: Shareholders' Meeting called to approve the 2025 financial statements

Number of shares held: 12,600,000

Membership of Board Committees:

- Audit & Risks Committee
- Strategy Committee

Directorships and other positions currently held

Directorships and other positions within the Group

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Directorships and other positions held outside the Group

- Director, Ekinops ♦, Eutelsat Communications ♦, Mersen ♦, Nexans ♦, Orange ♦, Pixium Vision ♦, Soitec ♦, Vantiva ♦ and Valneva ♦
- Member of the Supervisory Board, Innate Pharma ♦
- Board Observer, Abionyx Pharma ♦ and Fermentalg ♦

Directorships and other positions held within the past five years

- Director, Aelis Pharma, Gensight Biologics, Parrot, Prodways Group, Technicolor Creative Studios and Voluntis
- Member of the Supervisory Board, PSA, Vallourec and Valneva
- Board Observer, Poxel

Summary of main areas of expertise and experience

A Bpifrance subsidiary for direct investment and fund of funds activities and parent company of Bpifrance Investissement, Bpifrance Participations is engaged in these business activities under the general interest mission entrusted to Bpifrance.

♦ *Listed company (for directorships currently held or that ended in 2024).*

Alexandre Ossola

Independent permanent representative of Bpifrance Participations

French
Age: 50

6-8, boulevard Haussmann
75009 Paris
France

Main position held outside the Company

- Head of Mid Cap Funds and Avenir Automobile Funds at Bpifrance

Directorships and other positions currently held

Directorships and other positions within the Group

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Directorships and other positions held outside the Group

- Permanent representative of Bpifrance Investissement: member of the Supervisory Board, Novarc, Novares Group and Trèves SAS; member of Associates' Board, Ipesup group
- Member of the Board of Directors, ADIT SAS
- Member of the Governance Board, Odyssey Holdco
- Member of the Supervisory Board, ADIT group
- Member of the Strategy Committee, Bluesky
- Member of the Management Committee, Bpifrance Capital Développement

Directorships and other positions held within the past five years

- Permanent representative of Bpifrance Investissement: member of the Supervisory Board, Vallourec and SAF Aerogroup; member of the Governance Board, Odyssey International
- Board Observer, PSA
- Member of the Board of Directors, Mecaplast
- Member of the Strategy Committee, Carizona

Summary of main areas of expertise and experience

Alexandre Ossola is Head of Mid Cap Funds and Avenir Automobile Funds (FAA) at Bpifrance and a member of the Management Committee of Bpifrance Capital Développement. He has over 25 years of experience in private equity and M&A.

He began his career in 1998 as an M&A analyst at Wasserstein Perella, and then at Credit Suisse First Boston. From 2000 to 2011, he was a Director in the Paris office of CVC Capital Partners, and then head of venture capital transactions at CDC Climat between 2011 and 2013. He joined Bpifrance Investissement in 2013 as Director of Nuclear and Rail Funds. In 2015, he joined Bpifrance's Mid & Large Cap Management Committee as head of the FAA funds. In 2017, he also took over the management of Mid Cap operations within Bpifrance Capital Développement, where he is a member of the Management Committee.

Alexandre Ossola is a member or permanent representative of Bpifrance Investissement on the governance bodies of unlisted companies and groups ADIT, Bluesky, Ipesup, Novarc, Novares, Odyssey and Trèves SAS. Previously, he was appointed, on the recommendation of Bpifrance, as non-voting director of the Supervisory Board of PSA (2017-2021) and permanent representative of Bpifrance Participations as a member of the Vallourec Supervisory Board (2016-2021).

Alexandre Ossola is a graduate of ESCP Business School.

He is a French citizen and speaks French and English.

Éric Chauvirey

Director representing employee shareholders

French
Age: 50

Valeo Systèmes de Contrôle Moteur
14, avenue des Béguines Immeuble Le Delta
95892 Cergy-Pontoise
France

First appointed: 05/23/2024[1]

Start of current term of office: 05/23/2024

End of current term of office: Shareholders' Meeting called to approve the financial statements for the financial year ended 12/31/2027

Number of shares held: 2,500[2] – In accordance with the law, the articles of association and the Internal Procedures, the director representing employee shareholders is not required to hold 1,500 shares. In accordance with Article L. 225-102 of the French Commercial Code, he is required to own, either individually or through a corporate mutual fund (FCPE) invested in Valeo shares, at least one Company share, or a number of FCPE units equivalent to at least one Company share

Membership of Board Committees:

- Audit & Risks Committee

Main position held outside the Company

–

Directorships and other positions currently held

Directorships and other positions within the Group

- Group R&D Knowledge Manager
- Member of the Supervisory Board, Valeorizon mutual fund

Directorships and other positions held outside the Group

–

Directorships and other positions held within the past five years

- Member of the club of directors representing employees of the French Institute of Directors (IFA)

Summary of main areas of expertise and experience

Thanks to his extensive experience within the Group and his involvement in the employee representative bodies and trade unions, Éric Chauvirey has in-depth knowledge of the Group's business and employee relations, which are key attributes for a director representing employee shareholders.

He has been employed by Valeo since 1999 in production (Étaples) and R&D (Montigny-le-Bretonneux & Cergy). He began his career with Valeo as Head of Project Design at Étaples-sur-Mer, before being appointed Head of Pre-Project Research & Development in 2005 for Valeo Systèmes de Liaison.

In 2007, he was promoted to the position of Head of Project Quality for Valeo Systèmes de Contrôle Moteur, the Group's engine management systems unit in Cergy, then became Project Manager in 2012. In September 2014, he was appointed Head of Prototype Scheduling Since December 1, 2017, Éric Chauvirey has been R&D Knowledge Manager, responsible for managing Valeo Experts. He is also a member of the Valeorizon mutual fund's Supervisory Board.

Éric Chauvirey was a member of the Works Council, and trade union representative at the Cergy site, and central trade union representative for Valeo Systèmes de Contrôle Moteur. He was also a member of the Central Works Council, Chairman of the Economic Commission, and Group negotiator for the Force Ouvrière trade union. As a member of the club of directors representing employees of the IFA, he played an active role in discussions on the role and action of directors representing employees in corporate governance, particularly regarding CSR issues.

On June 30, 2017, he was appointed director representing employees by the Group Works Council for a four-year term. Following his nomination in early 2024 by employee shareholders as a candidate for the position of director representing employee shareholders, he was appointed to this role by the Shareholders' Meeting of May 23, 2024 for a four-year term.

Éric Chauvirey holds an engineering degree in Industrial Design and Production from the ESCPI-CNAM. He has also completed a training course on the role of company directors run by the *Institut d'études politiques de Paris* (IEP) in partnership with the French Institute of Directors *(Institut français des administrateurs* – IFA).

He is a French citizen and speaks French and English.

(1) Éric Chauvirey was previously a director representing employees from June 30, 2017 to June 30, 2021.
(2) Éric Chauvirey holds 1,709 shares in the Valeorizon mutual fund (Group employee share ownership plan), which would represent 1,710 shares.

Alexandre Dayon

Independent director

French-American
Age: 57

Valeo
100, rue de Courcelles
75017 Paris
France

First appointed: 07/26/2022

Start of current term of office: 07/26/2022

End of current term of office: Shareholders' Meeting called to approve the financial statements for the financial year ended 12/31/2024

Number of shares held: 15,000

Membership of Board Committees:

- Governance, Appointments & Corporate Social Responsibility Committee (Chair)
- Compensation Committee (Chair)
- Strategy Committee

Main position held outside the Company

- President and Special Advisor to the Chief Executive Officer, Salesforce (United States) (until 04/30/2024)

Directorships and other positions currently held

Directorships and other positions within the Group

–

Directorships and other positions held outside the Group

–

Directorships and other positions held within the past five years

- Chairman of the Advisory Board, Salesforce (United States)

Summary of main areas of expertise and experience

Alexandre Dayon, an information technology entrepreneur, brings to the Board of Directors recognized experience in the digital, software and more generally new technology sectors. Thanks to his professional background, mainly in the United States but also in France, he brings his vision as an entrepreneur and a corporate officer to the Board of Directors.

Alexandre Dayon began his career in 1989 when he contributed to the creation of Business Objects, a company specializing in decision-making analysis, where he led the Products team for 10 years. He then founded, managed and developed InStranet, a software company for call centers, in the United States. He joined Salesforce when it acquired InStranet in 2008 and has held, for ten years as part of the Management Committee, key operational positions as President in charge of Product and Product Marketing, which have contributed to the growth of Salesforce.

He then led strategic initiatives at Salesforce, working closely with major international customers, notably in the automotive sector, and was Chairman of the Advisory Board until February 2023 and then President, Special Advisor to the Chief Executive Officer until April 30, 2024.

Alexandre Dayon is an engineer and a graduate of *CentraleSupélec*.

He is a French and American citizen and speaks French and English.

Fonds Stratégique de Participations

Independent director

ISALT
14, boulevard de la Madeleine,
75008 Paris
France

First appointed: 03/24/2020

Start of current term of office: 05/23/2024

End of current term of office: Shareholders' Meeting called to approve the financial statements for the financial year ended 12/31/2027

Number of shares held: 10,213,000

Membership of Board Committees:

- Audit & Risks Committee
- Governance, Appointments & Corporate Social Responsibility Committee
- Compensation Committee

Directorships and other positions currently held

Directorships and other positions within the Group

–

Directorships and other positions held outside the Group

- Director, Arkema ♦, Believe (until 06/20/2024) ♦, Elior Group ♦, Eutelsat Communications ♦, Neoen (until 12/27/2024) ♦, SEB ♦, Soitec ♦, Tikehau Capital Advisors and Verkor
- Member of the Supervisory Board, Tikehau Capital SCA ♦

Directorships and other positions held within the past five years

- Director, Safran, through F&P (a company jointly owned with Peugeot Invest)
- Board Observer, Believe

Summary of main areas of expertise and experience

Fonds Stratégique de Participations (FSP) is a long-term investment vehicle whose purpose is to support French companies in their growth and transition projects. FSP thus acquires significant equity interests in companies and plays a role in their governance by obtaining a seat on the Board of Directors or the Supervisory Board. The shareholders of the funds are seven French insurance companies: BNP Paribas Cardif, CNP Assurances, Crédit Agricole Assurances, Groupama, BPCE Assurances, Société Générale Assurances, and Suravenir.

FSP's portfolio currently consists of nine equity interests in French companies that are leaders in their fields: Arkema, Elior Group, Eutelsat Communications, Robertet, SEB, Soitec, Tikehau Capital Advisors, Valeo and Verkor. It also holds a significant stake in Fonds Stratégique des Transitions.

FSP is managed by investment management company ISALT.

♦ *Listed company (for directorships currently held or that ended in 2024).*

Julie Avrane

Independent permanent representative of Fonds Stratégique de Participations

French
Age: 53

148, rue de la Pompe
75116 Paris
France

Main position held outside the Company

- Chair, Clear Direction

Directorships and other positions currently held

Directorships and other positions within the Group

–

Directorships and other positions held outside the Group

- Director, Bureau Veritas ♦ (Chair of the Strategy Committee and member of the Audit & Risk Committee), Exail Technologies ♦ (member of the Audit Committee and Chair of the CSR and Remuneration Committee) and Groupe Monnoyeur (Chair of the CSR Committee)
- Member of the Supervisory Board, Crouzet, Exail Holding and Unibail-Rodamco-Westfield ♦ (member of the Audit Committee, member of the ESG Stakeholder Panel)

Directorships and other positions held within the past five years

- Director, Cubyn
- Senior Partner, McKinsey & Company
- Co-Chair of the ESG Club of the French Institute of Directors

Summary of main areas of expertise and experience

A Senior Partner in McKinsey & Company's Paris office from 1999 to July 2020, Julie Avrane headed the firm's high-tech industries practice in France (advanced electronics, aerospace and defense, automotive and assembly). She also co-led the firm's high-tech skills practice worldwide.

Julie Avrane specializes in high-tech industries, IT services and software. At McKinsey, she mainly dealt with strategy, growth, M&A and post-merger integration issues in cross-border contexts as well as large-scale transformation plans.

Prior to joining McKinsey's Paris office, Julie Avrane worked as a researcher with Bull Honeywell in the United States in 1993, then with Cogema (Areva) in 1994, and as a business analyst in McKinsey's London office for two years from 1995 to 1997.

Julie Avrane is Chair of Clear Direction. She is also, in particular, a member of the Supervisory Board of Unibail-Rodamco-Westfield and a director of Bureau Veritas and Exail Technologies.

Julie Avrane also has extensive experience of CSR issues. She co-chaired the ESG Club of the French Institute of Directors and currently chairs the CSR Committee of Groupe Monnoyeur and of Exail group. She brings her expertise in CSR issues to Valeo as the member in charge of CSR issues on the Board of Directors, the Governance, Appointments & Corporate Social Responsibility Committee, and the Audit & Risks Committee, which is responsible for monitoring the CSRD.

Julie Avrane is a graduate of the *École nationale supérieure des télécommunications de Paris* and of the *Collège des ingénieurs*. She also holds an MBA from INSEAD.

She is a French citizen and speaks French and English.

♦ *Listed company (for directorships currently held).*

Stéphanie Frachet

Independent director

French
Age: 47

Adagia Partners
20, rue Quentin-Bauchard
75008 Paris
France

First appointed: 12/08/2022, effective 01/01/2023(1)

Start of current term of office: 01/01/2023

End of current term of office: Shareholders' Meeting called to approve the financial statements for the financial year ended 12/31/2026

Number of shares held: 1,500

Membership of Board Committees:

- Governance, Appointments & Corporate Social Responsibility Committee
- Compensation Committee
- Strategy Committee

Main position held outside the Company

- Partner of the Adagia Partners private equity fund, responsible for investment activities in France and Switzerland (since 09/03/2024)
- Partner of the Flex Equity Mid Market fund at European private investment platform CAPZA (until 07/31/2024)

Directorships and other positions currently held

Directorships and other positions within the Group

-

Directorships and other positions held outside the Group

- Member of the Supervisory Board, Minlay Capital

Directorships and other positions held within the past five years

- Director, Constellium
- Director, Bpifrance Investissement; member of the Management Committee, Bpifrance Capital Développement
- Member of the Supervisory Board, Sabena Technics Participations
- Permanent representative of Bpifrance Investissement, Director, Sulo (Plastic Omnium Environnement)
- Permanent representative of Bpifrance Participations, Director, Eutelsat Communications and Valeo
- Observer, Diot-Siaci and Paprec

Summary of main areas of expertise and experience

Stéphanie Frachet is a partner at the Adagia Partners private equity fund, where she is responsible for investment activities in France and Switzerland. She has more than 20 years of experience in finance and private equity.

From 2001 to 2007, she was in charge of audit and transactions at, respectively, Ernst & Young and PricewaterhouseCoopers, working on M&A and LBO transactions. In 2007, she joined the Leveraged Finance team of Société Générale, in charge of LBO transactions for SMEs and large groups. Stéphanie Frachet then joined Bpifrance (formerly Fonds Stratégique d'Investissement) in 2009 where she was Director of Bpifrance Investissement and member of the Management Committee of Bpifrance Capital Développement between 2017 and 2022.

From 2022 to mid-2024, Stéphanie Frachet was a partner of the Flex Equity Mid Market fund at CAPZA, a European private investment platform, which focuses on small and mid-cap companies in their growth and decarbonization challenges. Since September 2024, she has been a partner at the private equity fund Adagia Partners, where she is responsible for investment activities in France and Switzerland.

She is a member of the Supervisory Board of Minlay Capital. Previously, she was a permanent representative of Bpifrance Participations, notably as a director of Eutelsat Communications and a permanent representative of Bpifrance Investissement as a director of Sulo (formerly Plastic Omnium Environnement). She was also a director of Constellium (a company listed on the New York Stock Exchange) and a member of the Supervisory Board of Sabena Technics Participations, as well as Observer of Horizon Parent Holdings (Verallia), Diot-Siaci, Financière Carso and Paprec.

The expertise she has gained throughout her professional career on CSR issues contributes to the work of the Governance, Appointments & Corporate Social Responsibility Committee, of which she is a member.

She is a graduate of ESSEC Business School.

She is a French citizen and speaks French and English.

(1) Stéphanie Frachet was permanent representative of Bpifrance Participations from June 26, 2019 to December 31, 2022.

Mari-Noëlle Jégo-Laveissière

Independent director

French
Age: 56

Orange
Orange Bridge,
111 quai du Président Roosevelt
92130 Issy-les-Moulineaux
France

First appointed: 05/26/2016

Start of current term of office: 05/26/2021

End of current term of office: Shareholders' Meeting called to approve the financial statements for the financial year ended 12/31/2024

Number of shares held: 1,500

Membership of Board Committees:

- Audit & Risks Committee

Main position held outside the Company

- Executive Vice President, CEO of Orange Europe (excluding France)

Directorships and other positions currently held

Directorships and other positions within the Group

–

Directorships and other positions held outside the Group

- Chair of the Board of Directors, Orange Romania (Romania) (since 07/30/2024); Orange Romania Communications SA (Romania) (until 06/01/2024)
- Director, Orange Belgium (Belgium) ♦, Orange Polska (Poland) ♦, Orange Bank (Chair of the Nominations and Compensation Committee), MasOrange (Spain) (since 03/26/2024), Orange España (Spain) (until 03/26/2024) and Fondation Orange

Directorships and other positions held within the past five years

- Director, Engie and NowCp
- Chair of the Board of Directors, Soft@Home and Viaccess

Summary of main areas of expertise and experience

Mari-Noëlle Jégo-Laveissière brings the Board of Directors her considerable experience in new technologies and in research and development, particularly in telecommunications, areas in which she has spent most of her career.

She began her career in 1996 at the Paris regional office (*Direction Régionale de Paris*) of France Télécom's commercial distribution network. She went on to hold various leadership positions within the Orange group, including head of Consumer Marketing France, Director of Research and Development and Director of International Networks. She became a member of the Executive Committee of Orange in March 2014 in her capacity as Executive Vice President of Innovation, Marketing & Technologies.

Since September 1, 2020, Mari-Noëlle Jégo-Laveissière has been Executive Vice President, CEO of Orange Europe (excluding France). She is also a member of the Board of Directors of Orange Belgium and Orange Polska, and was a Board member of Engie until April 26, 2023. In this capacity, she was a member of Engie's Ethics, Environment and Sustainable Development Committee, and was involved in promoting women in tech professions and diversity at Orange. This experience stands her in good stead to address CSR issues, particularly during the work of Valeo's Audit & Risks Committee, of which she is a member.

Mari-Noëlle Jégo-Laveissière holds a degree from *École normale supérieure* and she graduated in engineering from *Corps des Mines*. She also holds a doctorate in quantum chemistry from the Université de Paris XI – Waterloo (Canada).

She is a French citizen and speaks French and English.

♦ *Listed company (for directorships currently held).*

Éric Poton

Director representing employees

French
Age: 58

Valeo Systèmes d'Essuyage
1, rue Pierre-et-Marie-Curie
63500 Issoire
France

First appointed by the Group Works Council: 06/18/2021, effective 06/30/2021

Start of current term of office: 06/30/2021

End of current term of office: 06/30/2025

Number of shares held: 38(1). In accordance with the law, the articles of association and the Internal Procedures, the director representing employees is not required to hold 1,500 shares

Membership of Board Committees:

- Governance, Appointments & Corporate Social Responsibility Committee
- Compensation Committee

Main position held outside the Company

–

Directorships and other positions currently held

Directorships and other positions within the Group

- P2, R&I and standard owner project manager at Valeo Systèmes d'Essuyage

Directorships and other positions held outside the Group

–

Directorships and other positions held within the past five years

–

Summary of main areas of expertise and experience

Thanks to his career within the Group and his involvement in the employee representative bodies and trade unions, Éric Poton has in-depth knowledge of the Group's business and employee relations, which are key attributes for a director representing employees.

Éric Poton has worked at Valeo since 1998. He has held various positions within the Issoire plant, mainly in the R&D and Aftermarket teams.

Since 2017, he has been project manager for P2 and R&I and standard owner, with a particular focus on developing Aftermarket platform standards for the wiper business. He leads a research and innovation project team and contributes to the Group's innovation activities on wiper system products.

He started his career at Valeo as a design engineer before becoming a member of the R&D project team. Between 2007 and 2011, he held the position of R&D standardization coordinator and in 2012 was appointed P2 project manager.

Éric Poton was a member of the Economic and Social Committee at the Issoire site and a member of the Central Works Council at Valeo Systèmes d'Essuyage (VSE). He was also the site and central union delegate for VSE, as well as a full member of the Group Works Council and the European Company Works Council for the CFE-CGC trade union.

Éric Poton holds a higher education diploma in industrial product design and has followed a further education course in management (operations-based training). In addition to his operations-based training he has received a "Corporate Directorship" certification from Sciences Po/IFA and an International Certificate in Corporate Finance from HEC Paris.

He is a French citizen and speaks French and English.

(1) Éric Poton also holds 614 shares in the Valeorizon mutual fund (Group employee share ownership plan), which would represent 613 shares.

Beatriz Puente

Independent director

Spanish
Age: 52

Valeo
100, rue de Courcelles
75017 Paris
France

First appointed: 05/23/2024

Start of current term of office: 05/23/2024

End of current term of office: Shareholders' Meeting called to approve the financial statements for the financial year ended 12/31/2027

Number of shares held: 1,500

Membership of Board Committees:

- Audit & Risks Committee

Main position held outside the Company

- Director (various companies)

Directorships and other positions currently held

Directorships and other positions within the Group

–

Directorships and other positions held outside the Group

- Director, Metrovacesa ♦ (member of the Audit Committee)

Directorships and other positions held within the past five years

- Director and Chief Financial Officer, NH Hoteles, S.A.
- Chief Financial Officer, Siemens Gamesa Renewable Energy

Summary of main areas of expertise and experience

Beatriz Puente has extensive expertise in finance, capital markets, and mergers and acquisitions, gained throughout her international career in major listed groups. Her knowledge of the energy sector would also be extremely useful, particularly in relation to the development of new forms of mobility, notably electric, and the Group's goals of reducing CO_2 emissions as part of the CAP 50 plan.

Until May 2023, Beatriz Puente was the Chief Financial Officer of Siemens Gamesa Renewable Energy, a global technology leader in the renewable energy sector.

Beatriz Puente was previously a Board Member and the Chief Financial Officer of NH Hoteles, S.A. Before joining NH Hoteles, S.A., she was the Chief Financial Officer of AENA, S.A. (2013-2015), where she was responsible for preparing and coordinating the privatization process of the company and its IPO, as well as for leading the negotiation of its debt restructuring. Previously, she was the Chief Financial Officer (2007-2013) and the Director of Investor Relations and Corporate Development (2005-2007) at Vocento, S.A., where she prepared the company's IPO.

Prior to Vocento, Beatriz Puente worked at Citigroup Global Markets (NY, London and Madrid) as Vice President of the investment banking M&A division (2003-2004) and as an Investment Banking Associate for Financial Institution & Latin America (2001-2003). She served as the Chief Financial Officer at Quintiles, S.L. from 1997 to 1998 and before that, during 1995-1997, as auditor at Ernst & Young in Spain.

Beatriz Puente is a director of Metrovacesa (listed Spanish company).

Beatriz Puente holds an MBA from the JL Kellogg Graduate School of Management (Northwestern University) (2000) with a Fulbright scholarship and a Bachelor of Business Administration from the CUNEF (1995).

Beatriz Puente is a Spanish citizen and speaks Spanish and English.

♦ *Listed company (for directorships currently held).*

Patrick Sayer

Independent director

French
Age: 67

Tribunal des activités économiques de Paris
1, quai de la Corse
75004 Paris
France

First appointed: 05/23/2019

Start of current term of office: 05/24/2023

End of current term of office: Shareholders' Meeting called to approve the financial statements for the financial year ended 12/31/2026

Number of shares held: 11,700

Membership of Board Committees:

- Governance, Appointments & Corporate Social Responsibility Committee
- Compensation Committee
- Strategy Committee (Chair)

Main position held outside the Company

- President of the Paris Court of Economic Activities (since 01/18/2024)

Directorships and other positions currently held

Directorships and other positions within the Group

–

Directorships and other positions held outside the Group

–

Directorships and other positions held within the past five years

- Chairman, Augusta SAS
- Director, Tech Data Corporation (United States)
- Member of the Supervisory Board, Eurazeo, Europcar Mobility Group and Grand Port Maritime de Marseille

Summary of main areas of expertise and experience

Patrick Sayer was elected as President of the Paris Court of Economic Activities on November 8, 2023, and took office on January 18, 2024, having joined the court as a non-professional judge in 2014. He is a founding member of the legal think-tank Club des juristes.

From 2018 to 2023, he also devoted his time to developing Augusta SAS, a family-owned investment company.

Patrick Sayer served as Chairman of the Management Board of Eurazeo, one of Europe's leading listed investment companies, from 2002 to 2018.

He became a member of Eurazeo's Supervisory Board in 2018. When he stepped down from the Board in July 2023, Eurazeo had over 30 billion euros in assets under management. His private equity experience dates back to the creation of Fonds Partenaires, the private equity fund created by Lazard, where he was active from 1989 to 1993. Thanks to his private equity knowledge, he was elected as Chairman of AFIC, now France Invest, in 2006.

Previously, Patrick Sayer was a Managing Partner at Lazard Frères et Cie in Paris, which he joined in 1982, and a Managing Director of Lazard Frères & Co. in New York, which he joined in 1999, becoming global head of mergers and acquisitions for the technology sector.

Patrick Sayer holds a law degree from Panthéon-Assas university and a diploma in distressed company law from Panthéon-Sorbonne university. He is also a graduate of the *École Polytechnique* and the *École des Mines de Paris*. He is also a certified financial analyst, completing the course at the French Society of Financial Analysts training center, where he has also taught classes. He has also given lectures in finance (master's program) at Paris Dauphine university.

He is a French citizen and speaks French and English.

Grzegorz Szelag

Director representing employees

Polish
Age: 47

Valeo Electric and Electronic Systems Sp. z.o.o
ul. Bestwinska 21
Czechowice-Dziedzice
43500
Poland

First appointed by the European Company Works Council: 11/19/2020

Start of current term of office: 11/19/2024

End of current term of office: 11/19/2028

Number of shares held: 317[(1)]. In accordance with the law, the articles of association and the Internal Procedures, the director representing employees is not required to hold 1,500 shares

Membership of Board Committees:

- Strategy Committee

Main position held outside the Company

–

Directorships and other positions currently held

Directorships and other positions within the Group

- Quality technician

Directorships and other positions held outside the Group

–

Directorships and other positions held within the past five years

- Secretary of the European Works Council

Summary of main areas of expertise and experience

Thanks to his long experience with the Group and his involvement in its employee representative bodies for more than 15 years, Grzegorz Szelag possesses all the professional and interpersonal qualities required to fulfill the role of director representing employees.

Grzegorz Szelag has been working at Valeo in Czechowice, Poland, since 2002. He started his career as a production operator, before being promoted to production supervisor in 2002, and then quality technician in 2004.

In 2005, he became employee representative at the Czechowice site. He joined Valeo's European Works Council, since renamed the European Company Works Council, in 2006 as representative for Poland and became its Secretary in 2018.

Grzegorz Szelag has a degree from a mechanical engineering school. As part of his duties as a director representing employees, he has also completed several training programs, including one provided by the IFA entitled "Salaried Directors Workshop, a guide to being a member of the Board".

He is a Polish citizen and speaks Polish and English.

(1) Grzegorz Szelag also holds 19 shares in the Valeorizon mutual fund (Group employee share ownership plan), which would represent 19 shares.

Véronique Weill

Independent director

French
Age: 65

CNP Assurances
4, promenade
Cœur de Ville
92130 Issy-les-Moulineaux
France

First appointed: 05/26/2016

Start of current term of office: 05/26/2021

End of current term of office: Shareholders' Meeting called to approve the financial statements for the financial year ended 12/31/2024

Number of shares held: 2,390

Membership of Board Committees:

- Audit & Risks Committee (Chair)

Main position held outside the Company

- Chair of the Board of Directors, CNP Assurances and CNP Assurances Holding

Directorships and other positions currently held

Directorships and other positions within the Group

–

Directorships and other positions held outside the Group

- Chair of the Board of Directors, CNP Assurances (Chair of the Strategy Committee, Chair of the Monitoring Committee for the implementation of the BPCE and La Banque Postale partnerships, member of the Remuneration and Nominations Committee and member of the CSR Committee), and CNP Assurances Holding (Chair of the Strategy Committee and member of the Remuneration and Nominations Committee)
- Director, Caixa Seguros Holding (Brazil), Holding XS1 (Brazil) and the Gustave Roussy Foundation (donors and patrons group)
- Lead Independent Director, Kering ♦ (Chair of the Remuneration Committee, member of the Appointments & Governance Committee, the Sustainability Committee and the Audit Committee)
- Member of the Supervisory Board, Rothschild & Co (Chair of the Risk Committee; member of the Remuneration and Nomination Committee and member of the Audit Committee)

Directorships and other positions held within the past five years

- General Manager responsible for Operations, IT, Real Estate, Insurance and M&A, Publicis Group
- Director, Translate Plus (Publicis Group) (United Kingdom), BBH Holdings Ltd. (Bartle Bogle Hegarty), Prodigious UK (United Kingdom), the Georges Besse Foundation and the Louvre Museum
- Member of the European Advisory Board, Salesforce (United States)

Summary of main areas of expertise and experience

Véronique Weill has a strong background in finance and M&A, as well as in insurance, having spent more than 20 years in investment banking in the United States and France and then at AXA. She also has extensive experience in new and digital technologies.

Véronique Weill spent more than 20 years at J.P. Morgan, where she held various positions including global head of operations and trading for the investment banking business and global head of IT and operations for the asset management and private banking business. In June 2006, she joined AXA as Chief Executive Officer of AXA Business Services and Director of Operational Excellence. She was also Chair of the Board of Directors and a director of various AXA subsidiaries in France, Spain, Italy and Belgium.

She was Chief Customer Officer for the AXA group and Chief Executive Officer of AXA Global Asset Management until January 18, 2017 and then General Manager in charge of Operations, IT, Real Estate, Insurance and M&A at the Publicis Group until December 2020. She was also a member of the Scientific Board of the AXA Research Fund. She has been Chair of the Board of Directors of CNP Assurances since July 2020. She is also a member of the Supervisory Board of Rothschild & Co, Lead Independent Director of Kering and co-spokesperson, notably with the Chair of the Board, to investors on ESG (environment, social and governance) issues. This experience in CSR issues further enriches the discussions of Valeo's Audit & Risks Committee, which she has chaired since May 23, 2024, having previously chaired the Governance, Appointments & Corporate Social Responsibility Committee.

Véronique Weill is a graduate of *Institut d'études politiques de Paris* (IEP) and has a bachelor's degree in literature from the Sorbonne University.

She is a French citizen and speaks French and English.

♦ *Listed company (for directorships currently held).*

Sascha Zahnd

Independent director

Swiss
Age: 49

Valeo
100, rue de Courcelles
75017 Paris
France

First appointed: 05/23/2024

Start of current term of office: 05/23/2024

End of current term of office: Shareholders' Meeting called to approve the financial statements for the financial year ended 12/31/2027

Number of shares held: 1,500

Membership of Board Committees:

- Strategy Committee

Main position held outside the Company

- Director (various companies)

Directorships and other positions currently held

Directorships and other positions within the Group

–

Directorships and other positions held outside the Group

- Chairman of the Board of Directors, Arboloom AG (Switzerland)
- Chairman, Digitalswitzerland (Switzerland) (until 06/01/2024)
- Director, Logitech International S.A. (Switzerland) ♦ (member of the Audit Committee and the Nominating & Governance Committee), Bernexpo (Switzerland), Nokera AG (Switzerland) and Saza AG (Switzerland)
- Member of the Supervisory Board, MYT Netherlands Parent B.V. (Germany) ♦ (member of the Audit Committee)

Directorships and other positions held within the past five years

- Chairman of the Board of Directors and member of the Audit Committee, Valora Holding SA
- Vice President, EMEA region, Tesla

Summary of main areas of expertise and experience

Sascha Zahnd brings to the Board his solid experience of the automotive industry, as well as the expertise in new technologies and distribution/production/supply chains that he has built up during his international career within leading groups in Europe, the United States and Asia.

Over the course of his career, Sascha Zahnd held various international executive positions. Between 2001 and 2010, he held various positions within the Ikea Group in Europe (Switzerland), North America (USA, Mexico) and Asia (China), in retail and supply chain roles. He then joined ETA SA/Swatch Group in 2010, where he stayed until 2016. As an executive officer, he was in charge of the global supply chain and components production facilities. In his most recent positions, between 2016 and 2020, Sascha Zahnd was a member of Tesla's senior management and reported to its Chief Executive Officer. Within the manufacturer, he successively held the positions of Vice President in charge of the Global Supply Chain (2016 to 2019), then Vice President in charge of the EMEA region (2019-2020), for which he developed, in particular, retail activities.

Sasha Zahnd sits on the Board and Audit Committee of Logitech International S.A. and MYT Netherlands Parent B.V., two listed foreign companies. He is also notably a member of the Board of Directors of Bernexpo and Nokera AG. Until June 1, 2024, he chaired the Digitalswitzerland initiative, an association and foundation of leading companies, organizations, universities and policymakers aimed at strengthening Switzerland's position as a leading global hub for digital innovation. He previously served as Vice-Chairman and then as Non-Executive Chairman of the Board of Directors of Valora, a Swiss company (listed until April 17, 2023), where he was also a member of the Audit Committee.

Sascha Zahnd holds an Executive MBA from the IMD Business School in Lausanne (Switzerland) and a BA in Business Administration from Basel University of Applied Sciences (Switzerland).

Sascha Zahnd is a Swiss citizen and speaks French, German, English and Spanish.

♦ *Listed company (for directorships currently held).*

3.2.2 Preparation and organization of the Board of Directors' work

[*ESRS 2 § 22*] - [*ESRS G1 § 5*]

Internal Procedures

On March 31, 2003, the Board of Directors adopted Internal Procedures, which are regularly updated, defining the operating procedures of the Board of Directors in addition to applicable legal and regulatory requirements as well as the provisions of the Company's articles of association. Acting on the recommendations of the Governance, Appointments & Corporate Social Responsibility Committee, the Board of Directors updated its Internal Procedures on February 29, 2024. Internal procedures have also been drawn up for the Board of Directors' Committees, and are included in the appendices of the Board of Directors' Internal Procedures. It will be proposed to the Board of Directors at its meeting to amend the Internal Procedures to take into account the provisions of the law of June 13, 2024, aimed at increasing business financing and enhancing France's attractiveness ("**Attractiveness Law**"), with effect from the end of the Shareholders' Meeting to be held on May 22, 2025.

The Internal Procedures apply to each member of the Company's Board of Directors and to each permanent representative of a legal entity that is a member of the Board.

The Internal Procedures are available in the "Corporate Governance" section of the Company's website (www.valeo.com) under "Financial and legal documents".

Directors' rights and duties

The Internal Procedures include a Directors' Charter that sets out the principles that the directors must follow. This Charter imposes certain duties on directors in order to ensure, in particular, that (i) they are aware of the rules and regulations applicable to them, (ii) conflicts of interest are avoided, (iii) they dedicate the necessary time and attention to their duties and comply with the applicable provisions relating to multiple directorships, and (iv) as regards undisclosed information, they are bound by a duty of confidentiality that goes beyond the mere obligation of discretion provided by law. Notwithstanding this duty of confidentiality, the permanent representative of a legal entity that is a member of the Board may provide information to persons within that legal entity, it being specified that such communication can only be used for the purposes of fulfilling its duties as permanent representative.

Furthermore, members of the Board of Directors are responsible for ensuring that they have all the necessary information to carry out their duties. To this end, the Chairman of the Board or the Chief Executive Officer provides directors with the information and documents required in order for them to fully perform their duties.

As compensation for the work carried out by directors, Shareholders' Meetings may grant an annual fixed amount, allocated by the Board of Directors to its members pursuant to Article L. 22-10-8 of the French Commercial Code on the compensation policy for corporate officers (*ex ante* vote). The Board of Directors may also grant directors exceptional compensation for specific assignments or tasks entrusted to them. The Board of Directors sets the compensation of the corporate officers (including the directors), based on recommendations made by the Compensation Committee.

The compensation policy is subject to an *ex ante* vote by the shareholders and the compensation paid or allocated pursuant to that compensation policy is then subject to the *ex post* vote of the shareholders.

Article 14.6 of Valeo's articles of association provides that each director must hold at least 1,500 registered shares throughout their term of office. This obligation is also set out in Article 1.1(b) of the Internal Procedures. In accordance with the law and the provisions of the Company's articles of association and the Internal Procedures, this requirement does not apply to directors representing employees or to the director representing employee shareholders, (it being specified that the employee representing employee shareholders is required to own, either on an individual basis or through a corporate mutual fund (FCPE) invested in Valeo shares, at least one Company share, or a number of FCPE units equivalent to at least one Company share, in accordance with Article L. 225-102 of the French Commercial Code).

Although not expressly provided for by the Internal Procedures, in practice the directors attend the Company's Shareholders' Meetings, in accordance with the recommendation in Article 21 of the AFEP-MEDEF Code.

On January 23, 2008, the Board of Directors adopted a Code of Conduct on trading in financial instruments and compliance with regulations on insider trading, which governs trading in the Company's securities by members of the Board of Directors, executive corporate officers, members of the Group Executive Committee and the Liaison Committee, and any person with inside information (within the meaning of Article 7 of Regulation No. 596/2014 of April 16, 2014 on market abuse). Acting on the recommendation of the Governance, Appointments & Corporate Social Responsibility Committee, the Board of Directors updated its Code of Conduct on February 29, 2024. On accepting their position, each member of the Board of Directors agreed to comply with this Code of Conduct.

This Code sets out the legal and regulatory provisions regarding the disclosure of trading in the Company's securities applicable to insiders, and in particular members of the Board of Directors, the Executive Committee, the Liaison Committee, any person with permanent or regular access to inside information and any Group employees who may appear on the lists of occasional insiders drawn up by Valeo ("**Insiders**").

Under the Code of Conduct, it is prohibited for any person to carry out one or more transactions based on inside information at any time. It is prohibited at any time for these people to carry out or attempt to carry out, either on their own behalf or for third parties, directly or indirectly, one or more transactions (including the sale of shares resulting from the exercise of stock purchase or subscription options or the cancelation or modification of an order) on financial instruments (shares, bonds, etc., and any related derivatives) of the Company if they have inside information about the Company or any other Group entity. This Code also prohibits any person having inside information from disclosing or attempting to disclose inside information about the Company or any Group entity, other than in the normal course of their duties, to any person, particularly when the circumstances of such disclosure would enable that person to carry out one or more transactions on the Company's financial instruments. They are also prohibited from advising or attempting to advise any person to carry out one or more transactions in respect of the Company's financial instruments based on inside information about Valeo or any other Group entity, or encouraging or attempting to encourage any person to carry out such transactions in Valeo's financial instruments based on this inside information.

The Chairman of the Board, the Chief Executive Officer, the members of the Board of Directors, the members of the Executive Committee and the Liaison Committee and other Group executive managers are also prohibited from carrying out, directly or indirectly, the following transactions:

- any speculative transactions in the Company's financial instruments as well as in any related financial instruments, such as transactions in derivatives, margin buying and short selling, as well as rolling over deferred settlement orders;
- hedging the financial instruments of the Company and any related financial instruments, including shares, stock purchase or subscription options, rights over shares which may be freely allotted, and shares obtained on exercising stock options or freely allotted.

The Code of Conduct also applies to the purchase or sale (or forward transaction) of the financial instruments of any company other than Valeo by any persons having inside information if such transaction is based on inside information obtained in the course of their duties.

In the event of uncertainty as to whether information is considered inside information, all persons must contact the Group General Counsel and General Secretary before carrying out any transactions involving the Company's financial instruments. The Chairman of the Board, the Chief Executive Officer, the directors and the members of the Group's Executive Committee must check with the Group General Counsel and General Secretary before carrying out any transactions involving the Company's financial instruments that they do not have inside information as a result of their position.

As a general rule, the members of Valeo's Liaison Committee must inform the Group General Counsel and General Secretary before carrying out any transactions in financial instruments.

Restrictions on trading in the Company's financial instruments apply to any person having inside information up to and including the date of publication by the Group of the press release on the inside information in question.

In addition, subject to the exceptions provided for in the applicable regulations, Insiders are prohibited from carrying out one or more transactions involving the Company's shares, debt securities, derivatives or other related financial instruments (including the sale of free shares), either on their own behalf or for third parties, directly or indirectly, during the following black-out periods:

- from the 30th calendar day inclusive preceding the date of publication of Valeo's press release on the annual and half-yearly results up to and including the date of publication of said press release on these financial statements;
- from the 15th calendar day inclusive preceding the date of publication of Valeo's quarterly information up to and including the date of publication of the press release on this quarterly information.

In addition, pursuant to the Code of Conduct, the Chairman of the Board, the Chief Executive Officer, the members of the Board of Directors, other executive managers and persons having close personal ties with them must comply with obligations to inform the Company and the French financial markets authority (*Autorité des marchés financiers* – AMF) following transactions in the Company's shares, debt securities, derivatives or other related financial instruments in accordance with applicable laws and regulations.

Rules governing the operation and organization of the Board of Directors, and their application

Average notice period for calling Board meetings

In accordance with its Internal Procedures, the Board of Directors meets at least six times a year, and at least once every three months, on dates that are sent to each director at the beginning of the fiscal year at the latest, and at any other time in the interest of the Company. The average notice period for calling a meeting of the Board of Directors is approximately ten days, allowing the directors to review any useful information for such meetings.

Representation of directors

Directors may be represented at Board of Directors' meetings by another director; however, at a single meeting each director only has a proxy to represent one director. The proxy must be given in writing. In 2024, two directors were represented by proxy at Board meetings.

Chairmanship of Board meetings

Board of Directors' meetings are chaired by the Chairman of the Board or, in his absence, by a Vice-Chairman, where applicable, or a director designated by the Board of Directors. All ten Board of Directors' meetings held in 2024 were chaired by its Chairman.

Directors' participation in Board meetings

The Internal Procedures allow directors to participate in Board of Directors' meetings by any videoconferencing or telecommunications technology that enables them to be identified and ensures that they actually participate in the meeting. Accordingly, directors who take part in Board meetings through such means are deemed to be present for the purposes of calculating the quorum and majority, except at meetings dedicated to the preparation of the annual parent company and consolidated financial statements and the related management reports (as provided for in Articles L. 232-1 and L. 233-16 of the French Commercial Code). The Chairman of the Board is required to state in the relevant meeting notice whether these methods can be used for certain meetings. Directors wishing to participate in a Board meeting by these methods must contact the General Secretary at least two working days before the meeting date (except in an emergency) in order to ensure that the relevant technical information can be exchanged and tests performed before the meeting takes place.

Under Article 16.4 of the Company's articles of association and Article 1.2 (f) of the Internal Procedures, the directors may be consulted in writing for decisions that fall within the Board of Directors' scope of authority as set out in the French Commercial Code, Article L. 225-24 (appointment of a director if a seat becomes vacant due to death or resignation, or if the number of directors falls below the minimum legal requirement or the minimum requirement provided for under the articles of association, or if the gender balance is not observed), Article L. 225-35, final paragraph (authorization of sureties, endorsements and guarantees), Article L. 225-36, second paragraph (compliance of the articles of association with applicable laws and regulations) and Article L. 225-103, I (calling a Shareholders' Meeting), as well as the decision to transfer the Company's registered office to any other location in the same *département* or a neighboring *département*.

A resolution will be proposed to the next Shareholders' Meeting to be held on May 22, 2025 to amend the Company's articles of association to reflect the changes introduced by the Attractiveness Law. Proposals to amend the Internal Procedures accordingly will also be submitted to the Board of Directors' meeting with effect from the end of the Shareholders' Meeting.

Decision-making on the Board of Directors

Except in the event of a written consultation in accordance with the law, the Board of Directors is only validly constituted if half of its members are present or represented. Decisions are taken by a majority vote of the members present or represented. In the event of a tie, the Chairman has the casting vote.

Record of Board decisions

In addition to written consultations, minutes are drawn up at each meeting and signed by the Chairman of the Board and a director. The draft minutes must first be sent to all directors no later than two weeks after the meeting. To ensure a clear account of Board of Directors' meetings, the minutes include, in addition to the information required by law, a summary of the discussions and decisions made, briefly mentioning the issues and reservations raised, along with an explanation of any technical issue related to videoconferencing or telecommunications technology used if it disrupted the meeting. The minutes of Board of Directors' meetings provide a record of the Board of Directors' proceedings.

Frequency and duration of Board meetings and average attendance rates of directors

The frequency of Board of Directors' meetings and the average attendance rate of directors in the 2024 financial year are set out in section 3.2.1 of this chapter, "Attendance rate at Board of Directors' meetings", pages 106 and 107. The majority of the Board of Directors' meetings were held in person (8/10). The average duration of Board of Directors' meetings was about four hours. The frequency and duration of Board meetings allow for the review and in-depth discussion of matters falling within the Board of Directors' scope of authority.

Directors' access to information

Directors' training

[*ESRS 2 § 23*] - [*ESRS G1 § 5*]

The Company's new directors are eligible for training, notably through immersion sessions with the main Group executive managers as well as Group site visits, to help them learn about the Company's specificities, its business lines and business sector, and its CSR challenges. This gives the directors the skills they need to gain an in-depth understanding of Valeo's key challenges and strategy (particularly in relation to CSR).

Following their appointment as directors (independent) by the Shareholders' Meeting on May 23, 2024, Beatriz Puente and Sascha Zahnd met the executive corporate officers, the Group General Counsel and the General Secretary, the Chief Financial Officer and the Group Chief Human Resources Officer. In addition to these interviews, they visited sites in each of the Group's three Divisions (POWER, BRAIN and LIGHT) to learn about the Group's businesses and products, and to meet local management and production teams.

The directors also attend an annual strategy seminar, the organization of which has been changed to factor in the suggestions put forward by the directors in the assessment of the Board's operating procedures conducted in 2022. Therefore, since 2023, the event has been held in two distinct phases:

- a seminar focused on strategic issues, held over several days in France (three days in November 2024). This seminar is mainly to provide genuine insight into the Group's activities and strategic goals, as well as its competitive environment and industry trends, and to give directors a practical understanding of the Group's specificities, as well as its climate strategy. During the seminar the directors also have the opportunity to discuss these topics with the Group's key executives, and are given presentations on the Group's products and business operations;
- on-site visits, in France or abroad, generally followed by a meeting of the Board of Directors. During this phase, which takes place over several days, the directors are able to see the Group's business in practice, with visits to partner plants and production sites. The directors also meet the local operational teams and local management. In 2024, this visit took place in one of the LIGHT Division's sites in Martos, Spain, and in 2025, a visit is scheduled to take place in Germany.

Other on-site visits are also organized periodically for the directors, in addition to the one during the strategy seminar.

Given the diversity of the program, the topics discussed and the practical aspects covered, these events contribute to the directors' continuous training.

During the 2024 financial year, as part of the work of the Board and the Committees of which they are members, the directors were also informed about issues such as:

- legislative developments concerning compliance (presentation on the Group's updated compliance programs, overview of the regulatory framework for cybersecurity, in particular the NIS 2 Directive, and presentation of Valeo's equality and diversity policy with regard to the applicable legal provisions);
- developments in corporate governance best practices (presentation on the points of interest to Valeo raised in (i) the annual report issued by the AMF on corporate governance and executive compensation in listed companies and (ii) the annual report issued by the High Committee on Corporate Governance (*Haut Comité de Gouvernement d'Entreprise* – HCGE));
- developments in the application of the new regulatory framework regarding social and environmental responsibility, particularly in terms of non-financial reporting under the CSRD, the European Sustainability Reporting Standards (ESRS), the European Taxonomy and the Corporate Sustainability Due Diligence Directive (CS3D).

In the same way as for the topics presented at the strategy seminar, this information contributes to the directors' continuous training, and enables the Board of Directors and the Committees to integrate these issues into their work and the Group's strategy.

In accordance with the recommendations in the AFEP-MEDEF Code, the Company has devised a training program for directors representing employees and employee shareholders, which is tailored to their specific roles, and rounds out the general training program. Through this program:

- Grzegorz Szelag attended various training courses, including a course provided by the IFA entitled "Salaried Directors Workshop, a guide to being a member of the Board".
- Éric Poton also attended various training courses, including a directorship training course designed by the French Institute of Directors (*Institut français des administrateurs* – IFA) in partnership with Sciences Po Executive Education entitled "Certificate of Corporate Director". He also attended several other IFA training sessions about the fundamental aspects of finance and about audit committees and obtained an International Certificate in Corporate Finance from HEC Paris business school.
- As a member of the Audit & Risks Committee, Éric Chauvirey is currently following a training program given by HEC Paris business school which leads to an International Certificate in Corporate Finance. During his previous term of office as a director representing employees (2017-2021), he attended various training courses, including a course designed by the French Institute of Directors (IFA) in partnership with Sciences Po entitled "Board Director Certificate".

In general, any time after their appointment, the directors may receive additional training, if they deem it necessary, to learn about the Company, its business lines and business sector, and its corporate social responsibility challenges, in particular on climate issues (including the Group's CAP 50 plan).

Directors' access to information

Within the scope of the Board of Directors' work, each director is given all the information required to perform his/her duties. The agenda for any upcoming Board of Directors' meeting and details of agenda items requiring upfront analysis and consideration are provided within a sufficient time frame and at least 48 hours (except in an emergency) before the meeting, provided that this is not incompatible with confidentiality requirements.

Directors who are not able to make an informed decision due to a lack of information must notify the Chairman of the Board and request the information they deem necessary to fulfill their duties. Requests for information needed to perform their duties must be made to the Chairman. Generally, each director receives the information that he/she needs to perform his/her duties and may be given all the related documents by the Chairman of the Board of Directors once the Board has determined that they are relevant.

The Chairman of the Board shares with the directors any information about the Company that he has and that he deems relevant to share on an ongoing basis. He is in regular contact with General Management and ensures that any information concerning the Company is reported to the Board of Directors.

Guests of the Board of Directors

In 2024, the Group General Counsel and General Secretary and the Chief Financial Officer attended all meetings of the Board of Directors.

The Group's Statutory Auditors attended parts of some Board of Directors' meetings.

Other members of the Group's Executive Committee attended Board meetings to report on specific points, such as the Chief Ethics, Compliance and Data Protection Officer who presented the updated versions of the Group's compliance programs, the Senior Vice President, Group Corporate Communications who spoke about financial communications, the Group Chief Human Resources Officer who addressed the Group's equality and diversity policy, the Chief Technology Officer who discussed the Group's implementation of artificial intelligence, the Chief Cybersecurity and Information Systems Security Officer who addressed the Group's cybersecurity policy and the Chief Executive Officer of Valeo Service who presented the entity's activity. In addition, the Chief Executive Officers of the Divisions and of Valeo Service presented the development of their business and their outlook to the members of the Board of Directors at the 2024 strategy seminar.

Non-executive sessions

At the end of certain Board meetings, it is proposed that the independent directors meet without the executive corporate officer and non-independent directors being present, unless invited. These non-executive sessions encourage debate among the independent directors. In 2024, "non-executive sessions" were held following several Board meetings.

Role of the Board of Directors

[*ESRS 2 § 22*] - [*ESRS 2, § 26*] - [*ESRS G1§ 5*]

The principal role of the Board of Directors, which is a collegial body appointed by the shareholders, is to determine the Company's business strategies and ensure that they are implemented effectively. Subject to the powers expressly granted to Shareholders' Meetings and within the limits of the corporate purpose, it handles any issues related to the proper operation of the Company and takes care of any business in this respect during its meetings.

In accordance with applicable laws and regulations, the Company's articles of association and the provisions of the Internal Procedures, the Board of Directors has the power, in particular, to:

- convene Shareholders' Meetings and set the agendas thereof;
- draw up the parent company and the consolidated financial statements, the Annual Management Report and the forecast management documents;
- draw up the Corporate Governance Report;
- authorize related party agreements;
- appoint and remove from office the Chairman of the Board of Directors and the Chief Executive Officer and set their compensation;
- appoint the members of the Committees;
- allocate compensation to the directors in accordance with their compensation policy;
- relocate the head office in the same or a neighboring *département* provided that the decision is approved at the next Ordinary Shareholders' Meeting;
- acting under the authority of the Extraordinary Shareholders' Meeting, amend the articles of association as necessary to ensure their compliance with applicable laws and regulations, provided that the articles of association are approved at the next Extraordinary Shareholders' Meeting;
- authorize sureties, endorsements and guarantees;
- issue non-dilutive bonds and/or securities giving or not giving access to the share capital;
- decide on any planned merger or spin-off;
- authorize the Chief Executive Officer, as applicable, to carry out any significant transactions, i.e., any acquisitions or sales of subsidiaries, equity interests or other assets, investments and borrowings, representing more than 50 million euros per transaction;
- review the Group's industrial and financial strategy by devoting, in particular, one session per year to this review.

The Board of Directors is also informed of market and competitive trends and the main challenges faced by the Company, including those related to CSR. It endeavors to promote the Company's long-term value creation whilst taking into consideration the CSR impacts of its operations.

In 2024, the main topics addressed by the Board of Directors related to, in particular:

a) the financial position, cash position, and commitments of the Group, and in particular:
   - reviewing the approximate 2023 results, the 2024 preliminary budget and the 2024 final budget;
   - approving the (i) parent company and consolidated financial statements for 2023 and (ii) interim consolidated financial statements for 2024; reviewing the Statutory Auditors' presentations and reports;
   - reviewing quarterly sales figures and results, and the forecasts and projections prepared for 2024;
   - reviewing the management report and the related notes for 2023, and the half-year financial report at June 30, 2024;
   - reviewing press releases containing financial information;
   - recommending the appropriation of net income and the dividend payment and reviewing the dividend amount for 2023;
   - reviewing the investor presentation, and reviewing and reporting on the 2023 and first-half 2024 results roadshow;
   - reviewing the financial targets for 2024 for 2025;
   - reviewing the Group's financial policy (investments, cash position and debt);
   - reviewing financial communication;
   - authorizing sureties, endorsements and guarantees (renewal of the powers delegated to the Chief Executive Officer);
   - reviewing treasury share purchases (renewal of the powers delegated to the Chief Executive Officer);
   - reporting on the use of the powers delegated to the Board of Directors to issue bonds and renewing the Chief Executive Officer's authorization to issue bonds;
   - analyzing share price trends.

b) business, strategy and risk management, and in particular:
   - monitoring the Group's cybersecurity policy, in addition to its monitoring by the Audit & Risks Committee. The presentation covered the methods for implementing this policy, in terms of organization, regulatory framework, measures put in place and action plans;
   - the reorganization of the activities of the Powertrain Systems Business Group and the Thermal Systems Business Group with the merger of these two Business Groups into the POWER Division;
   - analyzing business trends in the POWER, BRAIN and LIGHT Divisions, as well as in Valeo Service;
   - reviewing the artificial Intelligence (AI) strategy;
   - reviewing existing information systems;
   - the impact and potential consequences on the business of the level of demand for electric vehicles and the acceleration of Chinese automakers in the electrification market in 2024;
   - negotiating with customers on the consequences of inflation and declining volumes of electric vehicles;
   - reviewing the development of major projects, industry trends and the Group's strategic priorities (such as the use of artificial intelligence); monitoring changes in the automotive market and the competitive environment;
   - monitoring regional and geopolitical issues, and regional developments in the automotive market;
   - monitoring the implementation of the "Move Up" strategic plan, including progress on the asset disposals announced as part of the plan; examining the 2024 medium-term plan (MTP 2024);
   - reviewing the main challenges, including in relation to the corporate social responsibility policy, and monitoring regulatory developments (including the CSRD) and the Group's main sustainability achievements;
   - reviewing the risk map and the Group's risk management systems;
   - reviewing the Group's compliance policy, particularly as regards anti-corruption, competition, export controls and economic sanctions, protection of personal data, compliance for joint ventures consolidated and managed by Valeo, as well as supplier integrity, protection of human rights and the environment;
   - reviewing the Group's 2024 strategy seminar focused on strategic topics.

c) Executive compensation, and in particular:
   - examining the 2024 compensation policy (*ex ante* vote) for corporate officers (Chairman of the Board of Directors, Chief Executive Officer and directors);
   - reviewing the compensation policy for the Chief Executive Officer in the context of his reappointment as both a director and Chief Executive Officer, as well as the compensation policy for directors for the 2025 financial year;
   - reviewing the compensation paid or allocated to corporate officers in 2023 (*ex post* vote), including the determination of the variable portion of the compensation and the Chief Executive Officer's entitlement to pension rights for the 2023 financial year;
   - setting the objectives of the Chief Executive Officer's annual variable compensation for the 2024 financial year;
   - reviewing the aggregate amount of directors' compensation and the rules for allocating this compensation among the directors;
   - examining the plan to allot free shares and/or performance shares to Group employees and corporate officers in 2024, including the number of shares to be allotted to the Chief Executive Officer;
   - examining the performance conditions and the consequent delivery of performance shares to Christophe Périllat in 2024 under the 2021 plan;
   - examining the draft press releases on the compensation for the Chairman of the Board and the Chief Executive Officer.

d) corporate governance, and in particular:
- reviewing directors' independence, including with regard to significant business relationships with the Company;
- reviewing the assessment of the operating procedures of the Board of Directors and its Committees for 2023;
- reviewing the succession plan for executive corporate officers and directors, as well as the succession and development plan for the main Group executive managers;
- reviewing the composition of the Board of Directors and its Committees, including their chairmanship, and changes to the composition of these Committees;
- proposing (i) the reappointment as director of Fonds Stratégique de Participations (represented by Julie Avrane), (ii) the appointment of two new independent directors (Sascha Zahnd and Beatriz Puente) and (iii) the appointment of a director representing employee shareholders (Éric Chauvirey and Yann le Pêcheur as substitute) following an internal election process;
- reviewing the procedures for implementing the election process for the director representing employee shareholders;
- reviewing the draft Corporate Governance Report;
- reviewing the provisions of the AFEP-MEDEF Code (comply or explain), the report of the High Committee on Corporate Governance, and the AMF's report on executive compensation;
- reviewing the proposed amendments to the Board of Directors' and its Committees' Internal Procedures, in particular to (i) strengthen collaboration between the Audit & Risks Committee and the Governance, Appointments & Corporate Social Responsibility Committee with regard to CSR, and (ii) entrust the Audit & Risks Committee with the tasks provided for by the CSRD, as transposed into French law;
- reviewing the proposed amendments to the Code of Conduct on trading in financial instruments and the prevention of insider trading;
- acknowledging the absence of related party agreements in 2023 for the purposes of the Statutory Auditors' special report submitted to the Shareholders' Meeting of May 23, 2024;
- reviewing transactions entered into in the ordinary course of business on an arm's length basis;
- reviewing the ownership structure and any changes.

e) corporate social responsibility, including climate issues, and in particular:
- reviewing the Group's CSR policy and its main sustainable development achievements (in particular environmental eco-efficiency with the Group's "CAP 50" Carbon Neutrality Contribution Plan, social and societal aspects);
- reviewing the Group's health, safety and environment policy, against the 2023 results for the policy;
- reviewing relations with the social partners;
- reviewing the Group's diversity, equity and inclusion policy, and more particularly monitoring the diversity targets within its governing bodies;
- adopting a dashboard for monitoring key performance indicators in relation to the Group's value chain;
- appointing and monitoring the work of the Sustainability Auditor;
- reviewing and approving the double materiality assessment in accordance with the CSRD;
- reviewing the sustainable development section of the Universal Registration Document, including a presentation of action plans and key sustainable development objectives for 2023 and the preparation of the sustainability report (replacing the non-financial information statement) in response to regulatory developments.

f) the Shareholders' Meeting, and in particular:
- calling the Ordinary and Extraordinary Shareholders' Meeting of May 23, 2024 (including deciding on the content of proposed resolutions, the Board of Directors' Report on the resolutions and special report on the allotment of free shares);
- authorizing the executive corporate officers to reply to shareholders' written questions.

Committees created by the Board of Directors

[*ESRS 2 § 21*] - [*ESRS 2 § 22*] - [*ESRS 2 § 26*] - [*ESRS G1 § 5*]

The Board of Directors has set up several committees in order to enhance its operating procedures and provide assistance with preparing its decisions by issuing recommendations and opinions. In addition, the Board of Directors may also set up temporary *ad hoc* Committees to address specific issues,

At December 31, 2024, the specialized Committees of the Board of Directors were:

- Governance, Appointments & Corporate Social Responsibility Committee;
- Compensation Committee;
- Audit & Risks Committee;
- Strategy Committee.

The specialized Committees of the Board of Directors have their own internal procedures which set out their composition, their missions and their operating procedures. These internal procedures are available on the Company's website, under Corporate Governance, then Financial and legal documents (https://www.valeo.com/en/financial-and-legal-documents/).

These Committees, which exercise their duties under the responsibility of the Board, are intended to streamline the Board's operations and to assist the Board with the preparation of its decisions. They are responsible for studying issues submitted to them by the Board or the Chairman, preparing the Board's work in relation to these questions, and reporting their conclusions to the Board in the form of reports, proposals, opinions, information or recommendations. The role of the Committees is strictly advisory. The Board shall decide, at its own discretion, the measures it wishes to take based on the opinions, studies, investigations or reports issued or prepared by the Committees.

In order to carry out their duties, the Committees may decide to hear members of the Group's executive management or third parties, subject to notifying the corporate officers and reporting thereupon to the Board. The Committees may be assisted by external consultants, if needed, subject to (i) their qualifications and independence, and (ii) the prior notification of the Chairman of the Board or the Board.

The various Committees reported regularly on their work to the Board of Directors in 2024.

The table below summarizes the composition and key figures of the specialized Committees of the Board of Directors at December 31, 2024:

Governance, Appointments & Corporate Social Responsibility Committee	
Composition	**Key figures**
• Alexandre Dayon* (Chair) • Julie Avrane (in charge of CSR issues), permanent representative of Fonds Stratégique de Participations* • Stéphanie Frachet* • Éric Poton** • Patrick Sayer*	**5** members **5** meetings **96%** attendance rate **50%** women members(1) **100%** independent members(1)

Compensation Committee	
Composition	**Key figures**
• Alexandre Dayon* (Chair) • Julie Avrane (in charge of CSR issues), permanent representative of Fonds Stratégique de Participations* • Stéphanie Frachet* • Éric Poton** • Patrick Sayer*	**5** members **5** meetings **96%** attendance rate **50%** women members(1) **100%** independent members(1)

Audit & Risks Committee	
Composition	**Key figures**
• Véronique Weill* (Chair) • Julie Avrane (in charge of CSR issues), permanent representative of Fonds Stratégique de Participations* • Bruno Bézard* • Éric Chauvirey*** • Mari-Noëlle Jégo-Laveissière* • Alexandre Ossola, permanent representative of Bpifrance Participations* • Beatriz Puente*	**7** members **6** meetings **100%** attendance rate **66.67%** women members(1) **100%** independent members(1)

Strategy Committee	
Composition	**Key figures**
• Patrick Sayer* (Chair) • Alexandre Dayon* • Stéphanie Frachet* • Alexandre Ossola, permanent representative of Bpifrance Participations* • Grzegorz Szelag** • Sascha Zahnd*	**6** members **5** meetings **96.30%** attendance rate **20%** women members(1) **100%** independent members(1)

* *Independent director.*
** *Director representing employees.*
*** *Director representing employee shareholders.*
(1) *The directors representing employees and employee shareholders do not count in the calculation of (i) gender diversity on the Board, pursuant to Articles L. 225-23 L. 225-27-1 of the French Commercial Code, or (ii) the rate of independent directors, in accordance with the recommendation in Article 16.1 of the AFEP-MEDEF Code.*

Governance, Appointments & Corporate Social Responsibility Committee (GACSRC)

Composition of the Committee

[*ESRS 2 § 21*]

At December 31, 2024, the composition of the Governance, Appointments & Corporate Social Responsibility Committee was as follows:

- Alexandre Dayon (Chair and independent director);
- Julie Avrane (in charge of CSR issues), permanent representative of Fonds Stratégique de Participations (independent director);
- Stéphanie Frachet (independent director);
- Éric Poton (director representing employees);
- Patrick Sayer (independent director).

The changes in the Committee's composition during 2024 are set out in the table in section 3.2.1 of this chapter, paragraph "Composition of the Board of Directors at December 31, 2024 and changes during the 2024 financial year", page 105.

As 100%(1) of the Committee's members are independent directors, the Company complies with the provisions of Article 18.1 of the AFEP-MEDEF Code recommending that the majority of directors on the Appointments Committee be independent. This provision has been written into the Committee's internal procedures.

Committee roles and responsibilities

[*ESRS 2 § 22*] - [*ESRS 2 § 26*]

According to its internal procedures, the roles and responsibilities of the Governance, Appointments & Corporate Social Responsibility Committee are, in particular, as follows:

a) as regards corporate governance:
   - analyzing how the Board of Directors and its Committees operate;
   - assessing and updating corporate governance rules and, in particular, ensuring that the assessment of the Board of Directors' operation is carried out in line with market practices.

b) as regards selection and appointments:
   - preparing the composition of the Company's governing bodies, with reasoned recommendations on the appointment of corporate officers to the Board and its Committees;
   - drawing up a succession plan for executive corporate officers and directors;
   - ensuring that the diversity policy for Board members is prepared and implemented;
   - striving to reflect diverse experience and perspectives, while ensuring for the Board (i) the objectivity and independence required in relation to General Management, a specific shareholder or group of shareholders, and (ii) the stability of the Company's corporate bodies;

(1) *The director representing employees does not count, in accordance with the recommendation in Article 16.1 of the AFEP-MEDEF Code.*

- ensuring that the executive corporate officers implement a policy of non-discrimination and diversity within the governing bodies;
- reviewing, each year before the publication of the Corporate Governance Report and before each appointment, the status of each director in light of the independence criteria set out in Article 1.2(b) of the Board of Directors' Internal Procedures, and submitting its proposals to the Board for it to review the status of each person concerned.

c) as regards CSR:

- reviewing the main thrusts of the Company and Group's corporate social responsibility policy;
- identifying corporate social responsibility objectives and challenges, and making sure that the previously defined objectives are met;
- overseeing the gradual and increasing implementation of Valeo's corporate social responsibility policy and assessing the Group's contribution to sustainable development;
- in conjunction with the Audit & Risks Committee, gaining an understanding of the risks and topics involved in corporate social responsibility, and obtaining information about the resources the Group can call on to pursue its strategy in this area;
- as required, issuing opinions and recommendations to help the Board make informed decisions;
- nominating among the members of the Committee a member in charge of CSR issues tasked with reviewing the Group's CSR strategy, commitments and policies as well as the action plans for projects related to those policies, and/or monitoring the implementation of the Group's CSR initiatives. The work carried out by the member in charge of CSR issues is without prejudice to the scope of responsibility of the Board and the Committee;
- the member in charge of CSR issues is in charge of informing, at least once a year, the Audit & Risks Committee, of the Committee's work relating to CSR, in particular with regards to the monitoring of the Group's key performance indicators in this field;
- the Chair of the Audit & Risks Committee presents at least once a year, the work carried out by the Audit & Risks Committee on non-financial issues to the Committee, particularly regarding internal control and processing of sustainability information.

Role of the Committee in the selection and appointment of directors: description of the procedure at Valeo

In accordance with the Internal Procedures, the Committee recommends the appointment of the corporate officers as well as the appointment of members and the Chair of each of the Committees of the Board, other than its own Chair. It submits reasoned proposals concerning its choice of candidates to the Board. The Committee oversees the preparation and implementation of the diversity policy for Board members (for further information on the procedure for selecting and appointing directors, see section 3.2.1 of this chapter, "Procedure for selecting directors in accordance with the diversity policy", pages 111 to 112). When issuing opinions or recommendations on selections and appointments, the Committee must ensure that (i) at least half of the members of the Board of Directors are independent directors, (ii) the Chief Executive Officer is not a member of the Audit & Risks Committee, and (iii) at least two-thirds of the Audit & Risks Committee members are independent directors.

Role of the Committee in terms of corporate responsibility

[*ESRS 2 § 22*] - [*ESRS 2 § 26*]

The Committee's duties and accomplishments in the area of CSR are described above.

Given the importance of CSR (including climate change) in the Group's strategy, the review and monitoring of these topics has been enhanced on two points:

- since October 27, 2020, the Committee has designated a member in charge of CSR issues, entrusted with the duties described above. Julie Avrane, permanent representative of Fonds Stratégique de Participations, has been in charge of CSR issues since May 23, 2024. She succeeded Ulrike Steinhorst, in charge of CSR issues from October 27, 2020 to May 23, 2024, who did not seek the renewal of her term as director, which expired at the end of the Shareholders' Meeting on May 23, 2024;
- the collaboration between the Committee and the Audit & Risks Committee, with presentations (i) by the member in charge of CSR issues within the Audit & Risks Committee (since 2023) and (ii) by the Chair of the Audit & Risks Committee to the Committee (since 2024), as provided in the Internal Procedures and described in the Committee's duties above.

CSR issues are presented to the Committee several times a year, at meetings attended by, depending on the topics covered, the Vice President, External Affairs and Sustainable Development, the Vice President, Health, Safety & Environment, and the Group Chief Human Resources Officer for employee-related issues.

Committee activity during the year

[*ESRS 2 § 22*] - [*ESRS 2 § 26*]

The Committee met five times in 2024 with an average attendance rate of 96% (see section 3.2.1 of this chapter, "Attendance rate at Board of Directors' meetings", pages 106 to 107, which sets out the average attendance rate of each member at its meetings).

During these meetings, the Governance, Appointments & Corporate Social Responsibility Committee in particular:

a) as regards governance and appointments:

- reviewed directors' independence, including with regard to significant business relationships with the Company;
- reviewed relations with the social partners;
- reviewed the succession plan for executive corporate officers and directors (including the description of the profiles sought);
- reviewed the succession and development plans for the main Group executive managers;
- reviewed the draft resolutions relating to (i) the reappointment as director of Fonds Stratégique de Participations, represented by Julie Avrane, (ii) the appointment of Sascha Zahnd and Beatriz Puente as independent directors, and (iii) the appointment of Éric Chauvirey as director representing employee shareholders (with Yann Le Pêcheur as substitute), and the related draft Board of Directors' report;
- reviewed the assessment of the operating procedures of the Board of Directors and its Committees for the 2023 financial year, and proposed the measures to be implemented to take into account the results of this assessment;
- reviewed the composition of the Board of Directors and its Committees, including their chairmanship, and proposed changes to the composition of these Committees;
- examined the procedures for implementing the election process for the director representing employee shareholders;

- examined the proposed revisions to the Code of Conduct relating to trading in financial instruments and the prevention of insider trading;
- reviewed transactions entered into in the ordinary course of business on an arm's length basis;
- acknowledged the absence of related party agreements in 2023 for the purposes of the Statutory Auditors' special report submitted to the Shareholders' Meeting of May 23, 2024;
- reviewed the main items of interest to the Company in the report of the High Committee on Corporate Governance as well as the AMF's report on executive compensation;
- reviewed the draft governance section of the draft Corporate Governance Report (including the information provided in accordance with the Comply or Explain section of the AFEP-MEDEF Code).

b) as regards CSR:
- reviewed the proposed amendments to the Board of Directors' and the Committees' Internal Procedures, in particular to (i) strengthen collaboration between the Committee and the Audit & Risks Committee with regard to CSR, and (ii) entrust the Audit & Risks Committee with the tasks provided for by the CSRD, as transposed into French law;
- examined the Group's CSR policy and its main sustainability achievements (in particular environmental eco-efficiency with the Group's "CAP 50" Carbon Neutrality Contribution Plan, social and societal aspects);
- examined the Group's health, safety and environment policy, against the 2023 results for the policy;
- examined the sustainable development section of the 2023 Universal Registration Document;
- examined the Group's diversity, equity and inclusion policy, and more particularly monitored the diversity targets within its governing bodies;
- analyzed the work of the Audit & Risks Committee on sustainability matters (see below);
- examined the dashboard for monitoring key performance indicators in CSR.

At the Committee meeting on September 18, 2024, the Chair of the Audit & Risks Committee presented the following points to the members:
- an overview of the Audit & Risks Committee's obligations resulting from the transposition into French law of the CSRD in December 2023;
- the work of this Committee regarding the processing of sustainability information under the CSRD;
- the scope of the Corporate Sustainability Due Diligence Directive (CS3D) (not yet transposed into French law).

Compensation Committee (CC)

Composition of the Committee

At December 31, 2024, the composition of the Compensation Committee was as follows:
- Alexandre Dayon (Chair and independent director);
- Julie Avrane (in charge of CSR issues), permanent representative of Fonds Stratégique de Participations (independent director);
- Stéphanie Frachet (independent director);
- Éric Poton (director representing employees);
- Patrick Sayer (independent director).

The changes in the Committee's composition during 2024 are set out in the table in section 3.2.1 of this chapter, paragraph "Composition of the Board of Directors at December 31, 2024 and changes during the 2024 financial year", page 105.

As 100%[(1)] of the Committee's members are independent directors, the Company complies with the provisions of the AFEP-MEDEF Code recommending that the majority of directors on the Compensation Committee be independent and that a director representing employees be a member of the Compensation Committee (Article 19.1).

Committee roles and responsibilities

[*ESRS 2 § 29*]

According to its internal procedures, the roles and responsibilities of the Compensation Committee are, in particular, as follows:

a) as regards executive corporate officers' compensation, reviewing and making recommendations on the matter, in particular with regard to:
- the variable component of their compensation: the Committee defines the methods for setting the variable component taking into account the performance of the executive corporate officers during the year and the medium-term strategy of the Company and the Group, and makes sure that these methods are applied;
- all benefits in kind, performance shares or stock purchase or subscription options received from any Group company, pension provisions and any other benefits.

b) as regards directors' compensation:
- making recommendations to the Board on the rules for allocating directors' compensation and the individual amounts to be paid to each director, taking into account the actual number of Board and Committee meetings attended;
- recommending to the Board an aggregate amount of directors' compensation to be proposed at the Shareholders' Meeting.

c) as regards long-term compensation:
- giving its opinion to the Board on the general policy for allotting stock purchase or subscription options and free shares or performance shares, as well as on the stock option, free share and performance share plans set up by the Group's General Management in accordance with applicable rules and recommendations;
- making recommendations to the Board of Directors on the allotment of stock purchase and/or subscription options and free shares or performance shares, giving reasons for its choice and the related consequences.

d) as regards the compensation of the Group's main executive managers, keeping informed about the compensation policy for the main executive managers who are not corporate officers of the Company or of other Group companies;

e) reviewing any questions submitted to the Committee by the Chairman about the above matters, as well as proposed share issues reserved for employees.

The Corporate Governance Report contains information for the shareholders about compensation paid to corporate officers, the principles and methods used to set their compensation, and any performance shares allotted to them.

(1) *The director representing employees does not count, in accordance with the recommendation in Article 16.1 of the AFEP-MEDEF Code.*

Committee activity during the year

The Committee met five times in 2024 with an average attendance rate of 96% (see section 3.2.1 of this chapter, "Attendance rate at Board of Directors' meetings", pages 106 to 107, which sets out the average attendance rate of each member at Committee meetings).

During these meetings, the Compensation Committee in particular:

- reviewed the targets of the short-term variable compensation of the Chief Executive Officer for 2024;
- reviewed the 2024 compensation policy for corporate officers (Chairman of the Board of Directors, Chief Executive Officer and directors);
- reviewed the compensation paid or allocated to corporate officers in 2023 (*ex post* vote), including the determination of the variable portion of the compensation and the entitlement to pension rights of the Chief Executive Officers for 2023;
- reviewed the volume of free shares allocated under the 26th resolution of the Shareholders' Meeting of May 24, 2023;
- examined the performance conditions and the consequent delivery of performance shares to Christophe Périllat in 2024 under the 2021 plan;
- examined the plan to allot free shares and/or performance shares to Group employees and corporate officers in 2024, including the number of shares to be allotted to the Chief Executive Officer;
- examined the proposed resolutions related to the corporate officers' compensation (2023 *ex post* and 2024 *ex ante*) and the related draft Board of Directors' report;
- reviewed the draft special report on the allotment of free shares in respect of the year ended December 31, 2023;
- examined the draft press releases on the compensation for the Chairman of the Board and the Chief Executive Officer;
- reviewed the compensation of the Group's main executive managers;
- reviewed the Shares4U employee share ownership plan;
- reviewing the aggregate amount of directors' compensation and the rules for allocating this compensation among the directors;
- reviewed the compensation section of the draft Corporate Governance Report;
- reviewed the compensation policy for the Chief Executive Officer in the context of his reappointment as both a director and Chief Executive Officer, as well as the compensation policy for directors for 2025.

Audit & Risks Committee (ARC)

Composition of the Committee

[*ESRS 2 § 21*]

At December 31, 2024, the composition of the Audit & Risks Committee was as follows:

- Véronique Weill (Chair and independent director);
- Julie Avrane (in charge of CSR issues), permanent representative of Fonds Stratégique de Participations (independent director);
- Bruno Bézard (independent director);
- Éric Chauvirey (director representing employee shareholders);
- Mari-Noëlle Jégo-Laveissière (independent director);
- Alexandre Ossola, permanent representative of Bpifrance Participations (independent director);
- Beatriz Puente (independent director).

The changes in the Committee's composition during 2024 are set out in the table in section 3.2.1 of this chapter, paragraph "Composition of the Board of Directors at December 31, 2024 and changes during the 2024 financial year", page 105.

As 100%[1] of the Committee's members are independent directors, the Company therefore complies with the provisions of the AFEP-MEDEF Code recommending that at least two-thirds of directors on the Audit & Risks Committee be independent.

Through their training or business experience, all current members of the Committee have financial and accounting skills. Therefore, the Company goes beyond the requirements of Article L. 823-19 of the French Commercial Code according to which at least one member of the Audit & Risks Committee must have specialized financial, accounting or auditing skills and be independent. Some members also have expertise in non-financial matters. For details of the experience of the Audit & Risks Committee members, see section 3.2.1 of this chapter, "Presentation of directors for the 2024 financial year", pages 116 to 132.

Committee roles and responsibilities

[*ESRS 2 § 22*] - [*ESRS 2 § 26*] - [*ESRS G1 § 5*]

In accordance with Article L. 823-19 of the French Commercial Code and its internal procedures, as amended on February 29, 2024 in order to incorporate its new duties in connection with the application of the CSRD (with regard to sustainability-related impacts, risks and opportunities), the duties of the Audit & Risks Committee are as follows:

a) as regards the financial statements:

- ensuring that the accounting policies adopted to prepare the consolidated and parent company financial statements are relevant, consistent and properly applied, and that material transactions are accounted for appropriately at Group entity level;
- monitoring the statutory audit work on the annual and consolidated financial statements, and at the end of the reporting period, reviewing and giving an opinion on the draft interim and annual parent company and consolidated financial statements prepared by the Finance Department before they are presented to the Board of Directors. For this purpose, all draft financial statements and any other useful documentation and information should be provided to the Audit & Risks Committee before the Board of Directors reviews the financial statements. In examining the financial statements, the Audit & Risks Committee should also be provided with (i) a memorandum from the Statutory Auditors reporting on the performance of their assignment and the findings of their work, thereby informing the Committee of the principal risks and uncertainties identified by the Statutory Auditors in the financial statements, their audit approach and possible difficulties encountered in carrying out the assignment and (ii) a presentation from the Chief Financial Officer describing the Company's risk exposure and material off-balance sheet commitments and the applied accounting options. The Audit & Risks Committee meets with the Statutory Auditors, the Finance Department (without General Management being present, where appropriate), and with General Management, to discuss depreciation, amortization, provisions, goodwill, consolidation principles and accounting policies, among other subjects;

(1) *The director representing employee shareholders does not count, in accordance with the recommendation in Article 16.1 of the AFEP-MEDEF Code.*

- reviewing the draft interim financial statements, interim reports, activity report and earnings releases prior to publication, as well as any financial statements drawn up in connection with specific transactions (contributions, mergers, market operations, interim dividend payments, etc.);
- analyzing the scope of consolidation, and the reasons why certain companies may not have been consolidated;
- assessing the risks to which the Company is exposed as well as any material off-balance sheet commitments, and assessing the extent of the failures and weaknesses reported to it and informing the Board of Directors, where appropriate;
- reviewing the financial and accounting treatment of acquisitions or disposals in excess of 50 million euros per transaction, in conjunction with the opinions of the Strategy Committee where appropriate, and reviewing any key transactions which could have given rise to a conflict of interest.

b) as regards internal audit, internal control and risk management:

- monitoring the Group's risk management and internal control systems and, where appropriate, internal audit related to the procedures for preparing and processing financial, accounting and non-financial information within the Group. The Committee ensures that there are risk management and internal control systems in place to identify, analyze, manage, and continuously improve the prevention and management of all types of risks that the Group may face in the course of its business, particularly those likely to have an impact on accounting, financial and non-financial information;
- receiving information on a regular basis from General Management on the organization and operation of risk management and internal control systems;
- regularly reviewing the risk mapping of the main risks identified (including financial, legal, operational, social and environmental risks) by General Management, the results and efficiency of the operation of the risk management and internal control systems and the relevance of the risk monitoring procedure and ensuring that appropriate action plans have been implemented to mitigate the problems and weaknesses identified;
- ensuring that systems are in place for preventing and detecting bribery and influence peddling;
- reviewing the Group's compliance policy, particularly as regards anti-corruption, economic sanctions, and compliance with competition law, compliant with the General Data Protection Regulation (GDPR) and compliant with the Sapin II law;
- keeping informed about the main problem areas and weaknesses observed and the action plans approved by General Management;
- receiving Internal Audit reports or regular summaries of these reports;
- monitoring any issues linked to control and the process for preparing accounting, financial and non-financial information;
- checking that internal procedures for compiling and verifying financial and non-financial information are defined to ensure the information is reliable and reported in a timely manner;
- reviewing the Statutory Auditors' work plan and, where applicable, the work plan of the Sustainability Auditors[1];
- regularly meeting with managers of the Group's Internal Audit unit, giving its opinion on how their department is organized, and keeping informed of their work program;
- keeping regularly informed of the Group's external auditors' working plans and methods and on General Management's responses;
- reviewing and making observations about the draft Management Report detailing the internal control and risk management procedures implemented by the Company as well as the sustainability report;
- reviewing any issue related to internal control, risk management, and internal audit submitted to the Committee by the Board of Directors;
- asking General Management for any information;
- organizing an annual Audit & Risks Committee meeting dedicated to internal audit, internal control and risk management matters.

c) as regards the Statutory Auditors in charge of certifying the financial statements and the Sustainability Auditors:

- assessing compliance with rules, principles and recommendations guaranteeing the independence of the Statutory Auditors and the Sustainability Auditors and monitoring their independence, particularly by examining, in conjunction with the Statutory Auditors and the Sustainability Auditors, the risks to independence and the measures taken to mitigate such risks;
- overseeing the selection or reappointment of the Statutory Auditors and the Sustainability Auditors based on the best, and not the lowest, tender and respecting the legal rotation obligations; giving an opinion on the proposed statutory audit fees; giving an informed opinion on the choice of Statutory Auditors and Sustainability Auditors and informing the Board of Directors of its recommendation in accordance with the law;
- obtaining details of fees paid by the Company and the Group to the statutory audit firm and its network and to the sustainability audit firm and its network;
- obtaining details of any non-audit services provided by the Statutory Auditors and the Sustainability Auditor, and ensuring that the amount or percentage that such fees represent in relation to the total revenue of the audit firm or network of the Statutory Auditors and of the Sustainability Auditor does not risk compromising their independence when performing their work on certifying the financial statements and certifying sustainability information;
- pre-approving non-audit services.

d) as regards financial policies:

- being kept informed by General Management of the Group's financial position and of the methods and techniques used to define financial policy:
- keeping abreast of the main thrusts of the Group's financial strategy;
- reviewing external communications on accounting and financial matters or events liable to affect the Group's financial position or outlook, prior to their publication;
- giving an opinion on the resolutions submitted to Shareholders' Meetings relating to the parent company and consolidated financial statements;

[1] *The term "Sustainability Auditor" means any Statutory Auditor or independent third-party organization responsible for certifying sustainability information.*

- at General Management's request, giving an opinion on any resource allocation decisions which, in light of the beneficiaries or because of potential conflicts of interest, could give rise to difficulties in interpretation as to their compliance with legislative rules and the Company's articles of association;
- reviewing any financial or accounting matter referred to it by the Chairman, the Board of Directors, General Management or the Statutory Auditors, as well as any potential conflicts of interest brought to its attention.

e) as regards other reviews and duties performed and falling within its remit:

- being kept informed by General Management and regularly hearing from the Tax Department on the Group's tax strategy and its implications;
- being kept informed by General Management and regularly hearing from the IT Services Department on the Group's information security and cybersecurity governance and policy;
- being kept informed by General Management about the Group's corporate social responsibility policy;
- receiving, at least once a year, a presentation given by the member of the Governance, Appointments & Corporate Social Responsibility Committee (GACSRC) in charge of CSR issues about the GACSRC's work relating to CSR, in particular with regards to monitoring the Group's key CSR performance metrics;
- presenting, at least once a year to the GACSRC, the work carried out by the Audit & Risks Committee on non-financial issues, particularly regarding the internal control and processing of sustainability information. This presentation is given by the Chair of the Audit & Risks Committee;
- periodically reviewing the Group's Ethics and Compliance policy and the rules and procedures for its implementation;
- being kept informed by General Management and regularly hearing from the Insurance Department on the Group's insurance program;
- receiving information on a regular basis from General Management on the organization of the finance teams and the succession plan for these teams.

Any risk-related matter may be handled by the Audit & Risks Committee as part of its annual work program.

Furthermore, the internal procedures provide that the provision of a service other than certification of financial statements is subject to the approval of the Audit & Risks Committee and the verification by the Statutory Auditors of its independence, in accordance with the provisions of the French Commercial Code.

The approval of the Audit & Risks Committee is required for the provision of non-audit services by the Statutory Auditors or members of their network, in France or abroad, to the Company and entities controlling or controlled by the Company within the meaning of Article L. 233-3-I and II of the French Commercial Code. For this purpose, the Audit & Risks Committee reviews the nature and scope of the services subject to its approval in accordance with the rules and regulations governing the independence of Statutory Auditors. In the absence of such procedures required by the law or regulations, the Audit & Risks Committee has implemented a procedure allowing it to fulfill its obligations, by drawing up a list of the non-audit services that can be provided by the Statutory Auditors or their network, with the related approval procedures. Each year, the Audit & Risks Committee will review and pre-approve the list of the services that can be provided by the Statutory Auditors and will review the list of prohibited services. These lists may be reviewed and amended by the Audit & Risks Committee at any time, where appropriate. The validity period of any pre-approval is 12 months, unless otherwise decided by the Audit & Risks Committee.

In order to implement this procedure, it is important to distinguish between:

- audit services that do not require the prior approval of the Audit & Risks Committee other than that required for the audit fee budget;
- non-audit services whose performance is required by law or regulations, which are authorized under a general procedure (general approval according to which once a year the Audit & Risks Committee approves all the services to be performed during the year as required by law or regulations). These services are pre-approved by the Audit & Risks Committee annually;
- non-audit services that are not prohibited, subject to prior approval based on the nature of the assignment. This prior approval based on the nature of the assignment is appropriate for services usually provided by the Statutory Auditors, for which an independence analysis has already been performed and which do not represent a risk to the independence of the Statutory Auditors and the Sustainability Auditors;
- non-audit services that are not prohibited, requiring approval on a case-by-case basis. The Audit & Risks Committee renders a decision after analyzing the risks in terms of independence and the measures taken by the Statutory Auditors to mitigate these risks. It documents its findings;
- assignments not permitted to be carried out by the Statutory Auditors or their network.

The services mentioned above are set out in the internal procedures of the Audit & Risks Committee which are available in the "Corporate Governance" section on the Company's website (www.valeo.com) under "Financial and legal documents".

The Committee liaises mainly with General Management, the Finance Department, the Legal Department, the Ethics, Compliance and Data Protection Office and the Sustainable Development Department, as well as with the Company's Statutory Auditors and Sustainability Auditors. The Committee may meet with members of the Finance Department, the Legal Department and the Ethics, Compliance and Data Protection Office and the Sustainable Development and External Affairs Department, as well as the Company's Statutory Auditors and Sustainability Auditors without the members of General Management or the executive corporate officers being present, if the Committee sees fit and notifies the Chairman of the Board and the Chief Executive Officer beforehand. The Committee may interview third parties if this is deemed useful for the performance of its duties.

As a reminder, given the importance of CSR (including climate change) in the Group's strategy, and to strengthen the collaboration between the Audit & Risks Committee and the Governance, Appointments & Corporate Social Responsibility Committee, the Board decided that presentations by (i) the member in charge of CSR issues within the Governance, Appointments & Corporate Social Responsibility Committee (since 2023) and (ii) the Chair of the Audit & Risks Committee to the Governance, Appointments & Corporate Social Responsibility Committee (since 2024) would take place, as provided for in the Internal Procedures and described in the Committee's duties above.

The Committee may not address issues that fall outside the scope of its duties unless requested to do so.

Committee activity during the year

[*ESRS 2 § 22*] - [*ESRS 2 § 26*] - [*ESRS G1 § 5*]

The Committee met six times in 2024 with an average attendance rate of 100% (see section 3.2.1 of this chapter "Attendance rate at Board of Directors' meetings", pages 106 to 107, which sets out the average attendance rate of each member at its meetings).

During these meetings, the Audit & Risks Committee in particular:

- reviewed the approximate 2023 results, the 2024 preliminary budget and the 2024 final budget;
- examined the draft (i) parent company and consolidated financial statements for 2023 and (ii) interim consolidated financial statements for 2024;
- reviewed the recommendation for the allocation of earnings and the amount of the dividend for the 2023 financial year;
- reviewed the sales and results, and the forecasts and projections prepared for the 2024 financial year;
- reviewed the management report for 2023 and the half-year financial report at June 30, 2024;
- reviewed the 2024 financial management framework;
- was informed of the financial targets (guidance) for 2024 and 2025;
- reviewed the draft press releases containing financial information;
- reviewed the reports and analyzed the findings presented by the Statutory Auditors, including regarding internal control;
- reviewed the presentation of the Statutory Auditors' 2024 audit approach and the results of the internal control self-assessment campaign;
- reviewed the 2024 Group risk map, the Group's risk management systems, and the 2025 audit plan;
- reviewed the proposed amendments to the Committee's Internal Procedures to (i) strengthen collaboration between the Committee and the Governance, Appointments & Corporate Social Responsibility Committee with regard to CSR, and (ii) entrust the Committee with the tasks provided for by the CSRD, as transposed into French law;
- examined the key points of the sustainability report (CSRD);
- reviewed the processes for selecting the Sustainability Auditor and monitored their work;
- reviewed the double materiality assessment and the Sustainability Auditor's work on sustainability reporting;
- reviewed the Group's compliance policy;
- examined the impact and potential consequences on the business of the level of demand for electric vehicles and the acceleration of Chinese automakers in the electrification market in 2024;
- reviewed the negotiations with customers on the consequences of inflation and declining volumes of electric vehicles;
- analyzed information presented by the Chief Financial Officer and the Group's Financing Director on the Group's financial policy (particularly financing, the cash position and debt as well as relations with rating agencies);
- analyzed information presented by the Group Information Systems Director on governance and development of information systems, as well as the strategy for cybersecurity and artificial intelligence;
- analyzed information presented by the Insurance Director on the Group's 2024 insurance program;
- analyzed information presented by the Tax Director on the Group's tax policy;
- analyzed information presented by the Group Accounting Director on the list of non-audit services performed by the Statutory Auditors;
- analyzed information presented by the Vice President, External Affairs and Sustainable Development on the Group's sustainable development policy and related roadmaps, the systems in place for risk prevention and management, and the new sustainability reporting requirements introduced under the CSRD.

At the Committee meeting on April 23, 2024, the member in charge of CSR issues reminded its members that the underlying purpose of her attending the Committee meeting was to reinforce the Committee members' knowledge on CSR issues, and to increase the collaborative work conducted between the two Committees, particularly in the context of the application of the CSRD. She also gave a presentation to the Committee members about the CSR work carried out by the Governance, Appointments & Corporate Social Responsibility Committee.

The Committee's work complied with the objectives defined for it during the year. The financial statements were made available to the Committee sufficiently in advance and it had adequate time to review them. The Committee's work was facilitated by the presence of the Statutory Auditors, the Chief Financial Officer, the Internal Audit Director, the Group General Counsel and General Secretary and the Accounting Director at all of the Audit & Risks Committee's meetings. The Committee was also assisted by the work of the Internal Audit Department. The Statutory Auditors' presentations mainly covered the findings of their audit of the annual parent company and consolidated financial statements as well as their limited review of the interim financial statements. They did not highlight any difficulties in carrying out their duties.

In 2024, the Committee did not have any reservations about the annual parent company and consolidated financial statements or the interim financial statements presented to it.

Strategy Committee

Composition of the Committee

At December 31, 2024, the composition of the Strategy Committee was as follows:

- Patrick Sayer (Chair and independent director);
- Alexandre Dayon (independent director);
- Stéphanie Frachet (independent director);
- Alexandre Ossola, permanent representative of Bpifrance Participations (independent director);
- Grzegorz Szelag (director representing employees);
- Sascha Zahnd (independent director).

The changes in the Committee's composition during 2024 are set out in the table in section 3.2.1 of this chapter, paragraph "Composition of the Board of Directors at December 31, 2024 and changes during the 2024 financial year", page 105.

100%[1] of the Committee's members are independent directors, and the Committee includes a director representing employees.

[1] *The director representing employees does not count, in accordance with the recommendation in Article 16.1 of the AFEP-MEDEF Code.*

Committee roles and responsibilities

In accordance with its internal procedures, the Strategy Committee is responsible for submitting to the Board of Directors its opinions and recommendations on:

- the review of the Group's key strategies, market trend information, analyses of research activities, competition benchmarking and the resulting medium- and long-term outlook for the business;
- the analysis of the Group's development projects, particularly external growth transactions involving any acquisitions or sales of subsidiaries, equity interests or other assets, investments and borrowings, representing more than 50 million euros per transaction;
- the review of development or expansion projects in a country where the Group does not operate and which represents a particular risk.

In agreement with the Chairman of the Board, the Committee may invite other directors to participate in its discussions.

The Committee conducts preliminary reviews and studies to facilitate the work of the Board of Directors, one of whose principal duties is to determine the strategy for Valeo's businesses and ensure that they are implemented effectively. In addition, each year the directors hold a seminar over several days to discuss, debate and exchange views on the Group's activities and strategic goals, as well as its competitive environment and industry trends, to give directors a practical understanding of the Group's specificities, as well as its climate strategy

Committee activity during the year

The Committee met five times in 2024 with an average attendance rate of 96.30% (see section 3.2.1 of this chapter, "Attendance rate at Board of Directors' meetings", pages 106 to 107, which sets out the average attendance rate of each member at its meetings).

During these meetings, the Strategy Committee in particular:

- reviewed certain Group businesses;
- reviewed the changes in the automotive industry, including the markets that are growing, the competitive environment (particularly in China) and the Group's strategies (such as the use of artificial intelligence);
- reviewed the implementation of the asset disposal plan announced as part of the "Move Up" strategic plan;
- proposed the strategic issues to be discussed at the strategy seminar in November 2024.

Assessment of the Board of Directors' operating procedures

A formal process is carried out every year to assess the Board of Directors. The assessment is designed to take stock of the Board of Directors' operating procedures, verify that the Board of Directors' discussions are properly organized and conducted, and assess the actual contribution of each director to the Board of Directors' work.

The assessment of the Board of Directors is carried out either based on a detailed questionnaire sent to each director (the responses are summarized internally), or based on a study carried out with the help of a specialized consulting firm.

The main points of attention identified during the assessment of the Board's operating procedures in 2023 were addressed in 2024, including:

- continuing to enhance the diversity and mix of profiles (background, nationality and skills, particularly in light of the trends currently shaping the automotive industry) with the appointment of Beatriz Puente and Sascha Zahnd at the Shareholders' Meeting on May 23, 2024;
- the Board of Directors conducting deeper analysis of specific issues, especially talent development within the Group and the succession plan for key managers;
- continuing to enhance the analysis of CSR issues (particularly in the context of the CSRD), including, in particular, close collaboration between the Governance, Appointments & Corporate Social Responsibility Committee and the Audit & Risks Committee on CSR issues, the implementation of the monitoring of key CSR performance metrics and the presentation of the double materiality assessment;
- increasing the training offer for directors, particularly external training.

As the assessment of the Board of Directors was conducted by an external consulting firm in 2023, the Board decided to carry it out internally in 2024.

The assessment was carried out at the end of 2024 and the beginning of 2025 by the Chairman of the Board of Directors, using a questionnaire given to all directors to obtain their insight into the operating procedures of the Board and their suggestions for improvement. The topics covered included the operation, structure, governance, composition and duties, Board and Committee meeting procedures, directors' access to information, the choice of matters addressed, the quality of debate, and participation as well as the assessment of directors' individual contribution.

The outcome of the assessment was reviewed by the Governance, Appointments & Corporate Social Responsibility Committee at its meeting held on March 24, 2025, and presented and discussed at the Board of Directors' meeting held on March 26, 2025.

The assessment showed that all of the directors have an overall positive view of the Board's operating procedures.

The main areas of satisfaction are:

- Quality of Valeo's governance: balanced relationship between the Chairman of the Board and the Chief Executive Officer, and accessibility and listening skills of the Chairman and Chief Executive Officer; high quality and depth of the Board's discussions; a good level of mutual listening and speaking within the Board, resulting in a collegial working style and convergence of points of view on various matters; balanced composition of the Board of Directors (independence, representation of women, skill sets with the recent addition of new directors bringing complementary experience), frequent contributions and high-quality presentations by the Group's various stakeholders;
- Quality of meeting organization (documentation timeliness and quality, number and duration of meetings and agenda clarity);
- Quality of work performed by all the Committees, with good coordination between the Committees and the Board, and effective and accurate reporting by the Committee members on their work;
- Points raised in the last assessment taken into account, particularly through greater diversity in profiles (background, nationality and skills), more in-depth work on certain topics by the Board and further analysis of CSR issues.

Based on the results of the assessment, a list of certain particular items that should be addressed by the Board of Directors was drawn up. The list primarily relates to the following areas:

- Further enhancement of the diversity of profiles of Board members;
- Deeper analysis by the Board of Directors of specific strategic and financial issues;
- Continued coordination efforts between the Audit & Risks Committee and the Governance, Appointments & Corporate Social Responsibility Committee on sustainability matters, particularly in light of evolving non-financial reporting regulations;
- Continued efforts in the area of onboarding new directors and providing training for directors.

3.2.3 Declarations concerning the Group's corporate officers

Conflicts of interest

In order to avoid any potential conflicts of interest, the Internal Procedures impose strict obligations on the members of the Board of Directors, unless overridden for any reason by the Board of Directors. According to the Internal Procedures:

- "*directors must inform […] the Board of any conflict of interest (whether actual or only potential) and must abstain from attending any deliberations and voting in connection with any matter as to reach such conflict of interest (whether actual or only potential) that might arise*" (Article 1.1(d));
- "*a director cannot accept any responsibilities that may present a conflict of interest (whether actual or only potential) with those he/she has accepted within the Company*" (Article 1.1(n));
- "*without prejudice to the authorization and control formalities provided for by law and the articles of association, the Company's directors are required to communicate to the Chairman, as soon as possible, any agreement entered into by the Company in which they have a direct or indirect interest. In particular, the directors must inform the Chairman of any agreement entered into by them or by a company they manage or in which they hold, directly or indirectly, a significant interest, and the Company or one of its subsidiaries, or which was entered into through an intermediary*" (Article 1.4).

Furthermore, in response to a request made each year by the Company, directors are required to provide a list of all directorships and other positions held in any company in the past five years, and to respond to a questionnaire regarding the existence of any conflicts of interest.

To the best of the Company's knowledge, at December 31, 2024, there are no conflicts of interest, as far as the Company is aware, between the duties of its corporate officers towards Valeo and their private interests and/or other duties.

There are business relationships between (i) the Group and the Cathay Capital group, in which Bruno Bézard is a Managing Partner of Cathay Capital Private Equity, as well as (ii) the Group and the Diot-Siaci group, in which Bruno Bézard sits on the Supervisory Board. These business relationships are not significant and do not affect Bruno Bézard's independence (see section 3.2.1 of this chapter, "Director independence review", pages 108 to 110). In the interests of good governance, should the Board of Directors be required to make a decision about (i) the existing investments made by the Group and managed by the Cathay Capital group, (ii) any direct investment in companies in which the funds managed by the Cathay Capital group have invested or (iii) the business relationships between the Group and the Diot-Siaci group, Bruno Bézard will abstain from the discussions and voting on any such decisions.

Lastly, business relationships between the Group and the groups or entities in which certain directors hold positions or directorships were also identified; they are not significant for the Group or for the other groups/companies identified (see section 3.2.1 of this chapter, "Director independence review", pages 108 to 110).

The Internal Procedures, including the rules on preventing conflicts of interest, are available in the "Corporate Governance" section on the Company's website (www.valeo.com), under "Financial and legal documents".

Service contracts between the members of the Board of Directors and the Company or any of its subsidiaries

No service contracts have been entered into between the members of the Board of Directors and the Company or any of its subsidiaries providing for the granting of benefits.

Other declarations concerning members of the Board of Directors

In accordance with the provisions of the Internal Procedures, directors must inform the Chairman of the Board and the Chair of the Governance, Appointments & Corporate Social Responsibility Committee if they are solicited to hold a corporate office outside the Company, so as to enable said persons to consider the required course of action, where applicable in conjunction with the Board of Directors. In addition, the Internal Procedures stipulate that each executive corporate officer must seek the opinion of the Board of Directors before accepting a new corporate office in a listed company.

To the best of the Company's knowledge and at the date of this Universal Registration Document, there are no family ties between the members of the Board of Directors.

To the best of the Company's knowledge and at the date of this Universal Registration Document, in the past five years no member of the Board of Directors has (i) been convicted of a fraudulent offense, (ii) been involved in any bankruptcies, receiverships or liquidations, (iii) been issued any official public incriminations and/or sanctions by statutory or regulatory authorities (including designated professional bodies), or (iv) been disqualified by a court of law from acting as a member of the administrative, management or supervisory bodies of an issuer, or from acting in the management or conduct of the affairs of any issuer.

To the best of the Company's knowledge and at the date of this Universal Registration Document, none of the members of the Board of Directors have agreed to any restrictions in respect of the disposal of their interests in the Company's share capital within a certain period of time, other than the restrictions imposed by the applicable laws and regulations, the Company's articles of association or pursuant to the Code of Conduct described in section 3.2.2 of this chapter, "Directors' rights and duties", pages 133 to 134.

However, as indicated in section 3.3.1 of this chapter, "Compensation policies for corporate officers", pages 152 to 167, the Chief Executive Officer is subject to holding obligations and, in accordance with the Company's articles of association and the Internal Procedures, directors (except for (i) the directors representing employees and (ii) the director representing employee shareholders[1]), must hold at least 1,500 Company shares during their term of office.

To the best of the Company's knowledge and at the date of this Universal Registration Document, no arrangement or agreement has been entered into with any of its main shareholders, or with any of its customers or suppliers, under which any of them has been appointed as director of Valeo or a member of its General Management.

3.2.4 Corporate Governance Code

The Company referred to the AFEP-MEDEF Code (revised version of December 2022, which is available on the MEDEF website at www.medef.com).

The Company considers that its practices comply with the recommendations in the AFEP-MEDEF Code.

The recommendations set out in the AFEP-MEDEF Code and the provisions of Article L. 22-10-10 of the French Commercial Code require specific disclosures regarding the application of its recommendations and explanations, where appropriate, of the reasons for which a company has not implemented certain recommendations.

The item identified for the 2022 financial year related to the requirement for directors' compensation to consist primarily of a variable portion (Article 21.1 of the AFEP-MEDEF Code). The reason for this non-compliance was that one director took up office in 2022 and the variable portion of that director's compensation – which reflects the number of Board and Board Committee meetings attended – represented 46% of the director's total compensation allocated for 2022.

In 2023, the Company was again in compliance with this recommendation of the AFEP-MEDEF Code as all of the directors were in office for the whole of the year and in view of their attendance rates at meetings of the Board of Directors and its specialized Committees.

In 2024, the Company was once again in compliance with this recommendation of the AFEP-MEDEF Code, as the compensation of directors appointed in 2024 by the Shareholders' Meeting of May 23, 2024 included a predominant variable component, due to their attendance rate at the Board of Directors' and specialized Committees' meetings.

Furthermore, the Company declares that it complies with the recommendations of the AFEP-MEDEF Code as of the date of this Universal Registration Document.

3.2.5 Authorizations granted regarding sureties, endorsements and guarantees

By decision dated January 25, 2024, the Board of Directors authorized the Chief Executive Officer, with the power to subdelegate except for point ii below, for a period of one year:

i. to grant sureties, endorsements and guarantees on behalf of the Company up to a maximum amount of 40 million euros, and to maintain the sureties, endorsements and guarantees previously granted;

ii. to grant sureties, endorsements and guarantees on behalf of the Company to guarantee commitments made by controlled companies within the meaning of II of Article L. 233-16 of the French Commercial Code, with no maximum amount;

iii. to grant sureties, endorsements and guarantees on behalf of the Company to tax and customs authorities, with no maximum amount.

A report on the use of this delegation by the Chief Executive Officer was given at the Board meeting held on January 23, 2025.

3.2.6 General Management of the Company and limitations on the powers of the Chief Executive Officer

General Management of the Company

[*ESRS 2 § 21*] - [*ESRS 2 § 22*]

The Chairman of the Board of Directors organizes and presides over the work carried out by the Board of Directors and presents a report on its activities to the Shareholders' Meeting. He ensures that the Company's governance functions effectively and that the directors are able to perform their duties. Furthermore, the Chief Executive Officer has the widest possible powers to act in any circumstances in the Company's name. He exercises these powers within the limits of the Company's corporate purpose and subject to the provisions of the law, the Company's articles of association and the Internal Procedures. He represents the Company in its relations with third parties.

On February 21, 2019, the Board of Directors decided, based on the recommendation of the Governance, Appointments & Corporate Social Responsibility Committee and in line with best market practices, to separate the roles of Chief Executive Officer and Chairman of the Board of Directors as part of the succession plan for Jacques Aschenbroich, Valeo's former Chairman and Chief Executive Officer.

Under this plan, Christophe Périllat was appointed Chief Executive Officer on January 26, 2022, and Gilles Michel succeeded Jacques Aschenbroich as independent Chairman of the Board of Directors on January 1, 2023.

[1] *In accordance with Article L. 225-102 of the French Commercial Code, the employee representing employee shareholders is required to own, either individually or through a corporate mutual fund (FCPE) invested in Valeo shares, at least one Company share, or a number of FCPE units equivalent to at least one Company share.*

The Board of Directors noted that, since Christophe Périllat was first appointed as Chief Executive Officer on January 26, 2022, the Group's financial performance has improved steadily and strongly in a particularly complex environment[(1)]. The high level of profitable order intake demonstrates the quality of the Group’s positioning and operating performance, and the quality of implementation of the strategy as proposed by the Chief Executive Officer and approved by the Board of Directors. The Board of Directors wished to confirm the Group's strategy and to reiterate its determination to have it implemented. To this end, the Board of Directors, on the recommendation of the Governance, Appointments and Corporate Social Responsibility Committee, proposed to renew Christophe Périllat's term of office as Chief Executive Officer for the duration of his new term of office as a director (subject to reappointment), thereby demonstrating its great confidence in Christophe Périllat's ability to lead this strategy.

Limitations on the powers of the Chief Executive Officer

The Internal Procedures include restrictions on the powers of the Chief Executive Officer. In accordance with the Internal Procedures, the Chief Executive Officer is required to obtain the prior approval of the Board of Directors for any acquisitions or sales of subsidiaries, equity interests or other assets, investments and borrowings, representing more than 50 million euros per transaction.

3.2.7 Agreements governed by Articles L. 225-38 *et seq.* of the French Commercial Code already approved by the Shareholders’ Meeting which continued to be implemented during the year

None.

3.2.8 Agreements governed by Article L. 225-37-4, paragraph 2 of the French Commercial Code

None.

3.2.9 Procedure implemented pursuant to Article L. 22-10-12 of the French Commercial Code

An internal Valeo charter on related party agreements (the "**Charter**") has been drawn up in accordance with AMF recommendation DOC-2012-05 as amended on April 29, 2021 and Article L.22-10-12 of the French Commercial Code. The Charter sets out the procedure for authorizing related party agreements and for reviewing agreements entered into in the ordinary course of business on an arm’s length basis. It was adopted by the Board of Directors at its meeting held on January 23, 2020 and is available on Valeo’s website. It may be amended at any time by decision of the Board of Directors, in particular to take into account any legislative or regulatory changes.

In accordance with the law, agreements entered into between the persons referred to in Article L. 225-38 of the French Commercial Code (i.e., agreements entered into, whether directly or through an intermediary, between the Company and its Chief Executive Officer, a director or a shareholder holding more than 10% of the voting rights or, in the case of a shareholder corporation, the company that controls it within the meaning of Article L. 233-3 of the same Code), which involve transactions carried out in the ordinary course of business on an arm’s length basis, are not subject to prior authorization from the Board of Directors ("**Arm’s Length Agreements**").

Under the procedure set out by the Charter, Valeo’s Legal Department periodically, and at least once a year, sends the Governance, Appointments & Corporate Social Responsibility Committee for review a list and description of all Arm’s Length Agreements entered into since the Governance, Appointments & Corporate Social Responsibility Committee’s last review. Members of the Governance, Appointments & Corporate Social Responsibility Committee who are directly or indirectly involved in the agreement do not take part in the review.

The Governance, Appointments & Corporate Social Responsibility Committee makes sure that the agreements meet the conditions to qualify as an Arm’s Length Agreement, i.e., they involve transactions carried out in the ordinary course of business on an arm’s length basis.

The conclusions of the Governance, Appointments & Corporate Social Responsibility Committee’s review are written up in a report.

The list and description of all agreements reviewed by the Governance, Appointments & Corporate Social Responsibility Committee and the conclusions of its review are then presented to the Board of Directors.

The Board of Director’s role is to validate the Governance, Appointments & Corporate Social Responsibility Committee’s review. It may either confirm that these agreements qualify as Arm’s Length Agreements or consider that they should be subject to the procedure for related party agreements and, therefore, subject to the Board’s ratification.

If the Governance, Appointments & Corporate Social Responsibility Committee considers that an agreement initially qualified as an Arm’s Length Agreement falls within the scope of a related party agreement, it is subject to ratification by the Board of Directors. The person directly or indirectly involved in the related party agreement does not take part in the discussions or the vote.

(1) *EBITDA increased from 11.3% of sales at the end of 2021 to 13.3% of sales at the end of 2024, operating margin increased from 1.7% of sales at the end of 2021 to 4.3% of sales at the end of 2024, and cash generation went from (102) million euros at the end of 2021 to 481 million euros (after one-off restructuring costs) at the end of 2024. 2021 data has been restated for comparison with the 2024 figures: the 2021 data has been restated by consolidating 100% of the financial data of the former Valeo Siemens eAutomotive with the Group’s financial data as if Valeo Siemens eAutomotive had been 100%-owned in 2021, and removing from the Group’s reported consolidated data for 2021 the earnings of Valeo Siemens eAutomotive, which were recorded under net earnings of equity-accounted companies. This performance also drove a 14.3% increase in the dividend per share between 2022 (dividend paid for 2021) and 2024 (dividend paid for 2023).*

3.2.10 Arrangements for attendance at Shareholders' Meetings

Shareholders' Meetings are convened and conduct business in accordance with the law and the Company's articles of association.

Articles 21 to 26 of Valeo's articles of association cover the provisions relating to Shareholders' Meetings and the exercise of voting rights. The articles of association are available online on Valeo's website, under "Financial & Legal documents": (https://www.valeo.com/en/financial-and-legal-documents).

Article 23 of the Company's articles of association provides that double voting rights are attached to all fully paid-up shares that have been registered in the name of the same holder for at least four years.

3.2.11 Information likely to have an impact in the event of a public tender offer

Share ownership and direct or indirect shareholdings in the Company brought to the Company's attention

The ownership of the Company's share capital is described in Chapter 6, section 6.4.1 "Ownership structure", page 469.

Direct or indirect shareholdings in the Company brought to the Company's attention are described in Chapter 6, section 6.4.2 "Direct or indirect shareholdings in the Company brought to the Company's attention", pages 469 to 470.

Restrictions on the exercise of voting rights

The Company's articles of association provide for a disclosure obligation imposed on any shareholder who acquires or sells a fraction equal to 2% of the share capital or voting rights of the Company or a multiple of this fraction, from the date when one of the thresholds is crossed. If a shareholder fails to comply with the disclosure obligation and one or more shareholders holding 2% of the voting rights submits a request, the voting rights exceeding the relevant threshold that should have been disclosed cannot be exercised at Shareholders' Meetings held within the two-year period from the date when the omission is remedied. The stated thresholds are calculated in accordance with Articles L. 233-7 and L. 233-9 of the French Commercial Code and with the AMF's General Regulations.

Powers of the Board of Directors

In accordance with the resolution passed by the shareholders at the Shareholders' Meeting held on May 23, 2024, the Board of Directors may not use the Company's share buyback program while a public tender offer for the Company's shares is in progress.

Furthermore, in accordance with the resolution passed at the Shareholders' Meeting held on May 24, 2023, the Board of Directors may not decide to issue shares or other securities with or without pre-emptive subscription rights while a public tender offer for the Company's shares is in progress. It is proposed to the Shareholders' Meeting to be held on May 22, 2025, to renew these resolutions, which cannot be applied during such periods.

In accordance with the resolution passed at the Shareholders' Meeting held on May 23, 2024, free shares may be allotted during such periods.

Agreements entered into by the Company that would change or terminate if there were a change in control of the Company, with the exception of legal obligations to disclose and those agreements whose disclosure would seriously harm its interests

As specified in Chapter 5, section 5.4.6, Note 9.1.2 "Gross debt" to the consolidated financial statements, pages 401 to 406, all of the bonds issued under the Euro Medium Term Note (EMTN) program include an option allowing bondholders to request early repayment or redemption of their bonds in the event of a change of control of Valeo that leads to (i) the bond's rating being withdrawn, or (ii) the bond's rating being downgraded to below investment grade, assuming it was previously rated in that category, or (iii) if the previous rating was below investment grade, a downgrade of one rating category (e.g., from Ba1 to Ba2).

The bilateral loans arranged with commercial banks include option enabling lender to request early repayment if there is a change in control of Valeo that results in the borrower's rating being downgraded to below investment grade.

The *Schuldschein* loans and the European Investment Bank loan also include a change of control clause under which investors can request early repayment.

Some of Valeo's customers have a clause in their general purchasing conditions allowing them to terminate their contract with Valeo in the event of a change in control.

3.2.12 Summary table of powers currently delegated by the Shareholders' Meeting to the Board of Directors with respect to raising new equity and the use made of such delegations during the prior year 2024

Authorizations granted Date of Shareholders' Meeting/ delegation and resolution number	Maximum nominal amount of issue	Maximum nominal amount of debt securities	Duration of authorization/ utilization of authorizations during the year
1. AUTHORIZATION TO INCREASE CAPITAL WITH PREFERENTIAL SUBSCRIPTION RIGHT			
Delegation of authority to issue shares and/or securities giving access, immediately or in the future, to the Company's or a subsidiary's share capital (A) Shareholders' Meeting held on May 24, 2023 – 18th resolution*	70 million euros (A) + (C) + (D) + (E) + (F) + (G) + (H) combined share capital ceiling (the "Combined Share Capital Ceiling") = 131 million euros	1.5 billion euros (A) + (C) + (D) + (E) + (F) + (G) + (H) combined debt ceiling (the "Combined Debt Ceiling") = 1.5 billion euros	Expiring on July 24, 2025 (26 months) Not used during the year
Delegation of authority to increase the share capital by capitalization of reserves, profits, additional paid-in capital or other amounts that may be capitalized (B) Shareholders' Meeting held on May 24, 2023 – 23rd resolution*	30 million euros	N/A	Expiring on July 24, 2025 (26 months) Not used during the year
2. AUTHORIZATION TO INCREASE CAPITAL WITH CANCELLATION OF OR WITHOUT PREFERENTIAL SUBSCRIPTION RIGHT			
Delegation of authority to issue shares and/or securities giving access, immediately or in the future, to the Company's or a subsidiary's share capital by way of public offerings, other than those referred to in Article L. 411-2 of the French Monetary and Financial Code *(Code monétaire et financier)* (delegation that can also be used as consideration for securities contributed to a public exchange offer initiated by the Company) (C) Shareholders' Meeting held on May 24, 2023 – 19th resolution*	23 million euros Ceiling for (C) + (D) + (E) + (F) + (H) Included in the Combined Share Capital Ceiling	1.5 billion euros Included in the Combined Debt Ceiling	Expiring on July 24, 2025 (26 months) Not used during the year
Delegation of authority to issue shares and/or securities giving access, immediately or in the future, to the Company's or a subsidiary's share capital by way of public offerings referred to in Article L. 411-2 1° of the French Monetary and Financial Code ("private placement") (D) Shareholders' Meeting held on May 24, 2023 – 20th resolution*	23 million euros Ceiling for (C) + (D) + (E) + (F) + (H) Included in the Combined Share Capital Ceiling	1.5 billion euros Included in the Combined Debt Ceiling	Expiring on July 24, 2025 (26 months) Not used during the year
Authorization to set the issue price of securities, within the limit of 10% of the Company's share capital per 12-month period (E) Shareholders' Meeting held on May 24, 2023 – 21st resolution*	23 million euros Ceiling for (C) + (D) + (E) + (F) + (H) Included in the Combined Share Capital Ceiling	1.5 billion euros Included in the Combined Debt Ceiling	Expiring on July 24, 2025 (26 months) Not used during the year
Delegation of power to issue shares and/or securities giving access, immediately or in the future, to the Company's share capital to be used as consideration for contributions in kind granted to the Company (F) Shareholders' Meeting held on May 24, 2023 – 24th resolution*	23 million euros Ceiling for (C) + (D) + (E) + (F) + (H) Included in the Combined Share Capital Ceiling	1.5 billion euros Included in the Combined Debt Ceiling	Expiring on July 24, 2025 (26 months) Not used during the year
Delegation of authority to issue shares and/or securities giving access, immediately or in the future, to the share capital reserved for members of a savings plan (G) Shareholders' Meeting held on May 24, 2023 – 25th resolution*	5 million euros Included in the Combined Share Capital Ceiling	1.5 billion euros Included in the Combined Debt Ceiling	Expiring on July 25, 2025 (26 months) Not used during the year
3. AUTHORIZATION TO INCREASE CAPITAL WITH PREFERENTIAL SUBSCRIPTION RIGHT OR CANCELLATION OF PREFERENTIAL SUBSCRIPTION RIGHT			
Delegation of authority to increase the number of securities to be issued with or without preferential subscription right under an overallotment option (H) Shareholders' Meeting held on May 24, 2023 – 22nd resolution*	The ceiling is set out in the applicable regulation (currently 15% of the initial issuance), not exceeding the ceiling applicable to the initial issuance, determined pursuant to resolution (A), resolution (C), resolution (D) or resolution (E) Ceiling for (C) + (D) + (E) + (F) + (H) Included in the Combined Share Capital Ceiling	The ceiling is determined pursuant to resolution (A), resolution (C), resolution (D) or resolution (E) Included in the Combined Debt Ceiling	Expiring on July 24, 2025 (26 months) Not used during the year
4. ALLOTMENT OF FREE SHARES			
Authorization to allot existing or new free shares to Group employees and corporate officers Shareholders' Meeting held on May 23, 2024 – 18th resolution	Maximum number of shares (existing or to be issued) to be allotted: 8,035,000 (with a sub-ceiling of 490,000 shares for executive corporate officers); these allotments may not exceed more than 15% of the share capital at the date of the Board of Directors' decision	N/A	Expiring on July 23, 2026 (26 months) Partially used by the Board of Directors at its meeting on May 23, 2024 (maximum number of shares allotted: 2,925,243)

* *Resolution may not be used in the event of a public tender offer.*

3.3 Compensation of corporate officers

In accordance with Article L. 22-10-8 of the French Commercial Code, the Shareholders' Meeting of May 22, 2025 will be asked to approve the components of the compensation policies for Valeo's corporate officers in respect of the 2025 financial year, i.e., (i) the Chairman of the Board of Directors (ii) the Chief Executive Officer and (iii) the directors, as determined by the Board of Directors on the recommendation of the Compensation Committee (twelfth to fourteenth resolutions).

3.3.1 Compensation policies for corporate officers

General principles applicable to the compensation policies for corporate officers

Valeo's corporate officers' compensation package is determined by the Board of Directors on the recommendation of the Compensation Committee[(1)], and in compliance with the AFEP-MEDEF Code.

Accordingly, for the preparation and determination of the compensation policy, Valeo takes into account the Company's general interest, the shareholders' interest, market practices and the performance of the executive corporate officers, as well as the other stakeholders in the Company.

Valeo assesses compensation as a whole, taking into consideration each component allocated or paid to the corporate officers.

The compensation components are complementary and meet various objectives. The structure, allocation of the various components of compensation and the related amounts are subject to comparative studies. This enables Valeo to track and align its compensation policy with market practices.

The Board of Directors considers that the compensation policy for the corporate officers is in line with the corporate interest of the Company by (i) contributing to the implementation of its strategy and long-term development and (ii) by taking into account the social and environmental impacts of its operations, thus ensuring its long-term future.

The compensation policy for the executive corporate officer includes conditions related to the Group's operational, financial and non-financial (including climate) performance, thus tying his compensation to the Group's performance and its short- and long-term value creation. When preparing, determining and, where applicable, reviewing the compensation policy, the Board of Directors particularly takes into account several indicators related to the Company's different stakeholders, thus supporting its development model. In order to encourage Valeo's long-term development, the compensation policy not only includes criteria related to Valeo's internal financial and operating performance, but also criteria related to its strategic vision, risk management, as well as social, societal and environmental responsibility.

Overview of the compensation policies for the corporate officers in respect of the 2024 financial year

The compensation policies for the corporate officers set out the principles and criteria for determining, structuring and awarding the fixed, variable and exceptional components of their total compensation and benefits packages. They were determined by the Board of Directors on the recommendation of the Compensation Committee and were then submitted to the Shareholders' Meeting for approval. This section describes the compensation policies for the Chairman of the Board of Directors, Chief Executive Officer and directors, in respect of the 2024 financial year.

Overview of the compensation policy for the Chairman of the Board of Directors in respect of the 2024 financial year

During its meeting held on February 29, 2024, the Board of Directors set, on the recommendation of the Compensation Committee, the compensation policy of the Chairman of the Board of Directors for the 2024 financial year (the "**2024 Chairman of the Board of Directors Compensation Policy**"). This policy remained unchanged compared to the 2023 Chairman of the Board of Directors Compensation Policy, approved at a rate of 99.85% by the Shareholders' Meeting of May 24, 2023.

The 2024 Chairman of the Board of Directors Compensation Policy, which is described below, was approved at a rate of 99.84% by the May 23, 2024 Shareholders' Meeting.

Fixed compensation

The Chairman of the Board of Directors' (gross) annual fixed compensation is set at 360,000 euros.

Such amount has been set by taking into account the situation of the concerned person, including his experience, as well as benchmark studies of a specialized external advisor on the compensation of non-executive chairmen in CAC Next 20 and SBF 120 companies (excluding the luxury industry and banks).

Benefits of any kind

The Chairman of the Board of Directors is entitled to coverage of medical expenses, the applicable death and disability plan and will have the option of being provided with a company car and a driver.

(1) The Board of Directors bases its decisions on the recommendation of the Compensation Committee for all matters relating to compensation of corporate officers. The composition, operation and duties of the Compensation Committee are described in section 3.2.2 "Preparation and organization of the Board of Directors' work". To ensure that the process for determining or revising the compensation policy is fully independent, the Compensation Committee and the Board of Directors comply with the rules on managing conflicts of interest set out in the applicable legal and regulatory provisions and in the Board of Directors' Internal Procedures, which are described in sections 3.2.2 "Preparation and organization of the Board of Directors' work" and 3.2.3 "Declarations concerning the Group's corporate officers". The corporate officers concerned do not take part in the vote on their own compensation policy.

No other components of compensation

The compensation policy of the Chairman of the Board of Directors does not provide for him to receive any (i) annual or multi-annual variable compensation or long-term compensation, and (ii) compensation or benefits on appointment, exceptional compensation, termination benefits or non-compete benefit.

The Chairman of the Board of Directors does not receive any compensation in his capacity as director. He will not be entitled to any compensation or other benefits of any kind as a result of agreements entered into with the Company or any Group company.

He is not entitled to any supplementary pension plan.

For the avoidance of doubt, it is specified that the Chairman of the Board of Directors does not have an employment contract.

Change in governance

In accordance with the applicable regulations, in the event of the appointment of a new Chairman of the Board of Directors during the financial year, the compensation structure of this new corporate officer would be in accordance with this compensation policy, which would be applied *prorata temporis*, and the Board of Directors, on the recommendation of the Compensation Committee, would adapt the various elements of compensation taking into account the situation of the concerned person, in particular his/her experience, competence, and the variety of missions entrusted to him or her, as well as market practices for similar roles.

Overview of the compensation policy for the Chief Executive Officer in respect of the 2024 financial year

During its meeting on March 27, 2024, the Board of Directors set, on the recommendation of the Compensation Committee, the compensation policy of the Chief Executive Officer in respect of the 2024 financial year (the "**2024 Chief Executive Officer Compensation Policy**"). This policy remained unchanged compared to the 2023 Chief Executive Officer compensation Policy, which was approved at a rate of 96.02% by the Shareholders' Meeting of May 24, 2023[(1)], subject to the adjustments described below.

The 2024 Chief Executive Officer Compensation Policy, which is described below, was approved at a rate of 98.05% by the May 23, 2024 Shareholders' Meeting.

Fixed compensation

[*ESRS 2 § 29*]

The (gross) annual fixed compensation of the Chief Executive Officer is set at 975,000 euros.

This compensation is unchanged compared with that provided for in the 2023 Chief Executive Officer compensation policy (it being reminded that the latter had been set by the Board of Directors at its meeting of March 24, 2021 in anticipation of the Chief Executive Officer's appointment on January 26, 2022 and has remained unchanged since that date).

Variable compensation

The variable portion of the compensation must be in line with the Chief Executive Officer's performance, as well as the Company's strategy and progress. It was therefore determined partly according to strict and ambitious quantifiable criteria based on the Group's financial, non-financial and operational performance, and partly on a qualitative basis. The quantifiable and qualitative objectives to be reached are set according to specific, strict and ambitious predetermined criteria. These criteria are determined each year by the Board of Directors, on the recommendation of the Compensation Committee.

In assessing the 2024 Chief Executive Officer Compensation Policy, the Board of Directors held on February 29, 2024, on the recommendation of the Compensation Committee, decided to keep the Chief Executive Officer's annual variable compensation unchanged compared to the 2023 Chief Executive Officer Compensation Policy, apart from replacing one of the quantifiable criteria, the Group order intake, by a net debt/EBITDA criterion, which is considered to be more relevant given the high interest rate environment and the Group' debt reduction commitments (the other quantifiable criteria remaining unchanged to those mentioned in the 2023 Chief Executive Officer Compensation Policy).

Regarding the qualitative criteria for the Chief Executive Officer's annual variable compensation in respect of the 2024 financial year, they remain identical to those mentioned in the 2023 Chief Executive Officer compensation policy, with an adjustment to some of the qualitative sub-criteria (see table below) in order to better reflect the Group's current operational and extra-financial performance objectives in connection with the Group's CSR strategy (including climate change).

The quantifiable and qualitative criteria of the annual variable compensation provided for in the 2024 Chief Executive Officer Compensation Policy are therefore as follows:

- **four quantifiable criteria**: (i) EBIT, (ii) free cash flow, (iii) net income, and (iv) net debt/EBITDA ratio.

  The targets for these criteria are set on the basis of Valeo's budget and the guidance published for the relevant financial year. The achievement of these criteria is assessed by the Board of Directors, on the recommendation of the Compensation Committee, on the basis of the published consolidated financial statements for the relevant financial year.
- **four qualitative criteria**: (i) strategic vision, (ii) risk management, (iii) corporate social responsibility, and (iv) reduction in CO_2 emissions ("CAP 50").

  The achievement of the qualitative criteria is assessed by the Board of Directors, on the recommendation of the Compensation Committee. In this respect, the Compensation Committee relies on the elements of assessment provided by the management, it being specified, however, that for the reduction of CO_2 emissions, the objective set is in line with those set in the CAP 50 (carbon neutrality) plan roadmap.

In accordance with the recommendations of the AFEP-MEDEF Code, the total amount of the variable portion is expressed as a percentage of the annual fixed compensation, each criterion granting entitlement to a percentage of the annual fixed compensation.

The maximum amount of the Chief Executive Officer's variable compensation portion is 120% of his (gross) annual fixed compensation, which corresponds to the same maximum level as when he was Chief Operating Officer (*Directeur des Opérations*), Associate Chief Executive Officer (*Directeur Général Adjoint*) and Deputy Chief Executive Officer (*Directeur Général Délégué*).

The maximum amount of annual variable compensation (120% of (gross) annual fixed compensation) is contingent on ambitious, measurable objectives and set by the Board of Directors, on the recommendation of the Compensation Committee.

For each quantifiable criterion, the variable portion ranges from 0% to 100% of the maximum amount of annual fixed compensation obtainable under the relevant criterion.

(1) *The amount of fixed compensation and the maximum percentages of variable and long-term compensation set in the Chief Executive Officer's compensation policy were decided by the Board of Directors on March 24, 2021 prior to the Chief Executive Officer's appointment on January 26, 2022, remaining unchanged since that date.*

The following table summarizes, in a synthetic way, the quantifiable and qualitative criteria, the percentage of the (gross) annual fixed compensation related to each of the criteria as well as the maximum amount of the variable portion for 2024:

Quantifiable criteria(1)

Nature of quantifiable criterion	Maximum variable portion as a % of the Chief Executive Officer's annual fixed compensation
EBIT	18%
Free cash flow(2)	18%
Net income	16%
Net debt/EBITDA	18%
TOTAL QUANTIFIABLE CRITERIA	**70%**

Qualitative criteria

Nature of qualitative criterion	Maximum variable portion as a % of the Chief Executive Officer's annual fixed compensation
Strategic vision *This criterion is assessed, in particular, against the following elements:* • *validation by the Board of Directors of the strategy presented by the Chief Executive Officer and quality of communication of this strategy inside and outside the company,* • *quality of financial communication.*	14%
Risk management *This criterion is assessed, in particular, against the following elements:* • *compliance: (i) deployment of the new antitrust program and (ii) implementation of the new risk map in relation to the fight against corruption,* • *management of operational risks and management of production volumes,* • *management of inflation-related impacts and reduction of the Group's fixed costs (in line with the budget).*	12%
Corporate social responsibility *CSR is assessed in particular against the following elements:* • *safety performance, with the objective of stabilizing the frequency rate at the level of the automotive benchmark (FR1≤1.0)(3),* • *progression of the Gender Equity Index (reaching level 89 of the index)(4),* • *implementation of a CSRD reporting organization for the Group.*	12%
CAP 50 *Reduction trajectory of CO_2 emissions in line with the CAP 50 plan: the objective is to limit CO_2 emissions below 45.85 $MtCO_2$ in 2024(5).*	12%
TOTAL QUALITATIVE CRITERIA	**50%**
TOTAL QUANTIFIABLE AND QUALITATIVE CRITERIA	**120%**

(1) *Excluding regulatory and tax impacts.*
(2) *After restructuring costs.*
(3) *In the event of a deadly accident of 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.*
(4) *The target set is 89 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 (gender pay gap, gender pay gap in individual pay rises, gender pay gap in promotions, percentage of female employees receiving a pay rise on return from maternity leave, and percentage of women in the 10 highest-paid jobs), improving the result to be achieved for the fifth 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.*
(5) *The objective has been set taking as a basis of calculation a carbon neutrality objective by 2050 and, by December 31, 2030, an ambitious plan to reduce emissions related to its operating activities by 75% (Scopes 1 and 2) and emissions related to its supply chain and the end use of its products by 15% (Scope 3) compared to January 1, 2020, as presented in Chapter 4, section 4.1.3 "Valeo's Carbon Neutrality Contribution Plan for 2050 (CAP 50 plan)" of the 2023 Universal Registration Document. This 2030 target implies an annual reduction of 0.75 $MtCO_2$ from a 49.6 $MtCO_2$ emission at January 1, 2020, to 41.4 $MtCO_2$ at December 31, 2030. Accordingly, based on a linear annual progression until 2030, the rate of achievement of this target is set at a maximum emission of 45.85 $MtCO_2$ in 2024. It is emphasized that, (i) although the results obtained for the 2022 and 2023 financial years make the linear targets appear, at first sight, to be easily achievable over the next few years, in practice the situation is much more nuanced and complex as the level of emissions reduction, as validated by SBTi, is set at a fixed date (i.e. 2019 for the CAP 50 plan) and therefore does not take into account any changes in the Group's business and growth in relation to the assumptions made at that date, (ii) growth has a direct impact on emissions (the more the activity increases, the more the level of emissions increases) and, consequently, on the reduction efforts required over the period to achieve them and (iii) the carbon footprint of Valeo's customers and suppliers has an impact on the result.*

Long-term compensation policy – Allotment of performance shares

[*ESRS 2 § 29*]

The aim of allotting performance shares is not only to encourage the Chief Executive Officer to take a long-term approach to his duties, but also encourage his retention and align his interests with those of Valeo and its shareholders. Under the performance share plans, performance criteria must be met over a period of three consecutive years. Valeo applies strict and ambitious performance criteria considered as particularly representative of the Company's performance. Indeed, the proposed criteria are aimed at reflecting the Group's strategy, financial, non-financial and operational performance objectives, value creation for Valeo's shareholders measured using the external performance criterion, the Total Shareholder Return (TSR), and performance measurement.

In assessing the 2024 Chief Executive Officer Compensation Policy, the Board of Directors held on February 29, 2024, on the recommendation of the Compensation Committee, reviewed the Europe Automotive Equipment Suppliers Panel[1] and decided to adjust it to take into account the takeover of Vitesco by Schaeffler Automotive, announced on October 9, 2023, which, according to the press release relating to the transaction, should lead to the merger (*fusion par absorption*) of Vitesco with and into Schaeffler Automotive during the fourth quarter of 2024. Given the nature of the panel, consisting solely of European automotive suppliers, the absence of relevant identified European peers and the presence of the acquiring company on the panel, Vitesco has been removed from the panel without being replaced. The other companies on the panel remain unchanged[2].

The performance shares depend on performance, measured against the following criteria:

i. two internal performance criteria, namely the EBIT rate as well as the return on capital employed rate (ROCE). The internal performance criteria represent no more than 60% of the allocated shares (30% for each criterion).

   The targets for these criteria are set on the basis of the guidance published for the financial year in question (see table below). The achievement of these objectives is assessed by the Board of Directors, on the recommendation of the Compensation Committee, on the basis of the published consolidated financial statements for the financial year in question.

ii. an external performance criterion, Valeo's TSR, which will be measured against the CAC 40 index (10%) and against the Europe Automotive Equipment Suppliers Panel (as adjusted) (10%). Thus, the external performance criterion represents no more than 20% of the allocated shares.

   The achievement of the objectives of this criterion is assessed by the Board of Directors, on the recommendation of the Compensation Committee, on the basis of the assessment elements provided by the management.

iii. two corporate social responsibility (CSR)-related criteria: an environmental criterion relating to the level of CO_2 emissions and a gender diversity criterion based on the number of women within the Group's various management committees. The CSR criteria represent no more than 20% of the allocated shares (10% for each criterion).

   The objectives of these criteria are set on the basis of the Group's roadmaps for carbon neutrality (CAP 50 plan) and gender diversity in the various management committees within the Group (see table below), in line with the Group's CSR strategy (including climate change). The achievement of these objectives is assessed by the Board of Directors, on the recommendation of the Compensation Committee, on the basis of the elements of assessment provided by the management.

The maximum amount of performance shares allotted to the Chief Executive Officer, valued under IFRS, must not exceed 200% of the Chief Executive Officer's (gross) annual fixed compensation (i.e., 91% of the sum of the Chief Executive Officer's maximum annual fixed and variable compensation), which corresponds to the same amount as the amount applicable when he was Chief Operating Officer (*Directeur des Opérations*), Associate Chief Executive Officer (*Directeur Général Adjoint*) and Deputy Chief Executive Officer (*Directeur Général Délégué*). This cap of 200% of (gross) annual fixed compensation corresponds to a maximum amount, and the Board of Directors reserves the right to award a lower percentage depending on Valeo's performance.

(1) *The Europe Automotive Equipment Suppliers Panel includes the following companies: Autoliv, Continental, Faurecia (Forvia), Gestamp Automotive, Leoni, Michelin, Plastic Omnium (OPmobility), Schaeffler Automotive and Vitesco.*

(2) *The Europe Automotive Equipment Suppliers Panel, as adjusted, includes the following companies: Autoliv, Continental, Faurecia (Forvia), Gestamp Automotive, Leoni, Michelin, Plastic Omnium (OPmobility) and Schaeffler Automotive. The panel used by the Board of Directors is not intended to change, except if changes in the structure or activity of one of the companies included in the panel make it less relevant, in which case it may potentially be replaced by another company in order to maintain the best possible level of comparability between Valeo and its peers. For information purposes, it should be noted that this adjustment is also intended to apply to the 2023 allocation using the Europe Automotive Equipment Supplier Panel as reference panel.*

The table below summarizes in a synthetic way the criteria and methods used to assess the performance shares as part of the 2024 Chief Executive Officer Compensation Policy:

Criterion	Weight/Assessment
Internal performance criterion: ROCE rate[(1)] (30%) **Internal performance criterion: EBIT rate[(1)] (30%)**	Achievement of a performance assessed for each criterion (ROCE rate and EBIT rate) for each of the three financial years (Y, Y+1 and Y+2) of the vesting period. The relevant criterion will be satisfied if, for each financial year covered under the allotment, the rate effectively achieved for such criterion is greater than or equal to the target rate established by the Board of Directors, it being understood that (i) the target rate cannot be lower than the guidance for the financial year of reference, (ii) the selected criterion cannot be changed subsequently by the Board of Directors and (iii) the target rates cannot be changed subsequently by the Board of Directors, except by a duly justified decision in the context of exceptional circumstances beyond the beneficiaries' control. • If, for each financial year covered by the plan, the rate of achievement of the corresponding criterion is greater than or equal to the target rate for each of those three financial years: 100%. • If, for only two of the financial years covered by the plan, the rate of achievement of the corresponding criterion is greater than or equal to the target rate for each of those two financial years: 60%. • If, for only one of the financial years covered by the plan, the rate of achievement of the corresponding criterion is greater than or equal to the target rate for that financial year: 30%. • If the target rate for the corresponding criterion is not satisfied for any of the financial years covered by the plan: 0%.
External performance criterion: TSR (20%) **Versus CAC 40 (10%)** **Versus panel (10%)**	TSR recorded over a 3-year period from January 1 of the year of allotment to December 31 of the year prior to delivery. • If Valeo's TSR recorded over the reference period is greater than the CAC 40 index's TSR recorded over the reference period: 100% (0% if lower or equal). • If Valeo's TSR recorded over the reference period is greater than the median of the TSRs of the companies in the Europe Automotive Equipment Suppliers Panel (as adjusted) over the reference period: 100% (0% if lower or equal).
Corporate social responsibility: (20%) **CO_2 emissions[(2)] (10%)** **Number of women within the Group's various management committees[(3)] (10%)**	CSR criterion recorded over a 3-year period from January 1 of the year of allotment to December 31 of the year prior to delivery and published at the time of the free share grant: • If the level of CO_2 emissions recorded over the last year of the reference period is lower than or equal to the target rate set over the reference period: 100% (0% if higher). • If the number of women within the Group's various management committees recorded at December 31 of the last year of the reference period is greater than or equal to the target rate set for the reference period: 100% (0% if lower).

(1) *For 2024, the guidance is 14.1% for the ROCE rate and as of 4% for the EBIT rate.*

(2) *For the 2024 plan, the achievement of this target will be assessed on December 31, 2026, taking as a basis for the calculation a carbon neutrality objective by 2050 and, by December 31, 2030, an ambitious plan to reduce emissions related to its operating activities by 75% (Scopes 1 and 2) and emissions related to its supply chain and to the end use of its products by 15% (Scope 3) compared to January 1, 2020, as presented in Chapter 4, section 4.1.3 "Valeo's Carbon Neutrality Contribution Plan for 2050 (CAP 50 plan)" of the 2023 Universal Registration Document. This 2030 objective implies an annual reduction of 0.75 $MtCO_2$ from 49.6 $MtCO_2$ emission at January 1, 2020 to 41.4 $MtCO_2$ at December 31, 2030. Accordingly, based on linear annual progression until 2030, the rate of achievement of this target is set at a maximum emission of 44.35 $MtCO_2$ in 2026. It is emphasized that, (i) although the results obtained for the 2022 and 2023 financial years make the linear targets appear, at first sight, to be easily achievable over the next few years, in practice the situation is much more nuanced and complex as the level of emissions reduction, as validated by SBTi, is set at a fixed date (i.e. 2019 for the CAP 50 plan) and therefore does not take into account any changes in the Group's business and growth in relation to the assumptions made at that date, (ii) growth has a direct impact on emissions (the more the activity increases, the more the level of emissions increases) and, consequently, on the reduction efforts required over the period to achieve them and (iii) the carbon footprint of Valeo's suppliers and customers has an impact on the result.*

(3) *For the 2024 plan, the achievement of this target will be assessed on December 31, 2026, taking as a basis for calculation of the target, the doubling of the number of women within the Group's various management committees from 16% of women on January 1, 2020 to 32% of women as at December 31, 2030 (with intermediate targets of 23% of women on December 31, 2024 and 27% of women on December 31, 2027, see section 3.2.1 "Composition of the Board of Directors", sub-section "Diversity policy within the governing bodies" of the 2023 Universal Registration Document). Accordingly, based on progression in line with the set trajectory, the rate of achievement of this target is set at a minimum of 25.5% of women within the Group's various management committees by December 31, 2026.*

In addition, a presence condition must be met at the time of the allotment. The performance shares allotted to the Chief Executive Officer will therefore only vest and be delivered at the end of the vesting period (set at three years) if he continues to serve as an executive corporate officer until the vesting date. Entitlement to the performance shares will be lost in the event of (i) dismissal due to gross negligence or willful misconduct or (ii) dismissal for reasons attributable to the Chief Executive Officer's performance, before the expiry of the vesting period.

Except for these two cases, the Board of Directors will determine whether or not the Chief Executive Officer will retain his entitlement to the performance shares before the expiry of the vesting period based on an in-depth analysis of the reasons for and circumstances surrounding his departure, it being specified that, in this case, the benefit of performance shares allotted to the Chief Executive Officer before the expiry of the vesting period will be maintained on a *prorata temporis* basis of his presence as an executive corporate officer of Valeo. In any event, the shares will only vest if the performance criteria are achieved. By way of exception to the foregoing, in the event of termination of his corporate office in connection with the liquidation of any mandatory and supplementary pension plans, death or disability, entitlement to performance shares will be maintained and the performance criteria will apply to retirement but not to death or disability.

Each time that it decides to allot performance shares, the Board of Directors ensures that performance share allotments, valued under IFRS, do not represent a disproportionate percentage of all compensation and performance shares allotted, that they have a limited impact in terms of dilution and that the allotments are made at the same times of the year. In accordance with applicable laws and Company practices, the Group's executive managers and employees will also be entitled to performance shares.

In accordance with the recommendations of the AFEP-MEDEF Code and the provisions of the Code of Conduct, the Chief Executive Officer is not permitted to use hedging transactions to reduce his risk. He has made a formal commitment in this respect as required by the AFEP-MEDEF Code. At the end of the two-year holding period set by the Board of Directors, the Chief Executive Officer must also hold a significant number of vested performance shares in the form of registered shares until the end of his term of office. This holding obligation will correspond to 50% of the vested performance shares.

Supplementary pension

As of Christophe Périllat's appointment as Chief Executive Officer on January 26, 2022, his employment contract was terminated. The termination of Christophe Périllat's employment contract entailed the loss of the benefit of the supplementary pension plan attached to his status as employee for the defined benefit pension plans to which he would have been entitled if he had remained an employee within Valeo until his retirement, except for the rights acquired under the new plan put in place as of January 1, 2020 until the term of his employment contract (i.e., as of the date of his appointment as Chief Executive Officer on January 26, 2022).

As from 2022, the Board of Directors decided that the Chief Executive Officer should benefit from a defined contribution pension plan, with optional membership, to replace the acquisition of rights under the defined benefit pension plans. This compensation component remained unchanged in the 2024 Chief Executive Officer Compensation Policy and is set out below.

This plan is governed by Article 82 of the French General Tax Code and allows to build up a capital sum to which he is entitled at retirement. Thus, Valeo no longer guarantees a certain level of pension but pays an annual contribution.

Under this mechanism, the amount paid by the Company is split between a payment to the insurance company on an individual account in Christophe Périllat's name and a payment to Christophe Périllat to take into account the social security contributions and income tax due on the payments made to the insurance company.

The gross annual amount of the payments made by the Company to the insurance company amounts to 10% of the annual fixed and variable compensation received in each year of vesting, subject to the achievement of the performance condition described hereunder.

Given the loss of the defined benefit pension plan and the accrued rights at the end of 2019, a gross annual amount will also be paid to the insurance company amounting to[(1)]:

- 12.5% for the 2024 and 2025 financial years;
- 15% for the 2026 and 2027 financial years;
- 20% for the 2028 to 2030 financial years (or following financial years).

These rates will apply to the annual fixed and variable compensation received in each year of vesting, subject to the achievement of a performance condition.

Thus, the gross annual amount paid to the insurance company is subject to a performance condition considered to be achieved if the variable portion of the beneficiary's compensation, paid in year Y+1 in respect of year Y, reaches 70% of his fixed compensation due in respect of 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 *prorata* basis down to zero.

This scheme was chosen between several alternatives and, when it was introduced, represented a lower total cost for the Company than the previous plans by approximately 36%, while retaining a retention effect similar to those previous pensions plans insofar as Christophe Périllat will have to remain with Valeo until the age of 65 to benefit from a supplementary pension of equivalent value to that which he had at the time his employment contract was terminated.

Benefits of any kind

The principles and criteria relating to benefits in kind remain unchanged in the 2024 Chief Executive Officer Compensation Policy.

The Chief Executive Officer is entitled to coverage under the unemployment insurance fund for company managers (*Garantie Sociale des Chefs et Dirigeants d'entreprise*), the collective and mandatory health, death and disability plan and life insurance covering death, disability or the consequences of any accidents that may occur during business travel. He also has the option of being provided with a company car and a driver.

Non-compete clause and termination benefits

The principles and criteria relating to the non-compete clause and termination benefits remain unchanged in the 2024 Chief Executive Officer Compensation Policy.

Non-compete clause

In order to protect the Company's interests, a non-compete clause binding the Chief Executive Officer was put in place by the Board of Directors.

If the Company triggers the non-compete clause, the executive corporate officer would be prohibited from working in any way for an automotive supplier or, more generally, for any of Valeo's competitors. The clause would apply for 12 months after the end of his term of office as Chief Executive Officer of Valeo, regardless of the reason for termination.

In consideration, the executive corporate officer would receive non-compete compensation equal to 12 months of compensation (calculated by taking the average compensation (fixed and variable) paid as executive corporate officer and, as the case may be, as an employee, for the 36 months preceding the month of departure). If the clause were to be implemented by the Company, the consideration would be paid in equal monthly installments over the entire period to which the non-compete clause would apply.

If the Company triggers the non-compete clause, the amount owed would be taken into account to determine his termination benefits described below. As a result, the maximum amounts likely to be paid to the Chief Executive Officer in the form of a non-compete compensation and/or termination benefits would be equal to twice the annual compensation (fixed and variable), in accordance with the recommendations of the AFEP-MEDEF Code.

In any event, in accordance with the recommendations of the AFEP-MEDEF Code, no non-compete compensation shall be paid beyond the age of 65 or if the Chief Executive Officer claims his retirement benefits. The Board of Directors will have to decide whether or not the non-compete agreement will be applied at the time the Chief Executive Officer leaves.

The Company reserves the right not to implement this agreement and to waive the non-compete clause (in which case no compensation would be owed).

Termination benefits

In the event of early termination of his duties following a change in control or strategy, the Chief Executive Officer shall be entitled, at the initiative of the Company and with the approval of the Board of Directors, except on the grounds of willful misconduct in the performance of his duties, to termination benefits paid by the Company for a maximum amount of his total compensation as executive corporate officer during the two years preceding the end of his term of office as Chief Executive Officer.

(1) *In accordance with the compensation policies of the Chief Executive Officer for the 2022 and 2023 financial years, this amount was 10% for 2022 and 2023.*

Those termination benefits are subject to performance criteria applicable to the annual variable compensation, in accordance with the following formula:

Total compensation paid as executive corporate officer during the two financial years preceding the end of his term of office as Chief Executive Officer

X

average (in %) of the results achieved for the annual variable compensation as executive corporate officer and, as the case may be, as an employee, applicable to the three financial years preceding the departure.

Furthermore, the amount effectively paid by the Company would be reduced, as the case may be, so that any other compensation would not have an effect of awarding him with a total compensation higher than the aforementioned amount of two years of compensation, in accordance with the AFEP-MEDEF Code.

No other components of compensation

The principles detailed below regarding the absence of other compensation components remain unchanged in the 2024 Chief Executive Officer Compensation Policy.

The Chief Executive Officer will not receive any multi-annual variable compensation, compensation or benefits on appointment or exceptional compensation.

Christophe Périllat does not receive any compensation in his capacity as a director. He is not entitled to any compensation or other benefits as a result of agreements entered into with the Company or any Group company.

In addition, no stock purchase or subscription options or other long-term compensation component other than performance shares were allotted to him in the 2024 financial year.

It should also be recalled that in accordance with the recommendations of the AFEP-MEDEF Code, since his appointment as Chief Executive Officer on January 26, 2022, his employment contract, which had been suspended since his appointment as Deputy Chief Executive Officer on May 26, 2021, was terminated.

In accordance with Articles L. 22-10-8 and L. 22-10-34 of the French Commercial Code, the variable compensation of the Chief Executive Officer for any given financial year will only be paid once the fixed, variable and exceptional components comprising the total compensation and benefits paid or allocated to the Chief Executive Officer for that year have been approved by the shareholders at an Ordinary Shareholders' Meeting (*ex post* vote).

Lastly, after consulting the Compensation Committee and, if applicable, the other specialized Committees, the Board of Directors will have the discretionary power, in the event of exceptional circumstances and on a temporary basis, to adjust the internal quantifiable objectives relating to the annual variable and long-term compensation components of the 2024 Chief Executive Officer Compensation Policy. The events that could give rise to the use of this possibility are in particular any event beyond Valeo's control that cannot be reasonably foreseen or quantified at the time of the determination of the compensation components and that has an impact on the automotive industry during the 2024 financial year, such as the price increase of raw materials and energy, as well as geopolitical tensions and their consequences.

Change in governance

In accordance with applicable regulations, in the event of the appointment of a new Chief Executive Officer during the financial year, the compensation components, principles and criteria set out in the 2024 Chief Executive Officer Compensation Policy will also apply to him *prorata temporis*. The Board of Directors, on the recommendation of the Compensation Committee, will then determine, by adapting to the situation of the new Chief Executive Officer, the objectives, performance levels, parameters, structure and maximum percentages in relation to his annual fixed compensation, which may not be higher than those of the current Chief Executive Officer.

Overview of the compensation policy for the directors in respect of the 2024 financial year

Non-executive corporate officers receive compensation for their presence at Board of Directors' and Committee meetings.

In accordance with the French Commercial Code, the articles of association, the Board's Internal Procedures and the internal procedures of the Compensation Committee, the Board of Directors has authority to decide how this compensation should be allocated. As part of this decision-making, the Board considers the corporate interest and the Company's long-term future by taking into account market practices and encouraging director attendance at meetings. The Compensation Committee makes recommendations to the Board of Directors on the rules for allocating directors' compensation and the individual amounts to be paid to each director, taking into account the actual number of Board and Committee meetings attended. The variable portion linked to attendance must, other than in exceptional circumstances, have a heavier weighting than the fixed portion.

It is recalled that the total amount of the sums allocated to directors' compensation (unchanged since the May 26, 2016 Shareholders' Meeting) was raised from 1,100,000 euros to 1,250,000 euros for the 2024 financial year and for any subsequent financial year until a new decision is taken by the Shareholders' Meeting. This increase was decided to take into account (i) the larger size of the Board due to the appointment of a director representing employee shareholders, and (ii) the high number of Board meetings that took place during the previous financial years. The rules for allocating the individual amounts of compensation paid to each director have remained unchanged since January 25, 2016[(1)].

The basis for allocating directors' compensation is as follows[(2)]:

- each director receives:
  - fixed portion: 25,000 euros/year,
  - variable portion: 3,000 euros/meeting attended;
- each director who is a member (but not Chair) of a Board Committee also receives:
  - fixed portion: 0 euro/year,
  - variable portion: 3,000 euros/meeting attended;
- the director who is also Chair of the Audit & Risks Committee also receives:
  - fixed portion: 15,000 euros/year,
  - variable portion: 3,000 euros/meeting attended;
- each director who is also Chair of a Board Committee (other than the Audit & Risks Committee) also receives:
  - fixed portion: 12,000 euros/year,
  - variable portion: 3,000 euros/meeting attended.

(1) *Apart from the compensation provided for the director in charge of CSR issues, decided on October 28, 2021.*

(2) *As an exception to these rules, since the Appointments, Compensation & Governance Committee was split into two separate committees at the Board of Directors' meeting held on January 26, 2017 (the Governance, Appointments & Corporate Social Responsibility Committee and the Compensation Committee), directors who sit on both Committees do not receive double compensation unless decided otherwise by the Board of Directors on the recommendation of the Compensation Committee. Given the current composition of these Committees, this rule has been maintained since then (see section 3.2.2 "Preparation and organization of the Board of Directors' work", pages 133 to 147).*

These payments are not capped, but if the budget is exceeded in any one year, the following formula is applied:

$$\frac{\text{Compensation allotted to an individual director}}{\text{Total compensation allotted to all directors}} \times 1{,}250{,}000 \text{ euros}$$

Compensation is paid every six months, according to the following rules:

- payment of the fixed portion (where applicable, *prorata* to the period of the year during which the director held office, as described below);
- payment of the variable portion based on the number of meetings that the director attended during the relevant period.

The Board of Directors may also, on the recommendation of the Compensation Committee, allocate exceptional compensation to directors for assignments or mandates entrusted to the directors.

Board members (including the Chairman of the Board of Directors) may be reimbursed for reasonable travel and accommodation expenses, as well as any other expenses incurred in the interest of the Company, and in particular in connection with their participation in Board meetings, upon presentation of receipts.

On February 12, 2009, on the recommendation of the Appointments, Compensation & Governance Committee, the Board of Directors decided that no directors' compensation would be paid to corporate officers in respect of any offices held in the Group (other than those within the Company). The corporate officers do not receive any compensation for any offices held in the Group (including in their capacity as directors of the Company).

When a Lead Director is appointed, the compensation for this role shall be equal to the fixed portion and variable portion that they receive in their capacity as a director for a given year, in accordance with the Board of Directors' decision of October 21, 2015.

In addition, in view of the importance of CSR matters for Valeo, and therefore the key role played by the Board member in charge of CSR issues, on October 28, 2021, on the recommendation of the Compensation Committee, the Board of Directors decided to amend the allocation rules for directors' compensation as from the 2022 financial year by providing for annual fixed compensation of 6,000 euros per year to be allocated to the director in charge of CSR issues.

Apart from the executive corporate officers and the Chairman of the Board, no Board member was paid any other compensation or benefits during the financial year other than directors' compensation.

Apart from the executive corporate officer, the members of the Board of Directors (i) do not receive any free shares or performance shares during the financial year and (ii) do not hold any free shares or performance shares.

It is however specified that the directors representing employees and the director representing employee shareholders have an employment contract and as such have received a salary and benefit from free share allocations (including performance shares), in the same way as the other employees of the Group.

In accordance with the applicable regulations, if a new director is appointed during the year, the compensation components and principles provided for in this compensation policy will apply to the new appointee on a *prorata temporis* basis. The fixed compensation will therefore be calculated *prorata* to the length of time the director holds office during the year and the variable portion is based on the number of Board and Committee meetings attended during the period. These same *prorata temporis* calculation principles also apply in the event of a director's departure during the year.

Compensation policy for the Chairman of the Board of Directors in respect of the 2025 financial year

During its meeting held on February 27, 2025, the Board of Directors set, on the recommendation of the Compensation Committee, the compensation policy of the Chairman of the Board of Directors for the 2025 financial year (the "**2025 Chairman of the Board of Directors Compensation Policy**"). This remains unchanged compared to the 2024 compensation policy of the Chairman of the Board of Directors, approved at a rate of 99.84% by the Shareholders' Meeting of May 23, 2024.

In accordance with Article L. 22-10-8 of the French Commercial Code, the Shareholders' Meeting to be held on May 22, 2025 will be called to approve the 2025 Chairman of the Board of Directors Compensation Policy.

Fixed compensation

The annual fixed compensation of the Chairman of the Board of Directors amounts to 360,000 euros (it being specified that this amount was set by the Board of Directors on December 8, 2022 in the context of the succession of Jacques Aschenbroich in his capacity of Chairman of the Board of Directors, and has remained unchanged since that date).

It is recalled that such amount has been set by taking into account the situation of the concerned person, including his experience, as well as benchmark studies of a specialized external advisor on the compensation of non-executive chairmen in CAC Next 20 and SBF 120 companies (excluding the luxury industry and banks).

Benefits of any kind

The Chairman of the Board of Directors is entitled to coverage of medical expenses, the applicable death and disability plan and will have the option of being provided with a company car and a driver.

No other components of compensation

The Chairman of the Board of Directors will not receive (i) annual or multi-annual variable compensation or long-term compensation and (ii) compensation or benefits on appointment, exceptional compensation, termination benefits or non-compete compensation.

He will not receive any compensation in his capacity as director. He will not be entitled to any compensation or other benefits of any kind as a result of agreements entered into with the Company or any Group company.

He is not entitled to a supplementary pension plan.

For the avoidance of doubt, it is specified that the Chairman of the Board of Directors does not have an employment contract.

Change in governance

In accordance with the applicable regulations, in the event of the appointment of a new Chairman of the Board of Directors during the financial year, the compensation structure of this new corporate officer would be in accordance with this compensation policy, which would be applied *prorata temporis*, and the Board of Directors, on the recommendation of the Compensation Committee, would adapt the various elements of compensation taking into account the situation of the concerned person, in particular his/her experience, competence, and the variety of missions entrusted to him or her, as well as market practices for similar roles.

Compensation policy of the Chief Executive Officer in respect of the 2025 financial year

During its meeting on March 26, 2025, the Board of Directors set, on the recommendation of the Compensation Committee, the compensation policy of the Chief Executive Officer in respect of the 2025 financial year (the "**2025 Chief Executive Officer Compensation Policy**").

In the context of the renewal of Christophe Périllat's term of office as Chief Executive Officer, the Board of Directors and its Compensation Committee noted that, since he was first appointed as Chief Executive Officer on January 26, 2022, the Group's financial performance has improved steadily and strongly in a particularly complex environment[(1)]. The high level of profitable order intake demonstrates the quality of the Group's positioning and operating performance, and the quality of execution of the strategy as proposed by the Chief Executive Officer and approved by the Board of Directors.

This review of the renewal of Christophe Périllat's term of office as Chief Executive Officer included an analysis of the level of the various components of his compensation policy and their positioning in relation to the market. It was based on the results of a benchmarking study conducted by an external consultant in November 2024 notably by reference to peer groups comprised of European automotive equipment suppliers (the "**Europe Automotive Equipment Suppliers Panel**"). This benchmarking study was supplemented by an analysis of Valeo's French automotive equipment supplier peers carried out by the Company in November 2024 (the benchmarking study and the supplementary analysis together being defined as the "**Benchmarking Study**"). Information concerning the panels used for the Benchmarking Study is available on the Company's website (www.valeo.com), under "Group"/"Corporate Governance".

The Benchmarking Study allows the Board of Directors to assess the relative positioning of Valeo's Chief Executive Officer's compensation within its "market" (understood as being of similar positions in Europe, and specifically in France), its objective being to ensure competitive compensation. It should also be noted that the Chief Executive Officer's compensation policy was decided for the entire duration of his term of office, and has thus remained unchanged since it was set by the Board of Directors on March 24, 2021 in anticipation of the Chief Executive Officer's appointment on January 26, 2022[(2)].

Following this analysis, the Board of Directors, on the recommendation of the Compensation Committee, unanimously decided (with Christophe Périllat abstaining from the related vote) to reassess the 2025 Chief Executive Officer Compensation Policy. Therefore, during its meeting on March 26, 2025, the Board of Directors, on the recommendation of the Compensation Committee, decided to:

- keep a similar structure for the Chief Executive Officer's compensation as that adopted for his first term of office, and which is unchanged since the decision of the Board of Directors on March 24, 2021 taken in anticipation of the appointment of the Chief Executive Officer on January 26, 2022. Accordingly, for his new term of office, the 2025 Chief Executive Officer Compensation Policy will continue to comprise the following three main components: (i) annual fixed compensation, (ii) annual variable compensation contingent on the achievement of precise, pre-established and demanding quantifiable and qualitative targets, reflecting the Group's financial, non-financial and operational performance, and (iii) long-term compensation through an annual allocation of performance shares under the Group's annual performance share plan, with the vesting of all the shares subject to performance conditions assessed over three years;
- adjust some of the quantifiable and qualitative criteria underlying the Chief Executive Officer's annual variable compensation, as well as their weighting, thereby bringing the Chief Executive Officer's compensation policy more closely in line with the Group's objectives and strategy;
- reassess the amount of the Chief Executive Officer's annual fixed compensation and the maximum percentage of his annual variable compensation, in order to position the Chief Executive Officer's compensation at a level that is consistent and reasonable in relation to the market, and particularly in relation to the Company's European automotive equipment supplier peers[(3)].

The amount of the annual fixed compensation and the maximum percentages of variable and long-term compensation set in the 2025 Chief Executive Officer Compensation Policy are not expected to change throughout the entire duration of his renewed term of office, except in the event of specific or exceptional circumstances (such as a change in his scope of responsibility or significant changes within the Company, the Group or with the market).

Apart from the components described above and the adjustment of the terms and conditions of the Chief Executive Officer's supplementary pension to align with the duration of his term of office as described below, the 2025 Chief Executive Officer Compensation Policy is unchanged from the 2024 Chief Executive Officer Compensation Policy, which was approved by the shareholders at a rate of 98.05%.

In accordance with Article L. 22-10-8 of the French Commercial Code, the Shareholders' Meeting to be held on May 22, 2025 will be called to approve the 2025 Chief Executive Officer Compensation Policy.

Fixed compensation

It is recalled that the amount of the Chief Executive Officer's annual fixed compensation set by the Board of Directors on March 24, 2021, in anticipation of the appointment of the Chief Executive Officer on January 26, 2022, was 975,000 euros. This amount has remained unchanged since that date, i.e., for the entire duration of his first term of office as Chief Executive Officer.

The Board of Directors, on the recommendation of the Compensation Committee, considered, based on the factors relating to the Chief Executive Officer's performance and the results of the Benchmarking Study, as presented in the introduction to this 2025 Chief Executive Officer Compensation Policy, that for the proposed renewal of the Chief Executive Officer's term of office on May 22, 2025 (subject to the renewal of his term of office as a director), his annual fixed compensation should be set from that date at 1,100,000 euros. This corresponds to an increase of

(1) *EBITDA increased from 11.3% of sales at the end of 2021 to 13.3% of sales at the end of 2024, operating margin increased from 1.7% of sales at the end of 2021 to 4.3% of sales at the end of 2024, and cash generation went from (102) million euros at the end of 2021 to 481 million euros (after one-off restructuring costs) at the end of 2024. 2021 data has been restated for comparison with the 2024 figures: the 2021 data has been restated by consolidating 100% of the financial data of the former Valeo Siemens eAutomotive with the Group's financial data as if Valeo Siemens eAutomotive had been 100%-owned in 2021, and removing from the Group's reported consolidated data for 2021 the earnings of Valeo Siemens eAutomotive, which were recorded under net earnings of equity-accounted companies. This performance also drove a 14.3% increase in the dividend per share between 2022 (dividend paid for 2021) and 2024 (dividend paid for 2023).*

(2) *Between 2022 and 2024, an overall increase of 11.2% in cumulative annual salaries in France was observed.*

(3) *The annual fixed compensation and the total target compensation (annual fixed compensation and target annual variable compensation) will be positioned (i) at the level of the peer group comprised of French automotive equipment suppliers, and (ii) at the median of the Europe Automotive Equipment Suppliers Panel. These elements will position the Chief Executive Officer's global target compensation (annual fixed compensation, target annual variable compensation and long-term compensation) (i) at a level comparable to that of the peer group comprised of French automotive equipment suppliers and (ii) between the median and the third quartile of the Europe Automotive Equipment Suppliers Panel. Information concerning the panels used for this study is available on the Company's website (www.valeo.com), under "Group"/"Corporate Governance".*

approximately 12.8% compared with the Chief Executive Officer's annual fixed compensation for 2024, meaning an increase of 1.74% per year over the period of his first term of office as Chief Executive Officer (2022-2024) and his proposed new term of office (2025-2028).

It should be noted that, in view of the complex environment in which the Group operates, the Board of Directors and the Chief Executive Officer jointly decided not to apply in 2025 the increase in his annual fixed compensation outlined in the 2025 Chief Executive Officer Compensation Policy, which will become effective only as of January 1, 2026. Consequently, for 2025, the Chief Executive Officer's annual fixed compensation will amount to 975,000 euros, unchanged from the 2024 Chief Executive Officer Compensation Policy.

Variable compensation

The variable portion of the compensation must be in line with the Chief Executive Officer's performance, as well as the Company's strategy and progress. Such compensation was therefore determined according to quantifiable and qualitative criteria based on the Group's financial, non-financial and operational performance. It is specified that the quantifiable and qualitative objectives to be reached are set according to specific, predetermined, strict and ambitious criteria. These criteria are determined each year by the Board of Directors, on the recommendation of the Compensation Committee.

It is recalled that the maximum percentage of the Chief Executive Officer's annual variable compensation which was set by the Board of Directors on March 24, 2021 in anticipation of the appointment of the Chief Executive Officer on January 26, 2022, amounted to 120% of his (gross) annual fixed compensation and has remained unchanged since that date, i.e., for the entire duration of the first term of office of the Chief Executive Officer.

The Board of Directors, on the recommendation of the Compensation Committee, considered, based on the factors relating to the Chief Executive Officer's performance and the results of the Benchmarking Study, as presented in the introduction to this 2025 Chief Executive Officer Compensation Policy, that for the proposed renewal of the Chief Executive Officer's term of office, his annual variable compensation should be set at a maximum of 150% of his (gross) annual fixed compensation (compared with 120% previously).

As part of its review of the 2025 Chief Executive Officer Compensation Policy, the Board of Directors also decided to adapt some of the qualitative and quantifiable criteria underlying the Chief Executive Officer's annual variable compensation, as well as the weighting between the various criteria, in order to bring the compensation policy of the Chief Executive Officer more closely in line with the Group's objectives and strategy.

With regard to the qualitative criteria for the Chief Executive Officer's annual variable compensation for the 2025 financial year, the criterion relating to corporate social responsibility was extended to include the criterion relating to the Group's carbon neutrality contribution plan (the CAP 50 Plan), which appears in the 2024 Chief Executive Officer Compensation Policy. This new criterion, called the "Social, Societal and Environmental Responsibility" criterion – which now combines all the CSR criteria underlying the Chief Executive Officer's annual variable compensation into a single criterion – comprises three sub-criteria in line with the Group's CSR strategy (including the climate strategy) and the CSR metrics tracking table. The other criteria remain the same as those set out in the 2024 Chief Executive Officer Compensation Policy, apart from an adjustment to the qualitative sub-criteria to more closely reflect the Group's current strategic and risk management objectives (see table below).

The quantifiable criteria underlying the Chief Executive Officer's annual variable compensation for the 2025 financial year remain the same as those set out in the 2024 Chief Executive Officer Compensation Policy, apart from the addition of a new criterion relating to profitable order intake on identified strategic projects.

The quantifiable and qualitative criteria of the annual variable compensation provided for in the 2025 Chief Executive Officer Compensation Policy are therefore as follows:

- **five quantifiable criteria**: (i) EBIT, (ii) free cash flow, (iii) net income, (iv) net debt/EBITDA ratio, and (v) profitable order intake on identified strategic projects. The first four quantifiable criteria each entitle the Chief Executive Officer to a maximum of 20% of his (gross) annual fixed compensation and the fifth criterion entitles him to 10% of that amount. The quantifiable criteria therefore represent an aggregate maximum of 90% of his (gross) annual fixed compensation (compared with a maximum of 70% under the 2024 Chief Executive Officer Compensation Policy).

  The targets for the quantifiable criteria are set on the basis of Valeo's budget and published guidance for the financial year in question, with the exception of the new criterion relating to profitable order intake on identified strategic projects, which is determined on the basis of a target ratio of profitable order intake with identified customers, set at the beginning of the financial year.

  The achievement of these targets is assessed by the Board of Directors, on the recommendation of the Compensation Committee, on the basis of the published consolidated financial statements for the relevant financial year, except for the profitable order intake ratio with identified customers, which is assessed based on information provided by management.

- **three qualitative criteria**: (i) strategic vision, (ii) risk management, and (iii) social, societal and environmental responsibility. Each qualitative criterion entitles the Chief Executive Officer to 20% of his (gross) annual fixed compensation, with the qualitative criteria therefore representing an aggregate maximum of 60% of his (gross) annual fixed compensation (compared with a maximum of 50% under the 2024 Chief Executive Officer Compensation Policy).

  The achievement of the qualitative criteria is assessed by the Board of Directors, on the recommendation of the Compensation Committee. In this respect, the Compensation Committee relies on the elements of assessment provided by the management, it being specified, however, that for the reduction of CO_2 emissions, the objective set is in line with those set in the CAP 50 (carbon neutrality) plan roadmap.

In accordance with the recommendations of the AFEP-MEDEF Code, the total amount of the variable portion is expressed as a percentage of the annual fixed compensation, each criterion granting entitlement to a percentage of the annual fixed compensation.

The maximum amount of annual variable compensation (150% of (gross) annual fixed compensation) is contingent on the achievement of ambitious, measurable objectives and set by the Board of Directors, on the recommendation of the Compensation Committee.

For each quantifiable criterion, the variable portion ranges from 0% to 100% of the maximum amount of (gross) annual fixed compensation obtainable under the relevant criterion.

The following table summarizes, in a synthetic way, the quantifiable and qualitative criteria, the percentage of the (gross) annual fixed compensation related to each of the criteria as well as the maximum amount of the variable portion for 2025:

Quantifiable criteria[(1)]

Nature of quantifiable criterion	Maximum variable portion as a % of the Chief Executive Officer's annual fixed compensation
EBIT	20%
Free cash flow[(2)]	20%
Net income	20%
Net debt/EBITDA	20%
Profitable order intake on identified strategic projects	10%
TOTAL QUANTIFIABLE CRITERIA	**90%**

Qualitative criteria

Nature of qualitative criterion	Maximum variable portion as a % of the Chief Executive Officer's annual fixed compensation
Strategic vision *This criterion is assessed, in particular, against the following elements:* • *validation by the Board of Directors of the strategy presented by the Chief Executive Officer, quality of communication of this strategy inside and outside the company, quality of the financial communication and quality of the investor day;* • *assessment by the Board of Directors of Valeo's progress in 2025 in the following strategic areas: (i) the Group's positioning in the Chinese market, (ii) the efficiency of the Research & Development function and the deployment of artificial intelligence in Research & Development, and (iii) the organization of the Group's "software" offensive.*	20%
Risk management *This criterion is assessed, in particular, against the following elements:* • *compliance: (i) deployment of "export control" programs and (ii) strengthening the audits performed as part of the Human Rights compliance program;* • *management of operational risks;* • *management and reduction of the Group's fixed costs (in line with the budget);* • *IT risk management (IT projects and Cybersecurity).*	20%
Social, Societal and Environmental Responsibility *This criterion is assessed, in particular, against the following elements:* • *environmental eco-efficiency: complying with the trajectory for reducing CO_2 emissions in line with the CAP 50 plan*[(3)]*;* • *employees: health and safety, with an accident frequency rate (FR1) below 0.9*[(4)]*; diversity: progression of the Gender Equity Index (reaching 90 points as at December 31, 2025);* • *improvement in CSR performance metrics.*	20%
TOTAL QUALITATIVE CRITERIA	**60%**
TOTAL QUANTIFIABLE AND QUALITATIVE CRITERIA	**150%**

(1) *Excluding new regulatory, customs and/or tax impacts.*
(2) *After restructuring costs.*
(3) *The target was set on the basis of a carbon neutrality target by 2050 as well as, by December 31, 2030, an ambitious plan to reduce emissions related to its operating activities (Scopes 1 and 2) by 75% and emissions related to its supply chain and to the end use of its products (Scope 3) by 15% compared to January 1, 2020, as presented in the Universal Registration Document in Chapter 4, Section 4.2.3.4 "CAP 50: Transition plan for climate change mitigation". This 2030 target implies an annual reduction from a 49.6 $MtCO_2$ emission at January 1, 2020, to 41.4 $MtCO_2$ at December 31, 2030. Accordingly, based on a constant annual progression until 2030, the rate of achievement of this target is set at a maximum emission of 45.1 $MtCO_2$ in 2025. It should be noted that the level of CO_2 emissions is influenced by several factors, in particular, (i) changes in the Group's business and growth, with growth having a direct impact on emissions (the more the activity increases, the more the level of emissions increases) and, consequently, on the efforts required over the period to reduce emissions and to achieve them, (ii) the carbon footprint of Valeo's customers and suppliers, (iii) uncertainties related to the evolution of the product portfolio in the light of potential regulatory changes and fluctuations in sales volumes in a given year of more energy-intensive products, (iv) sales volumes in regions with higher emissions, and (v) the carbon content of the electronic components and systems used.*
(4) *In the event of a fatal accident involving a Valeo employee or temporary worker (excluding commuting accidents or those of non-occupational origin), the result will be reviewed unfavorably for the safety-related part of the objective.*

Long-term compensation policy – Allotment of performance shares

The aim of allotting performance shares is not only to encourage the Chief Executive Officer to take a long-term approach to his duties, but also encourage his retention and align his interests with those of Valeo and its shareholders. Under the performance share plans, performance criteria must be met over a period of three consecutive years. Valeo applies strict and ambitious performance criteria considered as particularly representative of the Company's performance. Indeed, the proposed criteria are aimed at reflecting the Group's strategy, financial, non-financial and operational performance objectives, value creation for Valeo's shareholders measured using the external performance criterion, the Total Shareholder Return (TSR), and performance measurement.

The principles, criteria and ceilings applicable to the long-term compensation policy are unchanged in the 2025 Chief Executive Officer Compensation Policy.

The performance shares depend on performance, measured against the following criteria:

i. two internal performance criteria, namely the EBIT rate as well as the return on capital employed rate (ROCE). The internal performance criteria represent no more than 60% of the allocated shares (30% for each criterion).

   The targets for these criteria are set on the basis of the guidance published for the year in question (see table below). The achievement of these objectives is assessed by the Board of Directors, on the recommendation of the Compensation Committee, on the basis of the published consolidated financial statements for the financial year in question.

ii. an external performance criterion, Valeo's TSR, that will be measured against the CAC 40 index (10%) and against the Europe Automotive Equipment Suppliers Panel[(1)] (10%). Thus, the external performance criterion represents no more than 20% of the allocated shares.

   The achievement of the objectives of this criterion is assessed by the Board of Directors, on the recommendation of the Compensation Committee, on the basis of the assessment elements provided by the management.

iii. two corporate social responsibility (CSR)-related criteria: an environmental criterion relating to the level of CO_2 emissions and a gender diversity criterion based on the number of women within the Group's various management committees. The CSR criteria represent no more than 20% of the allocated shares (10% for each criterion).

   The objectives of these criteria are set on the basis of the Group's roadmaps for carbon neutrality (CAP 50 plan) and gender diversity in the various management committees within the Group (see table below), in line with the Group's CSR strategy (including climate change). The achievement of these objectives is assessed by the Board of Directors, on the recommendation of the Compensation Committee, on the basis of the elements of assessment provided by the management.

The maximum amount of performance shares allotted to the Chief Executive Officer, valued under IFRS, must not exceed 200% of his (gross) annual fixed compensation (i.e., 80% of the maximum annual combined fixed and variable compensation). This cap of 200% of (gross) annual fixed compensation corresponds to a maximum amount, and the Board of Directors reserves the right to award a lower percentage depending on Valeo's performance.

(1) The Europe Automotive Equipment Suppliers Panel includes the following companies: Autoliv, Continental, Forvia, Gestamp Automotive, Leoni, Michelin, OPmobility and Schaeffler Automotive. The panel used by the Board of Directors is not intended to change, except if changes in the structure or activity of one of the companies included in the panel make it less relevant, in which case it may potentially be replaced by another company in order to maintain the best possible level of comparability between Valeo and its peers.

The table below summarizes in a synthetic way the criteria and methods used to assess the performance shares as part of the 2025 Chief Executive Officer Compensation Policy:

Criterion	Weight/Assessment
Internal performance criterion: ROCE rate[1] (30%) **Internal performance criterion: EBIT rate[1] (30%)**	Achievement of a performance assessed for each criterion (ROCE rate and EBIT rate) for each of the three financial years (Y, Y+1 and Y+2) of the vesting period. The relevant criterion will be satisfied if, for each financial year covered under the allotment, the rate effectively achieved for such criterion is greater than or equal to the target rate established by the Board of Directors, it being understood that (i) the target rate cannot be lower than the guidance for the financial year of reference, (ii) the selected criterion cannot be changed subsequently by the Board of Directors and (iii) the target rates cannot be changed subsequently by the Board of Directors, except by a duly justified decision in the context of exceptional circumstances beyond the beneficiaries' control. • If, for each financial year covered by the plan, the rate of achievement of the corresponding criterion is greater than or equal to the target rate for each of those three financial years: 100%. • If, for only two of the financial years covered by the plan, the rate of achievement of the corresponding criterion is greater than or equal to the target rate for each of those two financial years: 60%. • If, for only one of the financial years covered by the plan, the rate of achievement of the corresponding criterion is greater than or equal to the target rate for that financial year: 30%. • If the target rate for the corresponding criterion is not satisfied for any of the financial years covered by the plan: 0%.
External performance criterion: TSR (20%) **Versus CAC 40 (10%)** **Versus panel (10%)**	TSR recorded over a 3-year period from January 1 of the year of allotment to December 31 of the year prior to delivery. • If Valeo's TSR recorded over the reference period is greater than the CAC 40 index's TSR recorded over the reference period: 100% (0% if lower or equal). • If Valeo's TSR recorded over the reference period is greater than the median of the TSRs of the companies in the Europe Automotive Equipment Suppliers Panel over the reference period: 100% (0% if lower or equal).
Corporate social responsibility (20%) **CO_2 emissions[2] (10%)** **Number of women within the Group's various management committees[3] (10%)**	CSR criterion recorded over a 3-year period from January 1 of the year of allotment to December 31 of the year prior to delivery and published at the time of the free share grant: • If the level of CO_2 emissions recorded over the last year of the reference period is lower than or equal to the target rate set over the reference period: 100% (0% if higher). • If the number of women within the Group's various management committees recorded at December 31 of the last year of the reference period is greater than or equal to the target rate set for the reference period: 100% (0% if lower).

(1) For 2025, the guidance is from 15.3% for the ROCE rate and from 4.5% for EBIT.

(2) For the 2025 plan, the achievement of this objective will be assessed on December 31, 2027. The basis for the calculation is a carbon neutrality objective in 2050 as well as, by December 31, 2030, an ambitious plan to reduce emissions related to its operating activities (Scopes 1 and 2) by 75% and emissions related to its supply chain and to the end use of its products (Scope 3) by 15% compared to January 1, 2020, as presented in the Universal Registration Document in Chapter 4, Section 4.2.3.4 "CAP 50: Transition plan for climate change mitigation". This 2030 target implies an annual reduction from a 49.6 $MtCO_2$ emission at January 1, 2020, to 41.4 $MtCO_2$ at December 31, 2030. Accordingly, based on a constant annual progression until 2030, the rate of achievement of this target is set at a maximum emission of 43.7 $MtCO_2$ in 2027. It should be noted that the level of CO_2 emissions is influenced by several factors, in particular, (i) changes in the Group's business and growth, with growth having a direct impact on emissions (the more the activity increases, the more the level of emissions increases) and, consequently, on the efforts required over the period to reduce emissions and to achieve them, (ii) the carbon footprint of Valeo's customers and suppliers, (iii) uncertainties related to the evolution of the product portfolio in the light of potential regulatory changes and fluctuations in sales volumes in a given year of more energy-intensive products, (iv) sales volumes in regions with higher emissions, and (v) the carbon content of the electronic components and systems used.

(3) For the 2025 plan, the achievement of this objective will be assessed on December 31, 2027. The basis for the calculation is the target of doubling the number of women within the Group's various management committees from 16% of women on January 1, 2020 to 32% of women by December 31, 2030 (with intermediate targets of 23% of women by December 31, 2024 and 27% of women by December 31, 2027, see section 3.2.1 "Composition of the Board of Directors", sub-section "Diversity policy within the governing bodies" of the Universal Registration Document). Accordingly, in accordance with the established trajectory, the achievement rate of this objective is set at a minimum of 27% of women within the Group's various management committees by December 31, 2027.

In addition, a presence condition must be met at the time of the allotment. The performance shares allotted to the Chief Executive Officer will therefore only vest and be delivered at the end of the vesting period (set at three years) if he continues to serve as an executive corporate officer until the vesting date. Entitlement to the performance shares will be lost in the event of (i) dismissal due to gross negligence or willful misconduct or (ii) dismissal for reasons attributable to the Chief Executive Officer's performance, before the expiry of the vesting period.

Except for these two cases, the Board of Directors will determine whether or not the Chief Executive Officer will retain his entitlement to the performance shares before the expiry of the vesting period based on an in-depth analysis of the reasons for and circumstances surrounding his departure, it being specified that, in this case, the benefit of performance shares allotted to the Chief Executive Officer before the expiry of the vesting period will be maintained on a *prorata temporis* basis of his presence as an executive corporate officer of Valeo. In any event, the shares will only vest if the performance criteria are achieved. By way of exception to the foregoing, in the event of termination of his corporate office in connection with the liquidation of any mandatory and supplementary pension plans, death or disability, entitlement to performance shares will be maintained and the performance criteria will apply to retirement but not to death or disability.

Each time that it decides to allot performance shares, the Board of Directors ensures that performance share allotments, valued under IFRS, do not represent a disproportionate percentage of all compensation and performance shares allotted, that they have a limited impact in terms of dilution and that the allotments are made at the same times of the year. In accordance with applicable laws and Company practices, the Group's executive managers and employees will also be entitled to performance shares.

In accordance with the recommendations of the AFEP-MEDEF Code and the provisions of the Code of Conduct, the Chief Executive Officer is not permitted to use hedging transactions to reduce his risk. He has made a formal commitment in this respect as required by the AFEP-MEDEF Code. At the end of the two-year holding period set by the Board of Directors, the Chief Executive Officer must also hold a significant number of vested performance shares in the form of registered shares until the end of his term of office. This holding obligation will correspond to 50% of the vested performance shares.

Supplementary pension

When Christophe Périllat was appointed as Chief Executive Officer on January 26, 2022, his employment contract was terminated. The termination of Christophe Périllat's employment contract resulted in the loss of the benefit of the supplementary pension plans attached to his status as employee for the defined benefit pension plans to which he would have been entitled if he had remained an employee of Valeo until his retirement, except for the rights acquired under the new plan put in place as of January 1, 2020 and until the end of his employment contract (i.e., as of the date of his appointment as Chief Executive Officer on January 26, 2022).

Since January 2022, the Board of Directors decided that the Chief Executive Officer should benefit from a defined contribution pension plan, with optional membership, to replace the acquisition of rights under the defined benefit pension plans.

This plan is governed by Article 82 of the French General Tax Code and allows for the accrual of a capital sum to which Christophe Périllat is entitled at retirement. Thus, Valeo no longer guarantees reaching a certain level of pension but pays an annual contribution.

Under this mechanism, the amount paid by the Company is split between a payment to the insurance company to an individual account in Christophe Périllat’s name and a payment to Christophe Périllat to take into account the social security contributions and income tax due on the payments made to the insurance company.

The gross annual amount of the payments made by the Company to the insurance company amounts to 10% of the annual fixed and variable compensation received in each year of vesting, subject to the achievement of the performance conditions described hereunder.

Given the loss of the defined benefit pension plans and the accrued rights at the end of 2019, as described above, a compensatory mechanism was put in place as part of the compensation policy of Christophe Périllat for his first term of office as Chief Executive Officer, consisting of a top-up payment of a gross annual amount to the insurance company, calculated on a graduated basis between 2022 and 2030[(1)]. This mechanism was designed to build up capital through defined contribution payments under Article 82 of the French General Tax Code until his retirement, corresponding to the net entitlements that he could have received under the defined benefit pension plan, assuming that he retires at the age of 65, i.e., in 2030. However, this mechanism is not aligned with the cycle of the Chief Executive Officer’s term of office (as renewed).

In order to align the balance of the top-up payments that will be made to the insurance company over the Chief Executive Officer's renewed term of office, a gross annual amount will be paid to the insurance company corresponding to:

- 20.15% for 2025;
- 24.2% for 2026;
- 29.1% for 2027 and 2028.

These rates will apply to the annual fixed and variable compensation received in each year of vesting, subject to the achievement of a performance condition.

Thus, the gross annual amount paid to the insurance company is subject to a performance condition, which is considered to be achieved if the variable portion of the beneficiary’s compensation, paid in year Y+1 in respect of year Y, reaches 70% of his fixed compensation due in respect of 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 *prorata* basis down to zero.

The plan, which was introduced in connection with the appointment of the Chief Executive Officer on January 26, 2022, was selected out of a number of alternatives, and at the time represented a total cost for the Company that was around 36% lower than previous plans. The alignment of the top-up payment system with the cycle of the Chief Executive Officer’s term of office, as renewed, does not have a material impact on the total cost of the plan (estimate marginally below current cost).

Benefits of any kind

The principles and criteria relating to benefits in kind remain unchanged in the 2025 Chief Executive Officer Compensation Policy.

The Chief Executive Officer is entitled to coverage under the unemployment insurance fund for company managers (*Garantie Sociale des Chefs et Dirigeants d'entreprise*), the collective and mandatory health, death and disability plan and life insurance covering death, disability or the consequences of any accidents that may occur during business travel. He also has the option of being provided with a company car and a driver.

Non-compete clause and termination benefits

The principles and criteria relating to the non-compete clause and termination benefits remain unchanged in the 2025 Chief Executive Officer Compensation Policy.

Non-compete clause

In order to protect the Company’s interests, a non-compete clause binding the Chief Executive Officer was put in place by the Board of Directors.

If the Company triggers the non-compete clause, the executive corporate officer would be prohibited from working in any way for an automotive supplier or, more generally, for any of Valeo’s competitors. The clause will apply for 12 months after the end of his term of office as Chief Executive Officer of Valeo, regardless of the reason for termination.

In consideration, the executive corporate officer would receive non-compete compensation equal to 12 months of compensation (calculated by taking the average compensation (fixed and variable) paid as executive corporate officer and, as the case may be, as an employee, for the 36 months preceding the month of departure). If the clause were to be implemented by the Company, the consideration would be paid in equal monthly installments over the entire period to which the non-compete clause would apply.

If the Company triggers the non-compete clause, the amount owed would be taken into account to determine his termination benefit described below. As a result, the maximum amounts likely to be paid to the Chief Executive Officer in the form of non-compete compensation and/or termination benefits would be equal to twice the annual compensation (fixed and variable), in accordance with the recommendations of the AFEP-MEDEF Code.

(1) *10% for 2022 and 2023; 12.5% for 2024 and 2025; 15% for 2026 and 2027; 20% for 2028 to 2030 (or subsequent financial years).*

In any event, in accordance with the recommendations of the AFEP-MEDEF Code, no non-compete compensation shall be paid beyond the age of 65 or if the Chief Executive Officer claims his retirement benefits. The Board of Directors will have to decide whether or not the non-compete agreement will be applied at the time the Chief Executive Officer leaves.

The Company reserves the right not to implement this agreement and to waive the non-compete clause (in which case no compensation would be owed).

Termination benefits

In the event of early termination of his duties following a change in control or strategy, the Chief Executive Officer shall be entitled, at the initiative of the Company and with the approval of the Board of Directors, except on the grounds of willful misconduct in the performance of his duties, to termination benefits paid by the Company a maximum amount of his total compensation as executive corporate officer during the two years preceding the end of his term of office as Chief Executive Officer.

Those termination benefits are subject to performance criteria applicable to the annual variable compensation, in accordance with the following formula:

Total compensation paid as executive corporate officer during the two financial years preceding the end of his term of office as Chief Executive Officer

X

average (in %) of the results achieved for the annual variable compensation as executive corporate officer, applicable to the three financial years preceding the departure.

Furthermore, the amount effectively paid by the Company would be reduced, as the case may be, so that any other compensation would not have an effect of awarding him with a total compensation higher than the aforementioned amount of two years of compensation, in accordance with the AFEP-MEDEF Code.

No other components of compensation

The principles detailed below regarding the absence of other compensation components remain unchanged in the 2025 Chief Executive Officer Compensation Policy.

The Chief Executive Officer will not receive any multi-annual variable compensation, compensation or benefits on appointment or exceptional compensation.

Christophe Périllat does not receive any compensation in his capacity as a director. He is not entitled to any compensation or other benefits as a result of agreements entered into with the Company or any Group company.

In addition, no stock purchase or subscription options or other long-term compensation component other than performance shares will be allotted to him in the 2025 financial year.

It should also be recalled that in accordance with the recommendations of the AFEP-MEDEF Code, since his appointment as Chief Executive Officer on January 26, 2022, his employment contract, which had been suspended since his appointment as Deputy Chief Executive Officer on May 26, 2021, was terminated.

In accordance with Articles L. 22-10-8 and L. 22-10-34 of the French Commercial Code, the variable compensation of the Chief Executive Officer for any given financial year will only be paid once the fixed, variable and exceptional components comprising the total compensation and benefits paid or allocated to the Chief Executive Officer for that year have been approved by the shareholders at an Ordinary Shareholders' Meeting (*ex post* vote).

Lastly, after consulting the Compensation Committee and, if applicable, the other specialized Committees, the Board of Directors will have the discretionary power, in the event of exceptional circumstances and on a temporary basis, to adjust the internal quantifiable objectives relating to the annual variable and long-term compensation components of the 2025 Chief Executive Officer Compensation Policy. The events that could give rise to this are, in particular, any event beyond Valeo's control that cannot be reasonably foreseen or quantified at the time of the determination of the compensation components and that has an impact on the automotive industry during the 2025 financial year, such as the price increase of raw materials and energy, geopolitical tensions and their consequences, as well as States' tax and customs measures.

Change in governance

In accordance with applicable regulations, in the event of the appointment of a new Chief Executive Officer during the financial year, the compensation components, principles and criteria set out in this compensation policy will also apply to him *prorata temporis*. The Board of Directors, on the recommendation of the Compensation Committee, will then determine, by adapting to the situation of the new Chief Executive Officer, the objectives, performance levels, parameters, structure and maximum percentages in relation to his annual fixed compensation, which may not be higher than those of the current Chief Executive Officer.

Compensation policy for directors in respect of the 2025 financial year

Non-executive corporate officers receive compensation (previously known as attendance fees) for their presence at Board of Directors' and Committee meetings[1].

In accordance with the French Commercial Code, the articles of association, the Board's Internal Procedures and the internal procedures of the Compensation Committee, the Board of Directors has authority to decide how this compensation should be allocated. As part of this decision-making, the Board considers the corporate interest and the Company's long-term future by taking into account market practices and encouraging director attendance at meetings. The Compensation Committee makes recommendations to the Board of Directors on the rules for allocating directors' compensation and the individual amounts to be paid to each director, taking into account the actual number of Board and Committee meetings attended. The variable portion linked to attendance must, other than in exceptional circumstances, have a heavier weighting than the fixed portion.

Pursuant to the requirements of Article L. 22-10-8 of the French Commercial Code, this compensation policy will be submitted for approval at the Shareholders' Meeting of May 22, 2025.

(1) *Including any temporary committees of the Board of Directors.*

In order to ensure that the applicable rules are appropriate and to maintain the attractiveness of the compensation offered, the Compensation Committee carries out annual comparative studies of directors' compensation amongst CAC 40 and SBF 120 companies, the latest of which has been examined at the meeting held on October 17, 2024 This latest study confirmed the appropriate positioning of:

- the aggregate amount of directors' compensation, set at 1,250,000 euros;
- the individual compensation amounts allocated to directors, the allocation rules of which remain unchanged since January 25, 2016 [(1)].

The basis for allocating directors' compensation is as follows[(2)]:

- each director receives:
  - fixed portion: 25,000 euros/year,
  - variable portion: 3,000 euros/meeting attended;
- each director who is a member (but not Chair) of a Board Committee[(3)] also receives:
  - fixed portion: 0 euro/year,
  - variable portion: 3,000 euros/meeting attended;
- the director who is also Chair of the Audit & Risks Committee also receives:
  - fixed portion: 15,000 euros/year,
  - variable portion: 3,000 euros/meeting attended;
- each director who is also Chair of a Board Committee (other than the Audit & Risks Committee)[(3)] also receives:
  - fixed portion: 12,000 euros/year,
  - variable portion: 3,000 euros/meeting attended.

These payments are not capped, but if the budget is exceeded in any one year, the following formula is applied:

$$\frac{\text{Compensation allotted to an individual director}}{\text{Total compensation allotted to all directors}} \text{ x 1,250,000 euros}$$

Compensation is paid every six months, according to the following rules:

- payment of the fixed portion (where applicable, *prorata* to the period of the year during which the director held office, as described below);
- payment of the variable portion based on the number of meetings that the director attended during the relevant period.

The Board of Directors may also, on the recommendation of the Compensation Committee, allocate exceptional compensation to directors for assignments or mandates entrusted to the directors.

Board members (including the Chairman of the Board of Directors) may be reimbursed for reasonable travel and accommodation expenses, as well as any other expenses incurred in the interest of the Company, and in particular in connection with their participation in Board meetings, upon presentation of receipts.

On February 12, 2009, on the recommendation of the Appointments, Compensation & Governance Committee, the Board of Directors decided that no directors' compensation would be paid to corporate officers in respect of any offices held in the Group (other than those within the Company). The Chairman and the Chief Executive Officer do not receive any compensation for any offices held in the Group (including in their capacity as directors of the Company).

When a Lead Director is appointed, the compensation for this role shall be equal to the fixed portion and variable portion that they receive in their capacity as a director for a given year, in accordance with the Board of Directors' decision on October 21, 2015.

In addition, in view of the importance of CSR matters for Valeo, and therefore the key role played by the Board member in charge of CSR issues, on October 28, 2021, on the recommendation of the Compensation Committee, the Board of Directors decided to amend the allocation rules for directors' compensation as from the 2022 financial year by providing for annual fixed compensation of 6,000 euros per year to be allocated to the director in charge of CSR issues.

Apart from the executive corporate officers and the Chairman of the Board, no Board member was paid any other compensation or benefits during the financial year other than directors' compensation.

Apart from the executive corporate officer, the members of the Board of Directors (i) do not receive any free shares or performance shares during the financial year and (ii) do not hold any free shares or performance shares.

It is however specified that the directors representing employees and the director representing employee shareholders have an employment contract and as such receive a salary and benefit from free share allocations (including performance shares), in the same way as the other employees of the Group.

In accordance with applicable regulations, if a new director is appointed during the financial year, the compensation components and principles provided for in this compensation policy will apply to the new appointee on a *prorata temporis* basis. The fixed compensation will therefore be calculated *prorata* to the length of time the director holds office during the year and the variable portion is based on the number of Board and Committee meetings attended during the period. These same *prorata temporis* calculation principles also apply in the event of a director's departure during the financial year.

(1) *Apart from the compensation for the director in charge of CSR issues, which was set by way of a Board decision on October 28, 2021 with effect from the 2022 financial year.*
(2) *As an exception to these rules, since the Appointments, Compensation & Governance Committee was split into two separate committees at the Board of Directors' meeting held on January 26, 2017 (the Governance, Appointments & Corporate Social Responsibility Committee and the Compensation Committee), directors who sit on both Committees do not receive double compensation unless decided otherwise by the Board of Directors on the recommendation of the Compensation Committee. Given the current composition of these Committees, this rule has been maintained since then (see section 3.2.2 "Preparation and organization of the Board of Directors' work", pages 133 to 147 of the Universal Registration Document).*
(3) *Including any temporary committees of the Board of Directors.*

3.3.2 Compensation of corporate officers in respect of the 2024 financial year

Compensation of the Chairman of the Board of Directors in respect of the 2024 financial year

In accordance with the provisions of Article L. 22-10-34, II of the French Commercial Code, the Shareholders' Meeting must vote on the fixed, variable and exceptional components composing the total compensation and benefits of any kind paid during or allocated in respect of the 2024 financial year to the Chairman of the Board of Directors.

The compensation paid during or allocated in respect of the 2024 financial year, as described below, is in line with the 2024 Compensation Policy for the Chairman of the Board of Directors approved at a rate of 99.84% by the Shareholders' Meeting of May 23, 2024 (fifteenth resolution).

Fixed compensation

In accordance with the 2024 Chairman of the Board of Directors Compensation Policy[1], the (gross) annual fixed compensation paid to Gilles Michel by Valeo for 2024 was 360,000 euros.

This represents 100% of the total compensation awarded to Gilles Michel in respect of the 2024 financial year.

Benefits of any kind

In accordance with the 2024 Chairman of the Board of Directors Compensation Policy[2], in respect of the 2024 financial year, Gilles Michel was covered for medical expenses and was a member of the Valeo death and disability benefits plan amounting to 3,669 euros. He did not make use of the option of being provided with a company car and a driver.

These benefits of any kind represented less than 1% of the total compensation awarded to Gilles Michel in 2024.

No other components of compensation

In accordance with the 2024 Chairman of the Board of Directors Compensation Policy[3], in respect of the 2024 financial year, Gilles Michel did not receive any annual, multi-annual or long-term variable compensation, compensation or benefits on appointment, exceptional compensation, non-compete compensation or termination benefits, or directors' compensation or benefits of any kind under agreements with the Company or any Group company. He was not entitled to a supplementary pension plan.

Gilles Michel does not have an employment contract with the Valeo Group.

Compensation policy for the Chief Executive Officer in respect of the 2024 financial year

In accordance with the provisions of Article L. 22-10-34-II of the French Commercial Code, the Shareholders' Meeting must vote on the fixed, variable and exceptional components composing the total compensation and benefits paid during or allocated in respect of the 2024 financial year to the Chief Executive Officer. In addition, in accordance with the legal provisions, payment of the variable compensation awarded in respect of the 2024 financial year is subject to approval by the Shareholders' Meeting of May 22, 2025.

The compensation paid during or allocated in respect of the 2024 financial year, as described below, is in line with the 2024 Chief Executive Officer Compensation Policy approved at a rate of 98.05% by the Shareholders' Meeting of May 23, 2024 (sixteenth resolution). This policy includes conditions intended to encourage the Company's long-term development and performance.

Fixed compensation

In accordance with the 2024 Chief Executive Officer Compensation Policy[4], the (gross) annual fixed compensation paid by Valeo to Christophe Périllat for the 2024 financial year totaled 975,000 euros.

This represents 48.54% of the total annual compensation (fixed and variable) awarded to Christophe Périllat in respect of the 2024 financial year.

Variable compensation

[*ESRS 2 § 29*]

During its meeting on February 27, 2025, the Board of Directors, on the recommendation of the Compensation Committee, assessed the degree of achievement of the quantifiable and qualitative criteria of Christophe Périllat's annual variable compensation and set the amount of that compensation in accordance with the method described in the 2024 Chief Executive Officer Compensation Policy[5].

The assessment showed that the achievement rate for the quantifiable criteria was 56% (out of a maximum percentage of 70%) and that the achievement rate for the qualitative criteria was 50% (out of a maximum percentage of 50%) of the (gross) annual fixed compensation of the Chief Executive Officer. The Board of Directors therefore set the total amount of (gross) annual variable compensation due to Christophe Périllat for 2024 at 106% of his (gross) annual fixed compensation for 2024, i.e., 1,033,500 euros, out of a maximum percentage of 120% of his (gross) annual fixed compensation, i.e., 88.33% in relation to the maximum allowed by the 2024 Chief Executive Officer Compensation Policy.

The variable compensation therefore represents 51.46% of the total amount of annual (fixed and variable) compensation due to Christophe Périllat for 2024.

(1) *See this section, "Fixed compensation", page 152.*
(2) *See this section "Benefits of any kind", page 152.*
(3) *See this section "No other components of compensation", page 153.*
(4) *See this section, "Fixed compensation", page 153.*
(5) *See this section, "Variable compensation", pages 153 to 154.*

The following table summarizes, in a synthetic way, the applicable quantifiable and qualitative criteria, the degree of achievement of each quantifiable and qualitative criterion, the entitlement relating to each of these criteria in terms of percentage of the (gross) annual fixed compensation, and the maximum variable compensation for the 2024 financial year. The specific predetermined targets underlying the quantifiable criteria remained unchanged in the financial year ended December 31, 2024.

Quantifiable criteria[(1)]

Nature of quantifiable criterion	Maximum amount of the variable portion as a % of annual fixed compensation	Amount of the variable portion obtained as a % of annual fixed compensation[(4)]	Percentage of achievement of criterion versus the maximum
EBIT	18%	12%[(5)]	66.67%
Free cash flow[(2)]	18%	18%[(6)]	100%
Net income	16%	8%[(7)]	50%
Net debt/EBITDA	18%	18%[(8)]	100%
TOTAL QUANTIFIABLE CRITERIA	**70%**	**56%**	**80%**

Qualitative criteria

Nature of qualitative criterion	Maximum amount of the variable portion as a % of annual fixed compensation	Amount of the variable portion obtained as a % of annual fixed compensation	Percentage of achievement of criterion versus the maximum
Strategic vision *This criterion is assessed, in particular, against the following elements:* • *validation by the Board of Directors of the strategy presented by the Chief Executive Officer and quality of communication of this strategy inside and outside the company,* • *quality of financial communication.*	14%	14%[(9)]	100%
Risk management *This criterion is assessed, in particular, against the following elements:* • *compliance: (i) deployment of the new antitrust program and (ii) implementation of the new risk map in relation to the fight against corruption,* • *management of operational risks and management of production volumes,* • *management of inflation-related impacts and reduction of the Group's fixed costs (in line with the budget).*	12%	12%[(10)]	100%
Corporate social responsibility *CSR is assessed, in particular, against the following elements:* • *safety performance, with the objective of stabilizing the frequency rate at the level of the automotive benchmark (FR1<1.0)*[(3)]*,* • *progression of the Gender Equity Index (reaching level 89 of the index),* • *implementation of a CSRD reporting organization for the Group.*	12%	12%[(11)]	100%
CAP 50 *Reduction trajectory of CO_2 emissions in line with the CAP 50 plan: the objective is to limit CO_2 emissions below 45.85 $MtCO_2$ in 2024.*	12%	12%[(12)]	100%
TOTAL QUALITATIVE CRITERIA	**50%**	**50%**	**100%**
TOTAL QUANTIFIABLE AND QUALITATIVE CRITERIA	**120%**	**106%**	**88.33%**

(1) Excluding regulatory and tax impacts.
(2) After restructuring costs.
(3) In the event of a fatal accident involving a Valeo employee or temporary worker (excluding commuting accidents or those of non-occupational origin), the result will be reviewed unfavorably for the safety-related part of the objective.
(4) It is understood that for each quantifiable criterion, the variable portion ranges from 0% to 100% of the maximum (gross) annual fixed compensation that may be obtained for that criterion.
(5) 2024 EBIT margin of 4.3% of sales.
(6) 2024 free cash flow generation (after restructuring costs) of 481 million euros.
(7) 2024 net income of 162 million euros.
(8) 2024 net debt/EBITDA ratio of 1.3x.
(9) The elements considered include (subject to undisclosed information for confidentiality reasons): (i) validation by the Board of Directors of the Group's medium-term plan and strategic priorities within the framework thereof, (ii) deployment of strategic initiatives aimed at strengthening the Group's strategic positioning and improving its profitability (adapting the Group to competition related to the new market environment, structuring the deployment of artificial intelligence in R&D, adapting the organization with the creation of the Valeo Power Division), (iii) success of the plan to strengthen internal communication within the Group and improvement, compared to 2023, of the results of the engagement and satisfaction survey conducted among the Group's employees, (iv) success of the plan to strengthen the Group's non-financial external communication, including in particular increasing exposure of Valeo to social media, which increased significantly compared to 2023, and (v) achievement of the objectives described in the financial communication plan presented to the Board of Directors in March 2024 (in particular, increasing direct contacts with investors).
(10) The elements considered include (subject to undisclosed information for confidentiality reasons): (i) continued strengthening of the Group's compliance policy in 2024 with (a) the deployment of the new antitrust program and (b) the implementation and deployment of the new risk mapping in the fight against corruption and influence peddling, (ii) quality of management of inflation-related impacts, with a positive inflation balance, (iii) deployment of measures to control and reduce costs, in particular with the reorganization of the Group into three Divisions and the general reduction of administrative and sales costs, (iv) reduction in the number of "red launches" compared to 2023, and (v) compensations related to volume declines.

(11) The following elements are considered (subject to undisclosed information for confidentiality reasons): (i) improvement in employee safety: reduction in accidents resulting in lost time (FR1), with the frequency rate (0.8) being lower than the target of 1, (ii) Gender Equity Index result of 89.1, higher than the target of 89, and (iii) implementation of a dedicated organization within the Group for CSRD reporting and process efficiency.

(12) Emission of 38.8 $MtCO_2$ in 2024, with a target set at 45.85 $MtCO_2$. It should be noted that annual targets are set linearly according to the targets of Valeo's CAP 50 plan announced to the market. The reduction in greenhouse gas emissions continued in 2024, with a significant decrease compared to 2023 due to several factors: (i) the continuous efforts deployed since the launch of the CAP 50 Plan, which have resulted in a gradual and continuous reduction since 2021 of Scope 1 and 2 emissions and upstream Scope 3 emissions, (ii) the exceptional reduction in downstream scope 3 emissions due to the 2 million units drop in sales of the most energy-intensive products (variable displacement air conditioning compressors for thermal propulsion), (iii) the faster-than-expected reduction in the carbon content of electronic components and systems, resulting in a higher-than-expected reduction in greenhouse gas emissions in product families containing a high proportion of electronics, and (iv) to a lesser extent than the previous elements, the progress made in the design of the products sold (and therefore their lightweighting), combined with a reduction in the energy consumption of these products, results in a reduction in CO_2 accounted for in their use (downstream Scope 3). It is underlined that (i) the achievement of the set objectives requires the implementation of dedicated action plans as well as the renewal of major efforts each year, as mentioned above, and (ii) the carbon footprint of Valeo's customers and suppliers has an impact on the result.

Long-term compensation policy – Allotment of performance shares

In accordance with the provisions of Article L. 225-197-1 of the French Commercial Code, the total number of free shares allotted may not represent more than 15% of the Company's share capital on the date of the Board of Directors' decision. The maximum amount provided for in the eighteenth resolution of the Shareholders' Meeting of May 23, 2024, which is effective for a period of 26 months, is 8,035,000 shares (i.e., about 3.28% of the share capital at December 31, 2023), and the total number of shares that may be allotted to the executive corporate officers may not exceed 490,000 shares (i.e., representing around 0.20% of the share capital at December 31, 2023).

In accordance with the 2024 Chief Executive Officer Compensation Policy, the Board of Directors, at its meeting held on May 23, 2024, on the recommendation of the Compensation Committee, decided to allot 203,549 performance shares to Christophe Périllat for 2024 (i.e., 0.08% of the Company's share capital at December 31, 2024), pursuant to the abovementioned resolution. This number of shares was determined based on the share price on the date of the Board of Directors' meeting (average of 20 trading days, IFRS valuation), valued under IFRS at 9.58 euros, which corresponds to the maximum permitted under the 2024 Chief Executive Officer Compensation Policy (200% of (gross) annual fixed compensation).

The ceilings, criteria and conditions for this allotment are described in the 2024 Chief Executive Officer Compensation Policy[(1)].

The final awards of the shares allotted are subject to the achievement of objectives for each internal performance criterion set at the beginning of the year based on the guidance at the Group level[(2)], it being specified that the assessment of performance criteria is binary (achieved/not achieved).

In accordance with the recommendations of the AFEP-MEDEF Code and the provisions of the Code of Conduct, Christophe Périllat is not permitted to use hedging transactions to reduce his risk. He has signed a formal commitment to this effect. No hedging instruments have been used with respect to his performance shares.

Supplementary pension[(3)]

In accordance with the 2024 Chief Executive Officer Compensation Policy, the Chief Executive Officer benefits from a defined contribution pension plan, with optional membership, 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[(4)].

The amount paid by the Company in respect of supplementary pension benefits for Christophe Périllat as Chief Executive Officer is split between a payment to the insurance company to an individual account in Christophe Périllat's name and a payment to Christophe Périllat to take into account the social security contributions and income tax due on the payments made to the insurance company.

The amount of payments to be made 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 *prorata* basis down to zero. Given the amount of the annual variable compensation awarded in respect of the 2024 financial year and to be paid in 2025, this condition has been fully satisfied.

In respect of the 2024 financial year, the amount that will be paid in 2025 to the insurance company into an individual account in the name of Christophe Périllat in his capacity as Chief Executive Officer, representing 22.5% (10% for 2024, plus 12.5% to take into account the loss of defined benefit pension plans and the accrued rights at the end of 2019) of the fixed and variable annual compensation received in respect of the 2024 financial year, amounts to a total of 428,067 euros. An identical amount will be paid to Christophe Périllat in 2025, intended to take into account the social security contributions and income tax payable on the payments made to the insurance company and on the aforementioned payment.

(1) See section 3.3.1, "Long-term compensation policy – Allotment of performance shares", pages 155 to 157.

(2) For 2024, the guidance was 14.1% for the ROCE rate and as of 4% for the EBIT rate.

(3) Upon the appointment of Christophe Périllat as Chief Executive Officer on January 26, 2022, his employment contract was terminated. The termination of his employment contract entailed the loss of the benefit of any defined benefit supplementary pension plans to which he would have been entitled if he had remained a Valeo employee until his retirement, except for his rights acquired under the new plan from January 1, 2020 up until his employment contract was terminated on January 26, 2022 (i.e., as of the date of his appointment as Chief Executive Officer).

(4) See section 3.3.1, "Supplementary pension", page 157.

Benefits of any kind

In accordance with the 2024 Chief Executive Officer Compensation Policy[(1)], in 2024 Christophe Périllat was eligible for coverage under the unemployment insurance fund for company managers (*Garantie Sociale des Chefs et Dirigeants d'entreprise*), the collective and mandatory health, death and disability plan and life insurance covering death, disability or the consequences of any accidents that may occur during business travel. He was provided with a company car and a driver but he did not take up the option of having a driver. These benefits in kind represented 27,673 euros in 2024.

These benefits in kind represent about 1% of the total compensation awarded to Christophe Périllat in 2024.

No other components of compensation

In accordance with the 2024 Compensation Policy for the Chief Executive Officer[(2)], in respect of the 2024 financial year, Christophe Périllat did not receive any multi-annual variable compensation, compensation or benefits on appointment, exceptional compensation, directors' compensation or benefits of any kind under agreements with the Company or any Group company. Nor did he receive any stock purchase or subscription options or any other form of long-term compensation except for performance shares.

In accordance with the recommendations of the AFEP-MEDEF Code, Christophe Périllat does not have an employment contract with the Group[(3)].

Compensation ratios and annual changes in compensation, Valeo's performance and five-year ratios

In accordance with Article L. 22-10-9-I-6° and 7° of the French Commercial Code, the following table shows:

- the ratios between the compensation of the executive corporate officers and on the one hand the average compensation of employees other than the corporate officers on a full-time equivalent basis and on the other hand the median compensation of employees other than the corporate officers on a full-time equivalent basis;
- the annual change in the compensation of the executive corporate officers, the Company's performance, the average compensation of employees other than the corporate officers on a full-time equivalent basis, as well as the ratios referred to above over the last five financial years.

The ratios below have been calculated:

- for the executive corporate officers, based on the fixed and variable short-term compensation paid and the performance shares allotted (IFRS valuation) from 2020 to 2024[(4)] as well as benefits in kind;
- for employees (full-time equivalent), based on the fixed and variable short-term compensation, free share awards and performance shares allotted (IFRS valuation) from 2020 to 2024, profit-sharing and incentive payments, and all components of total gross compensation. The scope includes 100% of employees of the Group's French companies. In accordance with the AFEP guidelines revised in February 2021, employees included in the scope are those with an employment contract who have been present on an uninterrupted basis over a period of two years.

(1) *See this section, "Benefits of any kind", page 157.*
(2) *See this section "No other components of compensation", page 158.*
(3) *When Christophe Périllat was appointed Chief Executive Officer on January 26, 2022, his employment contract – which had been suspended since his appointment as Deputy Chief Executive Officer on May 26, 2021 – was terminated.*
(4) *It being specified that as regards the 2020 and 2021 allotment to the Chairman and Chief Executive Officer, the maximum number of performance shares taken into consideration has been adjusted (i)* prorata *to the period during which Jacques Aschenbroich held the combined roles of Chairman of the Board of Directors and Chief Executive Officer and (ii) to take into account the one-sixth reduction of the shares allotted under the 2020 plan (pro rated) for the portion represented by the internal performance criteria (80%).*

	2020	2021	2022	2023	2024
Compensation of the Chairman and Chief Executive Officer until January 26, 2022	3,229,673[1]	3,096,822[2]	1,488,828	-	-
Year-on-year change	*-5.84%*	*-4.11%*	-[3]	-	-
Compensation of the Chairman of the Board of Directors since January 26, 2022[4]	-	-	742,674	360,000	363,841
Year-on-year change	-	-	-[5]	*-51.53%*	*1.07%*
Compensation of the Chief Executive Officer since January 26, 2022	-	-	2,382,441[6]	3,969,385[7]	3,880,522
Year-on-year change	-	-	-[6]	*66.61%*[7]	*-2.24%*
Compensation of the Deputy Chief Executive Officer from May 26, 2021 to January 26, 2022	-	1,756,080	440,840	-	-
Year-on-year change	-	-	-[8]	-	-
Average compensation of employees	47,015[9]	53,462	56,837	62,430	64,876
Year-on-year change	*-10.50%*	*13.71%*	*6.31%*	*9.84%*	3.92%
Median compensation of employees	35,232[9]	39,062	41,535	45,091	47,524
Year-on-year change	*-11.35%*	*10.87%*	*6.33%*	*8.56%*	5.40%
RATIO TO AVERAGE COMPENSATION					
Chairman and Chief Executive Officer until January 26, 2022	68.69	57.93	26.19	-	-
Year-on-year change	*5.19%*	*-15.67%*	-[3]	-	-
Chairman of the Board of Directors since January 26, 2022[4]	-	-	13.07	5.77	5.61
Year-on-year change	-	-	-[5]	*-55.85%*	*-2.77%*
Chief Executive Officer since January 26, 2022	-	-	41.92	63.58[7]	59.81
Year-on-year change	-	-	-[6]	*51.67%*[7]	*-5.93%*
Deputy Chief Executive Officer from May 26, 2021 to January 26, 2022	-	32.85	7.76	-	-
Year-on-year change	-	-	-[8]	-	-
RATIO TO MEDIAN COMPENSATION					
Chairman and Chief Executive Officer until January 26, 2022	91.67	79.28	35.85	-	-
Year-on-year change	*6.21%*	*-13.52%*	-[3]	-	-
Chairman of the Board of Directors since January 26, 2022[4]	-	-	17.88	7.98	7.66
Year-on-year change	-	-	-	*-55.37%*	*-4.01%*
Chief Executive Officer since January 26, 2022	-	-	57.36	88.03[7]	81.65
Year-on-year change	-	-	-[6]	*53.47%*[7]	*-7.25%*
Deputy Chief Executive Officer from May 26, 2021 to January 26, 2022	-	44.96	10.61	-	-
Year-on-year change	-	-	-[8]	-	-
Group performance[10]					
Year-on-year change	3 pts	0 pts	3 pts	3 pts	-1 pt

(1) This amount includes Jacques Aschenbroich's donation of 25% of his fixed compensation for the duration of the Covid-19-related shutdown to support solidarity actions relating to Covid-19, the application of the prorata temporis *rule to shares allotted in the period during which Jacques Aschenbroich held the combined roles of Chairman of the Board of Directors and Chief Executive Officer, and the one-sixth reduction of the shares allotted under the 2020 plan (pro rated) for the portion represented by the internal performance criteria (80%).*

(2) This amount includes the application of the prorata temporis *rule to shares allotted in the period during which Jacques Aschenbroich held the combined roles of Chairman of the Board of Directors and Chief Executive Officer.*

(3) Calculating the year-on-year change in ratio is not an appropriate way of assessing changes in the ratio as this information concerns the position of position in respect of the 2021 financial year and paid in the 2022 financial year).

(4) Relates to Jacques Aschenbroich from January 26, 2022 to December 31, 2022 and takes into account the variety and scope of the specific missions assigned to him in connection with his succession plan.

(5) Calculating the year-on-year change in ratio is not an appropriate way of assessing changes in the ratio as this information concerns the position of Chairman of the Board of Directors held from January 26, 2022 to December 31, 2022.

(6) As this information concerns only the position of Chief Executive Officer held by Christophe Périllat since January 26, 2022, the amount does not include the variable annual compensation awarded to him in his capacity as Deputy Chief Executive Officer in respect of the 2021 financial year and paid in the 2022 financial year. In view of these factors, calculating the year-on-year change in ratio is not an appropriate way of assessing changes in the ratio.

(7) This amount corresponds to the compensation for the position of Chief Executive Officer held by Christophe Périllat since January 26, 2022. It includes, for the first time, the amount of annual variable compensation awarded for this position in respect of the 2022 financial year and paid during the 2023 financial year, which explains in particular (i) the difference between the amounts for 2022 and 2023 and (ii) the year-on-year change in the ratio.

(8) Calculating the year-on-year change in ratio is not an appropriate way of assessing changes in the ratio as this information concerns only the position of Deputy Chief Executive Officer held from January 1, 2022 to January 26, 2022 (as well as the annual variable compensation awarded for this office in respect of the 2021 financial year and paid in the 2022 financial year).

(9) In 2020, the fall in the average and median compensation of employees was due to cost variabilization measures taken to deal with the Covid-19 crisis (short-time working, unpaid leave, salary freeze for senior executives).

(10) The Group's performance is measured by comparing OE sales growth on a like-for-like basis, i.e., at constant exchange rates and scope on an adjusted basis, with global automotive production growth. For information purposes, for the 2024 financial year, the OEM/production performance excluding the regional mix was -1 pt.

Explanations for the changes in the ratios for compensation are given below:

- the executive corporate officers' compensation reflects the variable compensation due in respect of the previous financial year and paid during the reference year;
- in 2020, the fall in the average and median compensation of employees was due to cost variabilization measures taken to deal with the Covid-19 crisis (short-time working, unpaid leave, salary freeze for senior executives);
- in 2022, the ratios reflect the separation of the roles of Chairman and Chief Executive Officer on January 26, 2022;
- in 2023, the ratios particularly reflect the inflation-related increase in compensation of employees of the Group's French companies, the change of Chairman of the Board of Directors on January 1, 2023, with Gilles Michel replacing Jacques Aschenbroich, and the fact that Christophe Périllat's position as Chief Executive Officer was taken into account for the full year (including, for the first time, components related to the Chief Executive Officer's variable compensation), which automatically resulted in changes in the ratios relating to Christophe Périllat;
- in 2024, the ratios reflect, in particular, the increase in compensation for employees of the Group's French companies, as well as the stability, in executive corporate officers' compensation.

The ratios presented below were calculated based on performance shares allotted and valued under IFRS, in accordance with French Ordinance No. 2019-1234 of November 27, 2019.

The table below shows the ratios calculated based on the fixed and variable short-term compensation paid in the stated financial years and the performance shares that were delivered in the same periods.

	2020	2021	2022	2023	2024
RATIO TO AVERAGE COMPENSATION					
Chairman and Chief Executive Officer until January 26, 2022	46.31[1]	41.26[1]	40.87[2]	-	-
Year-on-year change	*50.55%*	*-10.91%*	-[3]	-	-
Chairman of the Board of Directors since January 26, 2022[4]	-	-	13.07	5.77	5.61
Year-on-year change	-	-	-[5]	*-55.85%*	*-2.77%*
Chief Executive Officer since January 26, 2022	-	-	16.44[6]	32.35[6][7]	29.76[6]
Year-on-year change	-	-	-	*96.75%*[7]	*-8.01%*
Deputy Chief Executive Officer from May 26, 2021 to January 26, 2022	-	8.44[6]	7.76[6]	–[6]	6.78[8]
Year-on-year change	-	-	-[9]	-	-
RATIO TO MEDIAN COMPENSATION					
Chairman and Chief Executive Officer until January 26, 2022	61.80[1]	56.47[1]	55.93[2]	-	-
Year-on-year change	*52.03%*	*-8.62%*	-[3]	-	-
Chairman of the Board of Directors since January 26, 2022[6]	-	-	17.88	7.98	7.66
Year-on-year change	-	-	-[5]	*-55.37%*	*-4.01%*
Chief Executive Officer since January 26, 2022	-	-	22.49[6]	44.78[6][7]	40.62[6]
Year-on-year change	-	-	-	*99.13%*[7]	*-9.29%*
Deputy Chief Executive Officer from May 26, 2021 to January 26, 2022	-	11.55[6]	10.61[6]	-[6]	9.26[8]
Year-on-year change	-	-	-[9]	-	-

(1) None of the performance shares allotted to Jacques Aschenbroich under the 2017 and 2018 plans vested in 2020 or 2021.
(2) 43,561 performance shares allotted to Jacques Aschenbroich as executive corporate officer under the 2019 plan vested in 2022 (value of the share on the vesting date). The number of shares takes into account the one-sixth reduction of the shares allotted under the 2019 plan for the portion represented by the internal performance criteria (80%).
(3) Calculating the year-on-year change in ratio is not an appropriate way of assessing changes in the ratio as this information concerns only the position of Chairman and Chief Executive Officer held from January 1, 2022 to January 26, 2022 (as well as the annual variable compensation awarded for this position in respect of the 2021 financial year and paid in the 2022 financial year).
(4) Relates to Jacques Aschenbroich from January 26, 2022 to December 31, 2022 and takes into account the variety and scope of the specific missions assigned to him in connection with his succession plan.
(5) Calculating the year-on-year change in ratio is not an appropriate way of assessing changes in the ratio as this information only concerns the position of Chairman of the Board of Directors held from January 26, 2022 to December 31, 2022.
(6) None of the performance shares allotted to Christophe Périllat as executive corporate officer vested in 2021, 2022 or 2023. In 2024, performance shares allotted to Christophe Périllat in his capacity as Deputy Chief Executive Officer vested. Consequently, these vested shares are included in the ratio applicable to the Deputy Chief Executive Officer.
(7) This ratio corresponds to the compensation for the position of Chief Executive Officer held by Christophe Périllat since January 26, 2022. It includes, for the first time, the amount of annual variable compensation awarded for this position in respect of the 2022 financial year and paid during the 2023 financial year, which explains the year-on-year change in the ratio.
(8) 37,616 performance shares allotted to Christophe Périllat under the 2021 plan in his capacity as Deputy Chief Executive Officer vested in 2024.
(9) Calculating the year-on-year change in ratio is not an appropriate way of assessing changes in the ratio as this information concerns only the position of Deputy Chief Executive Officer held from January 1, 2022 to January 26, 2022 (as well as the annual variable compensation awarded for this office in respect of the 2021 financial year and paid in the 2022 financial year).

Historical information

Annual variable compensation

Five-year summary of the annual variable compensation allocated to the executive corporate officer in office at December 31, 2024 (as Deputy Chief Executive Officer and then Chief Executive Officer after the separation of the roles of Chairman of the Board of Directors and Chief Executive Officer on January 26, 2022)

[*ESRS 2 § 29*]

(% of fixed compensation)	2020		2021(1)		2022(2)		2023		2024	
	Achieved	**Capped**	**Achieved**	**Capped**	**Achieved**	**Capped**	**Achieved**	**Capped**	**Achieved**	**Capped**
Quantifiable criteria	-	-	52.18%	80%	57.3%	70%	48.06%	70%	56%	70%
Qualitative criteria	-	-	37.67%	40%	47%	50%	47.07%	50%	50%	50%
VARIABLE COMPENSATION	**-**	**-**	**89.85%**	**120%**	**104.3%**	**120%**	**95.13%**	**120%**	**106%**	**120%**

(1) *The amount of fixed and variable compensation allocated to the Deputy Chief Executive Officer in respect of the 2021 financial year has been calculated* prorata *to the period of time he served in that capacity.*
(2) *The variable compensation provided for the Chief Executive Officer is applied to Christophe Périllat for the whole of the 2022 financial year.*

A five-year summary table of the annual variable compensation awarded to Jacques Aschenbroich in his capacity as Chairman and Chief Executive Officer until the separation of these two roles on January 26, 2022, covering the financial years from 2018 to 2022, is provided on page 190 of the 2022 Universal Registration Document.

Long-term compensation

[*ESRS 2 § 29*]

The history of performance shares allotted is summarized in the tables presented in the paragraph “Compensation paid to the executive corporate officers over the last two years” of this section, on pages 174 to 179. It is recalled, as necessary, that no stock purchase options have been allocated since March 27, 2012.

The Code of Conduct states that the executive corporate officers must not use hedging transactions to reduce their risk, it being specified that no hedging instruments have been used with respect to their performance shares. There are also restrictions on trading in the Company’s shares (including selling free shares) during black-out periods (see section 3.2.2 “Directors’ rights and duties”, pages 133 to 134).

At the end of the holding period set by the Board of Directors, the executive corporate officers must also hold a significant number of vested performance shares in the form of registered shares until the end of their terms of office. This holding obligation will correspond to 50% of the vested performance shares.

Evolution of the compensation of the executive corporate officers over the last two financial years

[*ESRS 2 § 29*]

The following tables show the compensation paid and awarded to Gilles Michel and Christophe Périllat, and the performance shares allotted to Christophe Périllat, in their capacity as executive corporate officers, over the last two years.

Summary of compensation, stock purchase options and performance shares allotted to the executive corporate officers (AMF Table No. 1)

(in €)	2023	2024(1)
Gilles Michel Chairman of the Board of Directors		
Compensation allocated for the financial year (*broken down in AMF Table No. 2*)	363,841	363,669
Value of multi-annual variable compensation allocated during the financial year	-	-
Value of stock purchase options allotted during the financial year	-	-
Value of performance shares allotted during the financial year (*broken down in AMF Table No. 6*)	-	-
TOTAL	**363,841**	**363,669**

(1) *The total compensation and benefits package paid or allocated to the Chairman of the Board of Directors under the 2024 Chairman of the Board of Directors Compensation Policy will be submitted to the vote of the Shareholders’ Meeting of May 22, 2025 called to approve the financial statements for the financial year ended December 31, 2024 (ex post vote).*

(in €)	2023	2024[1]
Christophe Périllat Chief Executive Officer		
Compensation allocated for the financial year (*broken down in AMF Table No. 2*)	1,929,755	2,036,173
Value of multi-annual variable compensation allocated during the financial year	-	-
Value of stock purchase options allotted during the financial year	-	-
Value of performance shares allotted during the financial year (*broken down in AMF Table No. 6*)[2]	1,949,988	1,949,999
TOTAL	**3,879,743**	**3,986,172**

(1) The total compensation components and benefits of any kind paid or allocated to the Chief Executive Officer under the 2024 Chief Executive Officer Compensation Policy will be submitted to the vote of the Shareholders' Meeting of May 22, 2025 called to approve the financial statements for the financial year ended December 31, 2024 (ex post vote). Payment of the Chief Executive Officer's variable compensation is contingent on its approval by the shareholders.

(2) All performance shares allotted to the Chief Executive Officer are subject to presence conditions, the achievement of performance criteria, and holding obligations. The performance criteria linked to the performance shares allotted to the Chief Executive Officer in 2024 are described in paragraph "Long-term compensation – Allotment of performance shares" of this section, page 170 and in paragraph "Long-term compensation – Allotment of performance shares" of section 3.3.1 of Valeo's 2023 Universal Registration Document, pages 155 to 157.

Summary of the compensation of the executive corporate officers in office during 2024 (AMF Table No. 2)

	2023		2024	
(in €)	Amount allocated	Amount paid	Amount allocated	Amount paid
Gilles Michel Chairman of the Board of Directors				
Fixed compensation	360,000	360,000	360,000	360,000
Annual variable compensation	-	-	-	-
Multi-annual variable compensation	-	-	-	-
Exceptional compensation	-	-	-	-
Directors' compensation	-	-	-	-
Benefits in kind	3,841	-	3,669	3,841
TOTAL	**363,841**	**360,000**	**363,669**	**363,841**

	2023		2024	
(in €)	Amount allocated	Amount paid	Amount allocated	Amount paid
Christophe Périllat				
Fixed compensation	975,000	975,000	975,000	975,000
Annual variable compensation	927,518[1]	1,016,925[2]	1,033,500[3]	927,518[4]
Multi-annual variable compensation	-	-	-	-
Exceptional compensation	-	-	-	-
Directors' compensation	-	-	-	-
Benefits in kind	27,237[5]	27,237[5]	27,673[5]	27,673[5]
TOTAL	**1,929,755**	**2,019,162**	**2,036,173**	**1,930,191**

(1) Amount of variable compensation awarded for the 2023 financial year.

(2) Amount of variable compensation awarded in respect of the 2022 financial year and paid in the 2023 financial year.

(3) Amount of variable compensation awarded for the 2024 financial year and which will be paid in 2025, subject to the vote of the Shareholders' Meeting called to approve the financial statements for the financial year ended December 31, 2024 (ex post vote). Payment of the variable compensation is contingent on its approval by the shareholders.

(4) Amount of variable compensation awarded in respect of the 2023 financial year and paid in the 2024 financial year.

*(5) Company car, annual contribution to the unemployment insurance fund for company managers (*Garantie Sociale des Chefs et Dirigeants d'entreprise*), and annual contribution to the health, death and disability plan and life insurance.*

Stock purchase options allotted to the executive corporate officers during the financial year by Valeo or any Group company (AMF Table No. 4)

None.

Stock purchase options exercised by the executive corporate officers during the financial year (AMF Table No. 5)

None.

Performance shares allotted to the executive corporate officers during the financial year by Valeo or any Group company (AMF Table No. 6)

	Plan no. and date	Number of shares allotted during the financial year	Value of shares according to the method used for consolidated financial statements	Vesting date	Shares available as at	Performance criteria
Gilles Michel Chairman of the Board of Directors	None	-	-	-	-	-
Christophe Périllat Chief Executive Officer	05/23/2024	203,549	9.58	05/23/2027	05/23/2029[(1)]	[(2)]

(1) Obligation to hold at least 50% of the vested shares as registered shares until the end of his term of office.
(2) The performance criteria linked to the performance shares allotted to the Chief Executive Officer during the 2024 financial year are described in this section, paragraph "Long-term compensation – Allotment of performance shares", page 170.

Performance share allotments that became available for trading for the executive corporate officers during the financial year (AMF Table No. 7)

The table below shows the performance shares allotted to the executive corporate officer (*ex officio*) that became available during the financial year[(1)].

	Plan no. and date	Number of shares that became available for trading during the financial year	Vesting requirements
Christophe Périllat Deputy Chief Executive Officer from May 26, 2021 to January 26, 2022, then Chief Executive Officer since January 26, 2022	05/26/2021	37,616	[(1)]

(1) The achievement rate for the performance criteria can be found in paragraph "Breakdown of achievement rates of performance criteria" in this section, page 179.

History of allotments of stock purchase options including to the executive corporate officers – Information concerning stock purchase options (at December 31, 2024) (AMF Table No. 8)

The table showing the history of stock purchase option allotments, including those to the corporate officers, is set out in section 3.3.2 of the 2020 Universal Registration Document, page 189.

It is recalled that the last stock purchase option plan in effect expired on March 26, 2020. Valeo has not been authorized to allot stock options by the Shareholders' Meeting since August 5, 2014.

(1) Jacques Aschenbroich, who was Chairman and Chief Executive Officer until January 26, 2022, then Chairman of the Board of Directors from January 26, 2022 to December 31, 2022, ceased to be a corporate officer of Valeo on December 31, 2022. However, 27,442 shares were delivered to him on May 26, 2024 under the 2021 plan. The number of shares delivered takes into account the reduction in the number of shares allocated on a prorata temporis *basis for the period during which Jacques Aschenbroich was both Chairman and Chief Executive Officer.*

History of current free share allotment plans – Information concerning free shares allotted (at December 31, 2024) (AMF Table No. 10)

The table below shows the history of ongoing free share allotments.

	2019 plan	2020 plan	2021 plan	2022 plan	2023 plan	2024 plan
DATE OF SHAREHOLDERS' MEETING	**05/23/2019**	**05/23/2019**	**05/26/2021**	**05/26/2021**	**05/24/2023**	**05/23/2024**
Date of Board of Directors' meeting	05/23/2019	03/24/2020	05/26/2021	03/23/2022	05/24/2023	05/23/2024
Total number of free shares allotted	1,699,281	2,342,306	2,070,829	2,308,057	2,794,057	2,925,243
Of which number of shares allocated on a conditional basis to Christophe Périllat, in his capacity as (i) Chief Operating Officer then Associate Chief Executive Officer (employee member of the Executive Committee) for the purpose of the 2019 and 2020 plans and (ii) Deputy Chief Executive Officer (DCEO) then Chief Executive Officer (CEO) for the purpose of the 2021 and subsequent plans	56,223	83,997	57,871	100,154	124,124	203,549
Of which number of shares allotted on a conditional basis to Jacques Aschenbroich in his capacity as Chairman and CEO for the purpose of the 2019 to 2021 plans	87,122	130,000	118,536	-	-	-
Number of shares allotted to employees	1,135,936	1,598,309	1,262,422	1,677,903	1,979,041	2,721,694
Number of options allotted under employee share ownership plans	420,000	530,000	632,000	530,000	690,892	-
Number of corporate officer grantees	1	1	2	1	1	1
Number of employee grantees	39,284	40,386	44,234	40,578	40,362	12,904
VESTING DATE OF SHARES						
Christophe Périllat, as DCEO then CEO for the 2021 and subsequent plans	-	-	05/26/2024	03/23/2025	05/24/2026	05/23/2027
Jacques Aschenbroich, as Chairman and CEO for the 2019 to 2021 plans	05/23/2022	03/24/2023	05/26/2024	-	-	-
Executive Committee (including Christophe Périllat for the 2019 and 2020 plans), Liaison Committee, the main senior managers reporting to the Liaison Committee members	05/23/2022	03/24/2023	05/26/2024	03/23/2025	05/24/2026	05/23/2027
Specific managers	05/23/2022	03/24/2023	05/26/2024	03/23/2025	05/24/2026	05/23/2027
All employees	06/30/2022	06/30/2023	06/30/2024	06/30/2025	06/30/2026	06/30/2027
"Employee share ownership plans"	Italy/Spain: 06/27/2022 Other countries: 06/30/2024	Italy/Spain: 11/16/2023 Belgium: 11/16/2025 Other countries: 06/30/2025	Italy/Spain: 11/16/2024 Belgium: 11/16/2026 Other countries: 06/30/2026	Italy/Spain: 11/17/2025 Belgium: 11/17/2027 Other countries: 06/30/2027	11/30/2026	-
SHARES AVAILABLE AS OF						
Christophe Périllat as DCEO then CEO for the 2021 and subsequent plans	-	-	05/26/2026	03/23/2027	05/24/2028	05/23/2029
Jacques Aschenbroich as Chairman and CEO for the 2019 to 2021 plans	05/23/2024	03/24/2025	05/26/2026	-	-	-
Executive Committee (including Christophe Périllat for the 2019 and 2020 plans), Liaison Committee, the main senior managers reporting to the Liaison Committee members	-	-	-	-	-	-
Specific managers	-	-	-	-	-	-
All employees	-	-	-	-	-	-
"Employee share ownership plans"	Italy/Spain: 06/27/2025 Other countries: 06/30/2024	Italy/Spain: 11/16/2026 Belgium: 11/16/2025 Other countries: 06/30/2025	Italy/Spain: 11/16/2027 Belgium: 11/16/2026 Other countries: 06/30/2026	Italy/Spain: 11/17/2028 Belgium: 11/17/2027 Other countries: 06/30/2027	Italy/Spain: 11/30/2029 Other countries: 11/30/2026	-

	2019 plan	2020 plan	2021 plan	2022 plan	2023 plan	2024 plan
PERFORMANCE CRITERIA						
Christophe Périllat as DCEO then CEO for the 2021 and subsequent plans	-	-	EBITDA rate – ROCE rate – TSR – CSR	EBITDA rate – ROCE rate – TSR – CSR	EBIT rate – ROCE rate – TSR – CSR	EBIT rate – ROCE rate – TSR – CSR
Jacques Aschenbroich, as Chairman and CEO for the 2019 to 2021 plans	Operating margin rate – ROA rate – TSR	Operating margin rate – ROA rate – TSR	EBITDA rate – ROCE rate – TSR – CSR	-	-	-
Executive Committee (including Christophe Périllat for the 2019 and 2020 plans)	Operating margin rate – ROA rate – TSR	Operating margin rate– ROA rate– TSR	EBITDA rate – ROCE rate – TSR – CSR	EBITDA rate – ROCE rate – TSR – CSR	EBIT rate – ROCE rate – TSR – CSR	EBIT rate – ROCE rate – TSR – CSR
Liaison Committee	Operating margin rate – ROA rate	Operating margin rate – ROA rate	EBITDA rate – ROCE rate – TSR – CSR	EBITDA rate – ROCE rate – TSR – CSR	EBIT rate – ROCE rate – TSR – CSR	EBIT rate – ROCE rate – TSR – CSR
Main senior managers reporting to the Liaison Committee members	Operating margin rate – ROA rate	Operating margin rate – ROA rate	EBITDA rate – ROCE rate – CSR	EBITDA rate – ROCE rate – CSR	EBIT rate – ROCE rate – CSR	EBIT rate – ROCE rate – CSR
ACHIEVEMENT RATES OF PERFORMANCE CRITERIA AND VESTING OF SHARES						
Christophe Périllat, as DCEO then CEO for the 2021 and subsequent plans	-	-	65%	80%	-	-
Jacques Aschenbroich, as Chairman and CEO for the 2019 to 2021 plans	60%	80%	65%	-	-	-
Executive Committee (including Christophe Périllat for the 2019 and 2020 plans)	60%	80%	65%	80%	-	-
Liaison Committee	75%	100%	65%	80%	-	-
Main senior managers reporting to the Liaison Committee members	87.5%	100%	90%	100%		-
Total number of shares vested	1,175,739	1,494,799	995,815	14,643	3,264	-
Of which total number of shares vested for Christophe Périllat (since he was appointed as executive corporate officer)	33,734	67,198	37,616	80,124	-	-
Of which total number of shares vested for Jacques Aschenbroich	43,561[1]	62,147[2]	27,442[3]	-	-	-
Total number of shares canceled or forfeited (aggregate)	431,484	388,938	525,042	314,041	254,692	40,824
Allotted free shares remaining at year-end	0	248,389	350,891	1,979,373	2,536,101	2,884,419
Number of grantees at Dec. 31, 2024	0	12,102	13,510	34,549	37,393	12,878

(1) *This number of shares was reduced to take into account the one-sixth reduction of the shares allotted under the 2019 plan for the portion represented by the internal performance criteria (80%). These shares were delivered to Jacques Aschenbroich on May 23, 2022 and remain subject to a two-year holding period.*

(2) *The number of shares takes into account (i) the one-sixth reduction in the number of performance shares initially allocated under the 2020 plan for the portion represented by the internal performance criteria (i.e., 80%), decided by the Board of Directors on March 24, 2021 on the recommendation of the Compensation Committee, and (ii) the reduction in the number of shares allotted on a* prorata temporis *basis for the period during which Jacques Aschenbroich was both Chairman and Chief Executive Officer.*

(3) *The number of shares takes into account the reduction in the number of shares allotted on a* prorata temporis *basis for the period during which Jacques Aschenbroich was both Chairman and Chief Executive Officer.*

BREAKDOWN OF ACHIEVEMENT RATES OF PERFORMANCE CRITERIA

2019 and 2020 plans

The performance criteria underlying the 2019 performance share plan (relating to the 2019, 2020 and 2021 financial years) and the 2020 performance share plan (relating to the 2020, 2021 and 2022 financial years), together with the achievement rates and the percentages of shares due for each criterion are set out in the table below for (i) Jacques Aschenbroich (in his capacity as Chairman and Chief Executive Officer for the purpose of the share allotments) and (ii) the Executive Committee (including Christophe Périllat in his capacity as Chief Operating Officer):

			2019 plan		2020 plan	
Performance criteria	Weighting of criterion	Description of the assessment of the achievement rates for the criteria	Percentage of achievement of the criterion	Percentage of shares due for the criterion (% achievement/ criterion weighting)	Percentage of achievement of the criterion	Percentage of shares due for the criterion (% achievement/ criterion weighting)
Operating margin	40%	If criterion achievement rate ≥ target rate over: 3 years = 100%; 2 years = 50%; 1 year = 20%; no years = 0%	100%	40% (/40%)	100%	40% (/40%)
ROA	40%		50%	20% (/40%)	100%	40% (/40%)
TSR[1]	20% Versus CAC 40 (10%) Versus Panel (10%)	• If Valeo's TSR > TSR of the CAC 40 index = 100%; if Valeo's TSR ≤ TSR of the CAC 40 index = 0% • If Valeo's TSR > median of the TSR of the Europe Automotive Equipment Suppliers Panel = 100%; if Valeo's TSR ≤ median of the TSR of the Europe Automotive Equipment Suppliers Panel = 0	0% 0%	0% (/10%) 0% (/10%)	0% 0%	0% (/10%) 0% (/10%)
TOTAL				**60%**		**80%**

(1) 3-year period from January 1 of the year of allotment to December 31 of the year prior to delivery.

2021 and 2022 plans

The performance criteria underlying the 2021 performance share plan (relating to the 2021, 2022 and 2023 financial years) and the 2022 performance share plan (relating to the 2022, 2023 and 2024 financial years), together with the achievement rates and percentages of shares due for each criterion are set out in the table below for (i) Jacques Aschenbroich (in his capacity as Chairman and Chief Executive Officer for the purpose of the 2021 plan), Christophe Périllat (in his capacity as Deputy Chief Executive Officer for the purpose of the 2021 plan and as Chief Executive Officer for the purpose of the 2022 plan) and (ii) the members of the Executive Committee:

			2021		2022	
Performance criteria	Weighting of criterion	Description of the assessment of the achievement rates for the criteria	Percentage of achievement of the criterion	Percentage of shares due for the criterion (% achievement/ criterion weighting)	Percentage of achievement of the criterion	Percentage of shares due for the criterion (% achievement/ criterion weighting)
EBITDA	30%	If criterion achievement rate ≥ target rate over: 3 years = 100%; 2 years = 50%; 1 year = 20%; no years = 0	100%	30% (/30%)	100%	30% (/30%)
ROCE	30%		50%	15% (/30%)	100%	30% (/30%)
TSR[1]	20% Versus CAC 40 (10%) Versus Panel (10%)	• If Valeo's TSR > TSR of the CAC 40 index = 100%; if Valeo's TSR ≤ TSR of the CAC 40 index = 0% • If Valeo's TSR > median TSR of the Europe Automotive Equipment Suppliers Panel = 100%; if Valeo's TSR ≤ median TSR of the Europe Automotive Equipment Suppliers Panel = 0	0% 0%	0% (/10%) 0% (/10%)	0% 0%	0% (/10%) 0% (/10%)
CSR CO_2 emissions Number of women within the Group's various management committees	20% 10% 10%	• If achievement rate ≤ target rate = 100%; if achievement rate > target rate = 0% • If achievement rate ≥ target rate = 100%; if achievement rate < target rate = 0	100% 100%	10% (/10%) 10% (/10%)	100% 100%	10% (/10%) 10% (/10%)
TOTAL				**65%**		**80%**

(1) 3-year period from January 1 of the year of allotment to December 31 of the year prior to delivery.

EMPLOYMENT CONTRACT, SUPPLEMENTARY PENSION PLANS AND BENEFITS (AMF TABLE NO. 11)

	Employment contract	Supplementary pension plans	Compensation or benefits owed or likely to be owed on termination or change of position	Compensation relating to a non-compete clause
Gilles Michel Chairman of the Board of Directors First appointed as a director: 05/23/2018 Lead director from 10/24/2019 to 01/26/2022[(1)] Appointed as Chairman of the Board of Directors: 01/01/2023 Last renewal of the current term of office as a director: 05/24/2022 End of term of office as Chairman of the Board of Directors: Shareholders' Meeting called to approve the 2025 financial statements	No	No	No	No
Christophe Périllat Chief Executive Officer First appointed as a director: 05/26/2021 Deputy Chief Executive Officer from 05/26/2021 to 01/26/2022 First appointed as Chief Executive Officer: Board meeting of 01/26/2022 End of current term of office as a director: Shareholders' Meeting called to approve the 2024 financial statements	No, since January 26, 2022[(2)]	Yes. A description of this supplementary pension is provided in the paragraph "Supplementary pension" of this section, page 157[(3)].	Yes. For a description of this benefit, see paragraph "Termination benefits" of this section, pages 157 to 158.	Yes. For a description of this benefit, see paragraph "Non-compete clause" of this section, page 157.

(1) In accordance with Article 1.7 (a) of the Internal Procedures, Gilles Michel's duties as Lead Director ended on January 26, 2022, the date on which the roles of Chairman of the Board of Directors and Chief Executive Officer were separated.

(2) Christophe Périllat's employment contract was suspended during his term of office as Deputy Chief Executive Officer and was terminated as of the date of his appointment as Chief Executive Officer on January 26, 2022. His employment contract was terminated upon his appointment as Chief Executive Officer.

(3) The termination of his employment contract entailed the loss of the benefit of any defined benefit pension plans attached to his status as employee for the defined benefit pension plans to which he would have been entitled if he had remained a Valeo employee until his retirement, except for his rights acquired under the new plan from January 1, 2020 up until his employment contract was terminated. In accordance with the 2024 Chief Executive Officer Compensation Policy, Christophe Périllat, in his capacity as Chief Executive Officer, benefits from a defined contribution pension plan, with optional membership, which replaces the acquisition of rights under the defined benefit pension plans.

Directors' compensation in respect of the 2024 financial year

The amount of compensation paid to each director in respect of the 2024 financial year is outlined in the table below.

(Gross) compensation awarded and paid to Board members amounted to 1,023,406.59 euros for 2024 compared with 957,000 euros for 2023. The compensation was distributed as follows:

SUMMARY OF DIRECTORS' COMPENSATION PROVIDED FOR IN ARTICLES L. 22-10-14 AND L. 225-45 OF THE FRENCH COMMERCIAL CODE AND OTHER COMPENSATION RECEIVED BY THE CORPORATE OFFICERS (AMF TABLE NO. 3)

	Compensation				Other compensation (fixed, variable or exceptional compensation, benefits in kind)	
(in €)	2023	Fixed portion 2024	Variable portion 2024	Ratio between the 2024 fixed and variable portions	2023	2024
EXECUTIVE CORPORATE OFFICERS						
Gilles Michel	-	-	-	-	363,841	363,669
Christophe Périllat	-	-	-	-	1,929,755	2,036,173
NON-EXECUTIVE CORPORATE OFFICERS						
Julie Avrane(1)	70,000	28,642.86	54,000	fixed portion: 35% variable portion: 65%	-	-
Bruno Bézard	67,000	25,000	48,000	fixed portion: 34% variable portion: 66%	-	-
Bpifrance Participations	70,000	25,000	54,000	fixed portion: 32% variable portion: 68%	-	-
Éric Chauvirey(2)	-	15,178.57	24,000	fixed portion: 39% variable portion: 61%	-	-
Alexandre Dayon	73,000	32,285.71	54,000	fixed portion: 37% variable portion: 63%	-	-
Stéphanie Frachet	88,000	25,000	63,000	fixed portion: 28% variable portion: 72%	-	-
Mari-Noëlle Jégo-Laveissière	70,000	25,000	48,000	fixed portion: 34% variable portion: 66%	-	-
Thierry Moulonguet(3)	103,000	15,824.18	33,000	fixed portion: 32% variable portion: 68%	-	-
Éric Poton	70,000	25,000	42,000	fixed portion: 37% variable portion: 63%	-	-
Beatriz Puente(4)	-	15,178.57	24,000	fixed portion: 39% variable portion: 61%	-	-
Patrick Sayer	94,000	37,000	54,000	fixed portion: 41% variable portion: 59%	-	-
Ulrike Steinhorst(3)	91,000	12,263.74	39,000	fixed portion: 24% variable portion: 76%	-	-
Grzegorz Szelag	70,000	25,000	48,000	fixed portion: 34% variable portion: 66%	-	-
Véronique Weill	91,000	38,854.39	60,000	fixed portion: 39% variable portion: 61%	-	-
Sascha Zahnd(4)	-	15,178.57	18,000	fixed portion: 46% variable portion: 54%	-	-
TOTAL	**-**	**360,406.59**	**663,000**			
	957,000	**1,023,406.59**				

(1) Julie Avrane is permanent representative of Fonds Stratégique de Participations.

(2) In accordance with the amendments to the Company's articles of association adopted at the May 24, 2023 Shareholders' Meeting, and following the internal election process carried out pursuant to the provisions of the articles of association and the procedures set by the Board of Directors, the shareholders approved at the May 23, 2024 Shareholders' Meeting, the appointment of Éric Chauvirey as the principal director representing employee shareholders and the appointment of Yann Le Pêcheur as his substitute.

(3) Until the end of her term of office as a director on May 23, 2024.

(4) Appointed as a director at the May 23, 2024 Shareholders' Meeting.

3.3.3 Overall compensation of other Group senior executives

The Group's other senior executives correspond to the members of the Executive Committee which at December 31, 2024 comprised 12 members including the Chief Executive Officer. The total gross amount paid directly and indirectly to the members of the Executive Committee (excluding the executive corporate officers) was 14,191,588 euros in 2024 (compared with 11,592,634 euros in 2023), of which a fixed portion of 8,290,640 euros, a variable portion of 5,736,251 euros, and benefits in kind of 164,697 euros.

At its meeting held on May 23, 2024, the Board of Directors, on the recommendation of the Compensation Committee, decided to allot free shares or performance shares to employees and corporate officers under the conditions provided for in the applicable legal provisions and pursuant to the eighteenth resolution of the Shareholders' Meeting of May 23, 2024, including:

- 660,997 performance shares to the Executive Committee members (excluding Christophe Périllat);
- 309,309 performance shares to the Liaison Committee members (other than the Executive Committee members);
- 1,374,912 free shares/performance shares to the main direct reports of the Liaison Committee members and other Group managers;
- 376,476 free shares (maximum) not subject to performance criteria, including (i) 60,000 free shares to all Group company employees in France only, and (ii) 316,476 free shares (exceptional allotment) to specific managers.

The main characteristics of the performance shares allotted to the members of the Executive Committee and the Liaison Committee, as well as the main senior managers reporting to Liaison Committee members, are as follows:

- the performance shares allotted to the members of the Executive Committee (excluding Christophe Périllat) and the Liaison Committee are subject to the same performance criteria, target rates and performance assessment methods as the performance shares allotted by the Board of Directors on the same date to the Chief Executive Officer[1];
- 50% of the performance shares allotted to the senior managers reporting to the Liaison Committee members and other Group managers are contingent on (i) the achievement of performance measured based on internal performance criteria for each of the three financial years covered by the vesting period, i.e., EBIT rate (20% weighting) and ROCE rate (20% weighting), and (ii) two CSR criteria, i.e., an environmental criterion based on the level of CO_2 emissions (5% weighting) and a gender diversity criterion based on the number of women on the Group's management committees (5% weighting). The target rates and procedures used to measure the achievement rates for these criteria are the same as those used for the performance shares allotted on the same day by the Board of Directors to the Chief Executive Officer[1], and the members of the Executive Committee as well as the Liaison Committee;
- the performance shares will vest after a three-year vesting period; there is no minimum holding period for the shares obtained;
- the free shares allotted to specific managers and to employees in France are not subject to any performance criteria;
- all free shares or performance shares will be allotted provided, in particular, that (i) the beneficiary's employment contract is still valid, and (ii) the share vesting date does not fall during the notice period following the beneficiary's resignation, dismissal or contract termination, unless provided otherwise (such as in the case of death, total and permanent disability, retirement, early retirement, the sale of the beneficiary's entity, or the Board of Directors' discretionary decision). Furthermore, the Board of Directors reserves the right to maintain the share entitlements in specific cases determined by it;
- in accordance with the Group's Code of Conduct, the Chief Executive Officer, the members of the Executive Committee and the Liaison Committee shall not engage in hedging transactions over Valeo securities (including performance and/or free shares).

The free shares or performance shares allotted to employees and corporate officers (including the Chief Executive Officer) during the 2024 financial year have a limited dilutive impact, representing 1.20% of the Company's share capital at December 31, 2024 (it being specified that the Company's practice is to deliver existing shares rather than issuing new shares, which has no dilutive impact on the Company's share capital). All of the free shares and performance shares allotted since 2010 to employees and corporate officers (including to the executive corporate officer in respect of the 2024 financial year) represent 9.74% of the Company's share capital at December 31, 2024.

Further to the Board of Directors' decision on July 20, 2017, the supplementary pension plan covering the Group's senior executives, which came into effect on January 1, 2010, was closed to new members on July 1, 2017. A new "Article 83" defined contribution supplementary pension plan was introduced on January 1, 2019 and is open to all employees in France whose compensation is more than four times the social security ceiling. In accordance with French Ordinance No. 2019-697 of July 3, 2019, the defined benefit pension plan, which no longer welcomes new members since July 1, 2017, no longer allows for the acquisition of new rights as from January 1, 2020. Since January 1, 2020, members of the previous defined benefit pension plan have been covered by a new defined benefit plan governed by Article L. 137-11-2 of the French Social Security Code.

[1] *(see section 3.3.1, "Overview of the compensation policy for the Chief Executive Officer in respect of the 2024 financial year", pages 153 to 158)*

3.3.4 Information about the performance shares

[*ESRS 2 § 29*]

The performance share allotment policy is described in section 3.3.1 “Overview of the compensation policy for the Chief Executive Officer in respect of the 2024 financial year”, pages 153 to 158 for allotments made to Christophe Périllat, and in section 3.3.3 “Overall compensation of other Group senior executives”, page 182 for allotments made to other beneficiaries.

Stock purchase options allotted and exercised in the 2024 financial year (AMF Table No. 9)

Stock purchase options allotted to the ten employees receiving the greatest number of options and options exercised by the ten employees exercising the greatest number of options, excluding corporate officers	Number of options allotted/exercised	Weighted average strike price	Expiration date	Date of Board of Directors' meeting
Options allotted during the financial year by Valeo and/or other Group companies to the ten employees of the issuer or other Group companies receiving the greatest number of options	-	-	-	-
Options held on Valeo and/or other Group companies, and exercised during the financial year by the ten employees of the issuer or other Group companies with the greatest number of options exercised	-	-	-	-

Performance shares allotted during the 2024 financial year

Performance shares allotted to the ten employees receiving the greatest number of performance shares, excluding corporate officers	Number of performance shares allotted	Date of Board of Directors' meeting
Performance shares allotted by Valeo to the ten employees of Valeo or related entities, as defined in Article L. 225-197-2 of the French Commercial Code, who received the greatest number of such shares[(1)]	661,764	05/23/2024

(1) Valued at 9.91 euros under IFRS.

Pensions and other post-employment benefits and related provisions

At December 31, 2024, the total amount of provisions set aside by Valeo or its subsidiaries for the payment of pensions or other post-employment benefits to members of the Board of Directors and other senior executives of the Group came to 8 million euros (compared with 10 million euros at December 31, 2023).

At December 31, 2024, the total amount of provisions set aside and the total amounts paid by Valeo or its subsidiaries for these benefits to former Board members or other senior executives of the Group came to, respectively, 3 million euros (compared with 3 million euros at December 31, 2023) and 48,698 euros (compared with 64,210 euros at December 31, 2023).

4. SUSTAINABILITY REPORT

Interview with Christophe Périllat

"Our first Sustainability Report is part of a broader process of continuous improvement and transparency"

Christophe Périllat
CHIEF EXECUTIVE OFFICER

It is with great pleasure that we are publishing this first Sustainability Report, which demonstrates our commitment to creating sustainable value for our customers, our investors, our employees and society as a whole.

This report is the result of a remarkable effort on the part of our teams to meet the requirements of the new European Corporate Sustainability Reporting Directive (CSRD), which aims to improve the transparency and quality of companies' non-financial reporting.

For Valeo, this report is neither a starting point nor a simple exercise in compliance: it is part of a broader process of continuous improvement and transparency. To achieve this, we have capitalized on the considerable work we have already done on ESG over the last two decades.

We have been able to prepare by anticipating regulatory developments, and this has meant that our reporting today already covers a large majority of the data required by the CSRD. This progress illustrates our unwavering commitment to integrating sustainability into all dimensions of our strategy and operations.

Valeo is regularly recognized by the main non-financial benchmarks as one of the world's best companies in terms of sustainability, and we are proud to have been invited to join the Sustainability 50, the top 50 companies in terms of sustainable development across all sectors.

The cornerstone of the CSRD is the double materiality assessment, which allows us to identify challenges and areas for improvement in our sustainable development policy. This is a unique opportunity to fine-tune our strategy and increase the positive impact of our actions.

I would like to thank everyone who contributed to the preparation of this report, as well as all of our stakeholders, with whom we maintain an ongoing dialogue that allows us to improve on a daily basis.

As we continue on our path of sustainable and responsible growth, we remain fully committed to providing a clear, honest and ambitious vision of our impact and contribution to society.

4.1 General disclosures

4.1.1 General basis for preparation of the Sustainability Report

Contribution of Valeo's strategy to the Sustainable Development Goals

The Group's sustainable development initiatives are in line with the United Nations Sustainable Development Goals (SDGs), which include eradicating poverty, promoting development and protecting the planet. Depending on the countries in which Valeo operates, the Group undertakes to contribute to the following SDGs and targets:

THE GROUP'S 7 STRATEGIC SDGS

4 QUALITY EDUCATION

TARGETS:

Target 4.3
- By 2030, ensure equal access to education.

Target 4.4
- By 2030, increase the number of youth and adults with skills for employment.
- Develop technical skills for a decent job.

5 GENDER EQUALITY

TARGETS:

Target 5.1
- End all forms of discrimination against women and girls everywhere.

Target 5.5
- Ensure women's participation in leadership roles.
- Ensure access to decision-making positions.

8 DECENT WORK AND ECONOMIC GROWTH

TARGET:

Target 8.7
- Eradicate forced labor, modern slavery and human trafficking.
- By 2025, end child labor.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

TARGET:

Target 9.5
- Enhance research and technological capabilities in all countries.
- By 2030, increase the number of Research and Development workers.

11 SUSTAINABLE CITIES AND COMMUNITIES

TARGET:

Target 11.2
- By 2030, provide access to safe, accessible and affordable transportation.
- Improve road safety and respond to the needs of those in vulnerable situations.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

TARGETS:

Target 12.2
- By 2030, achieve sustainable management of natural resources.
- Ensure efficient use of natural resources.

Target 12.5
- By 2030, substantially reduce waste generation.
- Promote prevention, reduction, recycling and reuse.

13 CLIMATE ACTION

TARGET:

Target 13.1
- Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters.

4.1.1.1 Principles (DR BP-1)

4.1.1.1.1 General principles

For the first year of application of the European Corporate Sustainability Reporting Directive (CSRD[1]), Valeo's Sustainability Report has been prepared in accordance with the European Sustainability Reporting Standards (ESRS) published by the European Financial Reporting Advisory Group (EFRAG[2]). These standards provide a comprehensive framework for the disclosure of non-financial information and the consideration of ESG matters.

In accordance with the regulations, the Group's Sustainability Report is based on a double materiality approach, taking into account both Valeo's impact on the environment and society, and the influence of environmental and social issues on the Company's performance. This approach ensures that the Sustainability Report is relevant to all stakeholders, including employees, investors, customers, suppliers and the communities in which the Group operates.

It also includes an analysis of the Group's sustainability-related risks and opportunities.

To prepare this report, Valeo collected and consolidated data from all its activities and its entire value chain. This Sustainability Report has been subject to a limited assurance review in accordance with the regulations, as described in the section on the review below (see section 4.7 "Report on the certification of Sustainability and Taxonomy information", page 342).

Valeo also reports on the progress of its duty of care plan (see section 4.1.2.4 "Statement on due diligence", page 194), in accordance with the French framework in force, and publishes information relating to the EU Green Taxonomy (see section 4.2.2 "EU Green Taxonomy", page 206).

(1) Corporate Sustainability Reporting Directive: Directive (EU) 2022/2464 of the European Parliament and of the Council of December 14, 2022 as regards corporate sustainability reporting, transposed into French law by Government order No. 2023-1142 of December 6, 2023 on the publication and certification of sustainability reporting and the environmental, social and corporate governance obligations of commercial companies.

(2) European Financial Reporting Advisory Group: responsible for developing European sustainability reporting standards.

4.1.1.1.2 Introductory remarks for the first year of application of the CSRD

The Group declares that this sustainability information, which is an integral part of the Group Management Report as required by Article L. 233-28-4 of the French Commercial Code (hereinafter "Sustainability Report"), has been prepared in accordance with the requirements of ESRS and Article 8 of Regulation (EU) 2020/852 on Taxonomy-related information applicable on the date of preparation of this first Sustainability Report.

This Sustainability Report was prepared based on the information and knowledge available at the time of writing, and bearing in mind that this is the first year of application of the provisions relating to the CSRD.

In particular, this first Group Sustainability Report is characterized by contextual specificities related to the first year of application of CSRD requirements, such as certain information required by ESRS that was not available at December 31, 2024 due to the lack of common and shared guidelines within the industry or insufficient maturity of reporting tools to isolate and process the information.

The main sources of uncertainty or interpretation of the texts, and judgments of the Group's management or limitations by data point are presented below:

Entry point concerned	Reference
ESRS E2 § 34	see section 4.2.4.6 "Performance and measures related to substances of concern and substances of very high concern", page 243
ESRS E5 § 31 (a) and (b)	see section 4.2.7.3.4 "Consumption of materials and packaging", page 256
ESRS E5 § 36 (c)	see section 4.2.7.2.4 "Circular economy metrics", page 255
ESRS S1-14 § 88 - AR82	see section 4.3.1.16 "Health and safety metrics", page 281
ESRS G1-6 § 33 (a) and (b)	see section 4.4.7 "Payment practices", page 297

As market practices and recommendations evolve and a better understanding of the new regulations and standards is achieved, the Group may need to revise certain reporting and communication practices in future versions of its Sustainability Report.

Similarly, certain estimates may be refined in future reporting years as more pertinent information becomes available. Certain estimation methods may also be modified or adjusted to reflect changes in generally accepted practices.

In addition, the robustness of the data collection process will continue to improve with each report and as data collection and analysis tool(s) become more powerful.

The Group's internal control systems related to the preparation of sustainability information especially for newly prepared and published information will be progressively improved based on the experience gained in the first reporting periods.

The Group also plans to periodically review and refine its processes for assessing the materiality of the impacts, risks and opportunities associated with its activities.

As such, the Group is committed to the continuous improvement of this reporting and communication, taking into account best practices in publications by industry peers, the publication of new EFRAG guidance and the implementation of additional standards (notably sector-specific standards).

4.1.1.2 Scope (DR BP-1)

[ESRS 2 § 3] - [ESRS 2 § 5]

Sustainability data are consolidated on the same basis as the financial statements. The quantitative sustainability information includes the parent company, Valeo SE, and all subsidiaries over which it exercises control, directly or indirectly, in accordance with the financial consolidation methods described in Chapter 5, section 5.4.6, Note 3 of the notes to the consolidated financial statements "Scope of consolidation", page 365. The CSRD also requires the integration of quantitative data from non-consolidated entities over which the Group exercises operational control. After analysis, Valeo does not exercise operational control over any such entities. Associates and joint ventures are therefore excluded from the consolidated sustainability data, except for their GHG emissions, which are included in Valeo's Scope 3, category 15 "Investments" (see section 4.1.1.2.1 "Reporting of environmental data", paragraph "Changes in scope", pages 189).

Changes in estimates are recognized in the period in which the estimate is revised.

Different reporting tools are used to calculate environmental, social and governance metrics. Each of them covers a large majority of the consolidated financial entities. To ensure consistency between the consolidated financial scope and the sustainability scope, the Group may use extrapolation. This method provides consistent coverage of the consolidated Group entities that are not directly included in dedicated reporting tools.

Detailed rules for each set of metrics are presented below. Where applicable, exceptions or deviations from these principles are indicated in the description of each metric or in the footnotes in the following sections of this chapter: 4.2 "Environmental information", page 205, 4.3 "Social information", page 260, and 4.4 "Governance information – Business conduct", page 290.

4.1.1.2.1 Reporting of environmental data

Reporting scope

Environmental data excluding Scope 3 GHG emissions

In 2024, the scope of environmental data excluding Scope 3 GHG emissions covers all consolidated production sites and Valeo's main R&D centers, representing 97% of the Group's employees and 97% of the adjusted sales of outsourced distribution activities. Data for missing entities are estimated based on actual data reported by other sites. The environmental metrics therefore cover the same scope as the financial statements.

The Group's environmental data are collected through the Valeo Environmental Indicators (VEI) internal reporting tool.

Environmental data related to Scope 3 GHG emissions

Scope 3 GHG emissions cover 100% of the Group's consolidated entities.

Consolidation period

Environmental data excluding Scope 3 GHG emissions

Valeo collects its environmental data, excluding Scope 3 GHG emissions, from October 1 of the prior year to September 30 of the year under review. This three-month lag in relation to the calendar year allows a thorough verification of all data and a high level of confidence. In addition, the Group's business does not present any particular seasonality with respect to the final quarter or significant events that could call into question the use of such an approach.

The sales used in the environmental metrics, notably for the calculation of intensity indicators, are the Group's 2024 sales as presented in the financial statements.

Environmental data related to Scope 3 GHG emissions

Scope 3 GHG emissions data are consolidated over a calendar year, i.e., from January 1 to December 31 of the year under review.

Consolidation rules

Environmental data excluding Scope 3 GHG emissions

Sites that are consolidated during the reporting year, either through the creation of new sites or through the transition from minority ownership or control to majority ownership, are included in the environmental reporting tool in the subsequent year (Y+1). In the meantime, data for these sites are extrapolated.

Sites that are sold or closed during the year under review are accounted for over their period of activity in line with financial reporting. Where environmental data are available and reliable, consolidation is based on the reported data. Where data are not available, an estimate is made based on the previous year's data.

Environmental data are therefore consolidated using the same rules as financial data.

Environmental data related to Scope 3 GHG emissions

Scope 3 GHG emissions from entities that are consolidated during the reporting year, either through the creation of new entities or through the transition from minority ownership or control to majority ownership, are consolidated from the reporting year onwards.

Sites that are sold or closed during the year under review are accounted for over their period of activity in line with financial reporting.

Scope 3 GHG emissions are therefore consolidated according to the same rules as financial data.

Changes in scope

Environmental data excluding Scope 3 GHG emissions

In 2024, the scope of environmental metrics changed, notably with the inclusion of 11 of the Group's R&D centers.

Environmental data related to Scope 3 GHG emissions

From 2024, Scope 3 GHG emissions include emissions from equity-accounted entities (joint ventures and associates) over which Valeo does not exercise operational control, in category 15 "Investments", in proportion to Valeo's ownership interest.

4.1.1.2.2 Reporting of social data

Reporting scope

The scope of social metrics includes all legal entities consolidated in the financial statements. Workforce data are collected and managed through the Human Resources Information System.

Consolidation period

For information over a period of time, such as the average number of employees, Valeo reports its social data on a calendar year basis, i.e., from January 1 to December 31. For information at a given moment, such as the number of employees, data are calculated as at December 31 of the year in question.

Consolidation rules

The social metrics of entities that are consolidated during the year, either through the creation of new entities or the change from minority to majority ownership or control, are consolidated from the reporting year onwards.

Sites that are sold or closed during the year under review are accounted for over their period of activity in line with financial reporting.

Social data are therefore consolidated using the same rules as financial data.

4.1.1.2.3 Reporting of governance data

Reporting scope

The reporting scope of governance data includes all legal entities consolidated in the Group's financial statements.

Governance metrics related to payment practices are collected through the financial network, which ensures symmetry with the scope of the financial metrics.

Consolidation period

Valeo collects its governance metrics for the calendar year, i.e., January 1 to December 31 of the year in question.

Consolidation rules

Governance data are subject to the same consolidation rules as financial data.

4.1.1.3 Specific circumstances (DR BP-2)

4.1.1.3.1 Time horizons

[ESRS 2 § 9]

The time horizon considered in the double materiality assessment is an essential element of the assessment. The time horizons used by the Group are defined in accordance with ESRS 1[(1)], namely:

- short-term: 1 year/financial statement reporting period;
- medium term: more than 1 year and less than 5 years;
- long-term: more than 5 years;

except for the time horizons for climate matters:

- short-term: less than 5 years;
- medium-term: 5 to 10 years;
- long-term: more than 10 years.

The time horizon is assessed for each of the sustainability matters identified in the description of the impacts, risks and opportunities.

The Group does not deviate from the time horizons defined above.

4.1.1.3.2 Value chain estimation

[ESRS 2 § 10]

Certain data points have been evaluated and estimated, such as metrics related to Scope 3 emissions (see section 4.1.1.3.3 "Sources of estimation and outcome uncertainty", page 190) or quantitative data related to incoming resources. The use of estimates and judgments is regularly evaluated based on experience, developments in the requirements of the Directives on the disclosure of non-financial information and a number of other factors, with the aim of continuously improving the accuracy of the data reported.

Changes in estimates are recognized in the period in which the estimate is revised. In addition, judgments are made in the application of accounting standards.

4.1.1.3.3 Sources of estimation and outcome uncertainty

[ESRS 2 § 11]

Consolidation rules are described in section 4.1.1.2.1 "Reporting of environmental data", page 189.

Energy

For energy-related data, the reporting methodology developed by the Group and the data sources used to calculate the associated metrics (invoices for energy consumption, data reported by suppliers and country-specific data for emissions factors) guarantee a high level of reliability. The verification work carried out by the Finance Department with the assistance of the Health, Safety and Environment teams confirms this level of confidence.

As energy suppliers' energy mixes are generally only available after the publication of Valeo's Sustainability Report, the energy mix values used to calculate data points are the most recent data available.

The various conversion factors used in the environmental data reporting tool are generic, as they are derived from the scientific literature and may differ slightly from the actual parameters.

Scope 1 and 2 emissions

For Scope 1 and 2 emissions, the Group uses IEA (International Energy Agency) factors, AIB (Association of Issuing Bodies) residual factors in Europe and GHG emission factors[(2)] provided by energy suppliers based on their energy mix. They are generally verified and published, but their latest values may not be available until after the date of publication of Valeo's Sustainability Report. In this case, the previous year's emission factor is used to ensure data consistency over time.

Scope 3 emissions

Information on Scope 3 emissions is subject to estimates and significant uncertainty, notably due to the lack of a sector-specific methodology for automotive suppliers. Therefore, a qualitative analysis of margins of error is presented below for the three main categories: incoming resources, transportation and reporting scope.

In accordance with the recommendations on identifying and reporting the volumes of indirect CO_2 emissions related to Valeo's operations, the Group undertook extensive work in 2017 to lay down a methodology for calculating emissions relating to the use of its products, in the absence of existing methodology in the industry. This methodology is updated on a regular basis.

For more information on the key estimates, judgments and assumptions used, see the quantitative sustainability data tables.

4.1.1.3.4 Changes in preparation or presentation of sustainability information

[ESRS 2 § 13]

Valeo is committed to continuously improving the quality and comparability of its sustainability data, as well as their alignment with external reporting standards and frameworks, in this case ESRS.

For the first edition of its Sustainability Report, Valeo has complied with EFRAG's ESRS. There were no changes to the scope of the report in 2024, except for changes related to the variation in the number of sites owned and controlled by Valeo.

4.1.1.3.5 Disclosures stemming from other legislation or generally accepted sustainability reporting pronouncements

[ESRS 2 § 15]

For further information on references to other European legislation, see section 4.5, "Appendix 1 – Cross-reference table (DR related to ESRS 2 § 15 and § 56)", page 298.

4.1.1.3.6 Incorporation by reference

[ESRS 2 § 16]

Information incorporated by reference is provided in section 4.5, Appendix 3 "Table of information incorporated by reference", page 308.

(1) *ESRS 1 – General requirements.*
(2) *See sustainable development glossary, page 341.*

4.1.2 Governance

4.1.2.1 Composition and role of the Board of Directors (DR GOV-1)

Composition of administrative and management bodies

[ESRS 2 § 21]

According to the Company's articles of association, the Board of Directors comprises at least three and no more than 18 members (subject to any amendments in line with changes in the applicable law). Directors representing employees and the director representing employee shareholders are not included in the minimum and maximum number of directors.

At December 31, 2024, Valeo's Board of Directors had 15 members, of which five women and ten men, including (i) the Chief Executive Officer (executive director), (ii) two directors representing employees appointed respectively by the Group Works Council and the European Company and (iii) the director representing employee shareholders appointed by the Shareholders' Meeting following an election organized among employee shareholders. It has (i) a female representation rate of 41.66% and (ii) an independence rate of 91.66%. These rates do not include directors representing employees and employee shareholders, in accordance with Articles L. 225-23 and L. 225-27-1 of the French Commercial Code and recommendation 10.3 of the AFEP-MEDEF Code.

The key Board of Directors figures, together with detailed information on the rules governing the composition of the Board of Directors, the gender balance policy within the Board of Directors and the independence of the members of the Board of Directors at December 31, 2024, are provided in Chapter 3 "Corporate governance", section 3.2 "Composition of the Board of Directors, and preparation and organization of its work", page 103.

The general management of the Company is the responsibility of its Chief Executive Officer, Christophe Périllat, assisted by an Executive Committee, which he chairs. The composition of the Executive Committee is presented in Chapter 3 "Corporate governance", section 3.1 "Executive bodies", page 102.

Roles and responsibilities of administrative and management bodies

[ESRS 2 § 22]

As a technology company committed to achieving cleaner, safer and smarter mobility through innovation, Valeo considers sustainability to be a strategic priority and has established a robust governance structure, present at all levels of the Group's organization, to ensure overall consistency and effectiveness in sustainability-related decision-making, as described below.

Board of Directors

The primary role of the Board of Directors is to determine the direction of the Company's business strategies, with particular consideration for the social and environmental impacts of its operations. Within this framework, the Group's strategy and its implementation take sustainability matters into account through the Group's CSR policy.

The role, responsibilities and tasks of the Board of Directors with regard to sustainability matters are described in Chapter 3 "Corporate Governance", section 3.2.2 "Preparation and organization of the Board of Directors' work", page 133.

Specialized Board Committees

To facilitate its proper functioning and contribute effectively to the preparation of its sustainability-related decisions, the Board of Directors has established two specialized committees with specific tasks in this area: the Governance, Appointments & Corporate Social Responsibility Committee and the Audit & Risks Committee.

Governance, Appointments & Corporate Social Responsibility Committee

The Governance, Appointments & Corporate Social Responsibility Committee monitors sustainability matters within the Group. It is notably responsible for:

- reviewing the main thrusts of the Company's and the Group's CSR policy;
- identifying sustainability matters and objectives, and ensuring that previously defined objectives are met;
- overseeing the gradual and increasing implementation of Valeo's CSR policy and assessing the Group's contribution to sustainable development;
- in conjunction with the Audit & Risks Committee, gaining an understanding of the sustainability risks and issues involved, and obtaining information about the resources the Group can call on to pursue its strategy in this area.

Given the importance of CSR (including climate change) in the Group's strategy, the Governance, Appointments & Corporate Social Responsibility Committee decided on October 27, 2020 to designate a member responsible for sustainability matters. Without prejudice to the powers of the Board or the Committee, this member is responsible notably for the Group's CSR strategy, commitments and policies, as well as the action plan for projects related to those policies, and/or for monitoring the implementation of the Group's actions.

Audit & Risks Committee

In addition to matters related to non-financial risks, the Audit & Risks Committee is tasked with overseeing sustainability reporting and the implementation of the CSRD (including sustainability-related impacts, risks and opportunities). It is notably responsible for:

- monitoring the effectiveness of the risk management and internal control systems and, where applicable, internal audits of procedures related to the preparation and processing of non-financial information (including sustainability disclosures) within the Group; to this end, the Committee ensures that there are risk management and internal control systems in place to identify, analyze, manage, and continuously improve the prevention and management of all types of risks that the Group may face in the course of its business, particularly those likely to have an impact on accounting, financial and non-financial information;
- regularly reviewing the risk mapping of the main risks identified (including financial, legal, operational, social and environmental risks) by General Management, the results of the operation of the risk management and internal control systems and the relevance of the risk monitoring procedure and ensuring that appropriate action plans have been implemented to mitigate the problems and weaknesses identified;
- monitoring any issues related to the control and the process for the preparation of accounting, financial and non-financial information;
- checking that internal procedures for compiling and verifying non-financial information are defined to ensure the information is reliable and reported in a timely manner; reviewing the Sustainability Auditor's work plan;

- overseeing the selection or reappointment process of the Sustainability Auditor and making a recommendation to the Board; evaluating compliance with the rules, principles and recommendations that guarantee the independence of the Sustainability Auditor and monitoring its independence; and monitoring the topic of fees;
- keeping itself informed via General Management about the Group's policy on non-financial reporting.

Enhanced cooperation between these Committees has been established to ensure that they have comprehensive and consistent information to allow effective and coordinated oversight of sustainability matters. It is expected that:

- the member of the Governance, Appointments & Corporate Social Responsibility Committee responsible for sustainability matters will report to the Audit & Risks Committee at least once a year on the sustainability work of the Governance, Appointments & Corporate Social Responsibility Committee, in particular on the monitoring of the Group's related key performance metrics;
- the Chairman of the Audit & Risks Committee reports to the Governance, Appointments & Corporate Social Responsibility Committee at least once a year on the Audit & Risks Committee's work on non-financial matters, in particular on the internal control and processing of sustainability information.

Seamless communication between the two committees is also facilitated by the presence of the member of the Governance, Appointments & Corporate Social Responsibility Committee responsible for sustainability issues on the Audit & Risks Committee.

The composition, role and sustainability-related work of the Governance, Appointments & Corporate Social Responsibility Committee and the Audit & Risks Committee are described in Chapter 3 "Corporate governance", section 3.2.2 "Preparation and organization of the Board of Directors' work", page 133.

Chief Executive Officer and Executive Committee

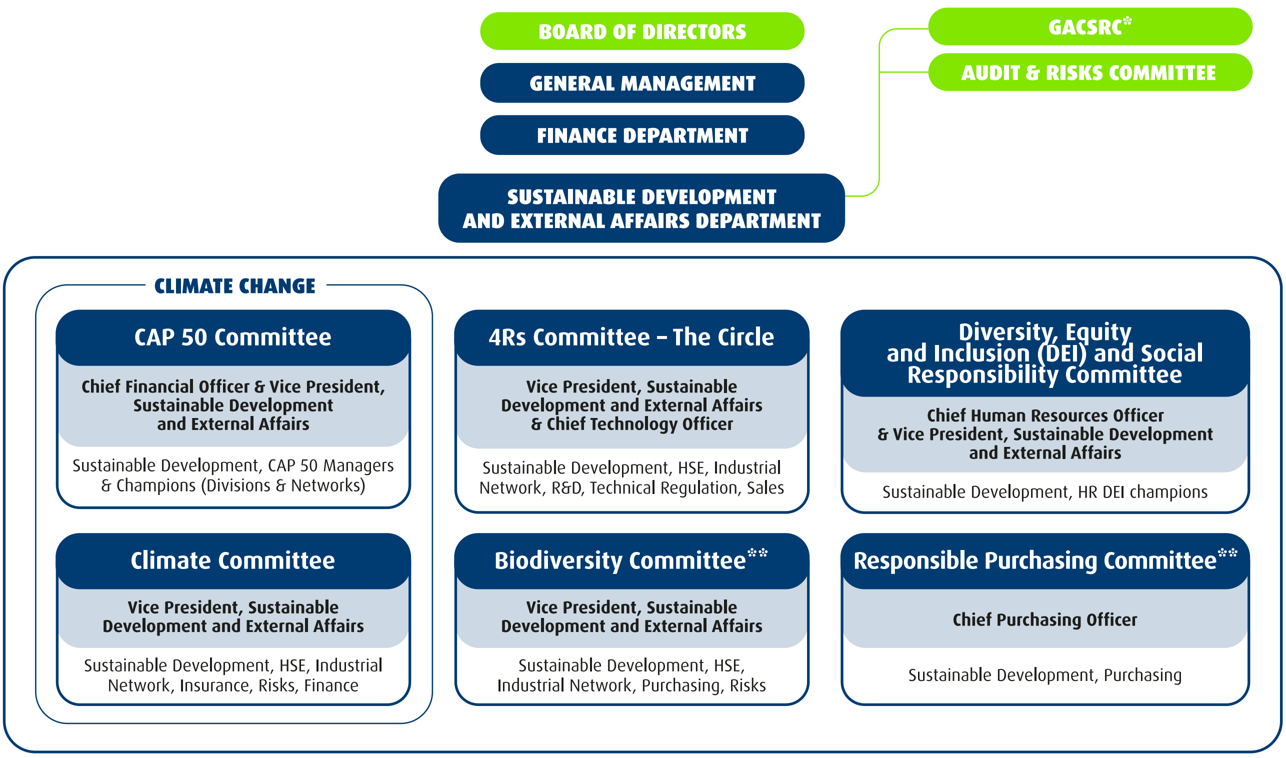
In addition, the Chief Executive Officer has the broadest powers to act in all circumstances in the Company's name, within the limits of the corporate purpose and subject to the law, the Company's articles of association or the Internal Procedures. He represents the Company in its relations with third parties and implements the Group's sustainability strategy.

The Chief Executive Officer is assisted in his duties by the Valeo Executive Committee, which he chairs, and which is responsible for supervising the operational management of the Divisions, coordinating project management and contributing to the implementation of the Group's strategy. Sustainability matters are discussed by the Executive Committee and, more specifically, by the Chief Financial Officer, who oversees the sustainability approach. The Group's objectives and targets, together with the related action plans, are submitted to and validated by General Management and, where applicable, by the Board of Directors and its committees in accordance with the procedures described above.

The composition of the Executive Committee is described in Chapter 3 "Corporate governance", section 3.1 "Executive bodies", page 102.

Sustainable Development and External Affairs Department

The Sustainable Development and External Affairs Department, which reports to the Vice-President, Sustainable Development and External Affairs, develops and implements strategies, roadmaps and action plans in response to sustainability matters. Valeo's sustainability strategy is thus implemented within the Group through operational committees which address each sustainability matter.



* *Governance, Appointments & Corporate Social Responsibility Committee.*
** *In the process of being set up.*

- The CAP 50 Committee monitors the decarbonization plan on a quarterly basis, under the joint responsibility of the Chief Financial Officer and the Vice-President, Sustainable Development and External Affairs.
- The 4R Committee is responsible for the quarterly monitoring of the preserving natural resources and circular economy plan, under the joint responsibility of the Vice-President, Research and Development and the Vice-President, Sustainable Development and External Affairs.
- The Climate Committee oversees matters related to climate change adaptation under the responsibility of the Vice-President, Sustainable Development and External Affairs.
- The Biodiversity Committee oversees matters related to biodiversity under the responsibility of the Vice-President, Sustainable Development and External Affairs.
- The Diversity, Equity, Inclusion and Social Responsibility Committee ensures the monitoring of diversity, equity and inclusion matters under the joint responsibility of the Vice-President, Human Resources and the Vice-President Sustainable Development and External Affairs.
- The Responsible Purchasing Committee monitors sustainability matters in the upstream value chain, under the joint responsibility of the Chief Purchasing Officer, the Chief Ethics, Compliance and Personal Data Protection Officer and the Vice-President, Sustainable Development and External Affairs.

The operational implementation of action plans is carried out in the Group Divisions under the responsibility of the relevant departments.

[ESRS 2 § 23]

Skills and expertise

The skills and expertise of the members of the Board of Directors (including the Chief Executive Officer), particularly on sustainability matters, as well as their previous experience in the sector, are described in Chapter 3 “Corporate governance”, section 3.2.1 “Composition of the Board of Directors”, paragraph “Presentation of directors at December 31, 2024”, page 104. Directors also receive training, including on sustainability matters. The training policy for directors is described in Chapter 3 “Corporate governance”, section 3.2.2 “Preparation and organization of the Board of Directors’ work”, paragraph “Training of directors”, page 135.

4.1.2.2 Sustainability information addressed by governance bodies (DR GOV-2)

[ESRS 2 § 26]

Board of Directors

Sustainability matters are regularly addressed by the Board of Directors, either on the basis of a report from its committees responsible for sustainability and/or directly in the presence of the people responsible for sustainability matters within the Group’s Management, as described below.

In view of the new obligations arising from the CSRD, with the creation of a dedicated organization and procedures, this issue was the subject of particular attention by the Board of Directors in 2024.

The sustainability activities of the Board of Directors in 2024 are described in detail in Chapter 3 “Corporate governance”, section 3.2.2 “Preparation and organization of the Board of Directors’ work”, paragraph “Role of the Board of Directors”, page 136.

Specialized Board Committees

Governance, Appointments & Corporate Social Responsibility Committee

Sustainability matters are presented to the Governance, Appointments & Corporate Social Responsibility Committee several times a year at meetings attended by the Vice-President, Sustainable Development and External Affairs, the Vice-President, Health, Safety and Environment, the Chief Ethics, Compliance and Personal Data Protection Officer and the Group Chief Human Resources Officer, depending on the topic. These presentations notably cover the sustainability policy (environmental, health, safety, social and societal aspects of the Group) and the monitoring of the Group’s sustainability-related key performance metrics.

These presentations provide an opportunity to discuss and validate the year’s areas of action and sustainability outcomes.

They are supplemented by interventions from the member responsible for sustainability matters as well as by the intervention, at least once a year, of the Chair of the Audit & Risks Committee to present the work of this committee on non-financial matters and notably on internal control and the processing of sustainability-related information.

The activity of the Governance, Appointments & Corporate Social Responsibility Committee in respect of CSR in 2024 is described in detail in Chapter 3 “Corporate governance”, section 3.2.2 “Preparation and organization of the Board of Directors’ work”, paragraph “Committee activity during the year”, page 140. In addition to reviewing results, action plans and sustainability objectives, the Governance, Appointments & Corporate Social Responsibility Committee focused in particular in 2024 on developing a dashboard for monitoring the Group’s sustainability-related key performance metrics, making it possible to closely and precisely monitor the Group’s progress in all areas covered by this dashboard (environmental eco-efficiency, employees and commitment to corporate citizenship) as well as on effective collaboration with the Audit & Risks Committee, which was strengthened in the context of the implementation of the CSRD.

Audit & Risks Committee

Sustainability matters are presented to the Audit & Risks Committee several times a year at meetings attended by the Chief Financial Officer, who oversees the implementation of the sustainability strategy, and depending on the matters discussed, the Vice-President, Sustainable Development and External Affairs, the Group Internal Audit and Control Director and the Chief Ethics, Compliance and Personal Data Protection Officer.

These presentations provide an opportunity to discuss and validate the year’s sustainability-related areas of action and outcomes, with a specific focus on the matters arising from the CSRD, as transposed.

They are complemented by the intervention of the member of the Governance, Appointments & Corporate Social Responsibility Committee responsible for sustainability matters, who presents the Committee’s work on sustainability, in particular the monitoring of the Group’s key performance indicators in this area.

The sustainability-related activity of the Audit & Risks Committee in 2024 is described in detail in Chapter 3 "Corporate governance", section 3.2.2 "Preparation and organization of the Board of Directors' work", paragraph "Committee activity during the year", page 140. In 2024, with the implementation of the CSRD, the Audit & Risks Committee focused notably on the selection of the Sustainability Auditor, the implementation of non-financial reporting procedures and the related control environment in order to comply with the obligations set out in the CSRD, and the review of the double materiality assessment, the cornerstone of the new regulation.

Executive Committee

The Vice-President, Sustainable Development and External Affairs reports to the Chief Financial Officer on the work carried out by the Sustainable Development and External Affairs Department related to sustainability as part of the implementation of the Group's CSR strategy.

During its meetings, the Executive Committee addresses several sustainability-related matters, including the CAP 50 carbon neutrality contribution plan, safety at Group sites, items related to the Group's compliance policy, and diversity and gender balance.

4.1.2.3 Integration of sustainability-related performance in incentive schemes (DR GOV-3)

[ESRS 2 § 29]

Information on the integration of sustainability-related performance in incentive schemes is provided in Chapter 3 "Corporate Governance", section 3.3.1 "Compensation policies for corporate policies", paragraph "Overview of the compensation policies for the corporate officers in respect of the 2024 financial year", page 152, section 3.3.2 "Compensation of corporate officers in respect of the 2024 financial year", page 168, and section 3.3.3 "Overall compensation of other Group senior executives", page 182.

4.1.2.4 Statement on due diligence (DR GOV-4)

[ESRS 2 § 30]

The mapping of due diligence information included in the sustainability statement is presented in Appendix 2 "Mapping of information provided on the due diligence process", page 306.

[ESRS 2 § 32]

In accordance with the provisions of the law on the duty of care of ordering companies[1], Valeo drew up a duty of care plan in 2017, covering the subsidiaries, subcontractors and suppliers with which the Group has business relations. The duty of care plan is the fruit of joint work by the various departments concerned (Strategy Department, Internal Audit and Control Department, Legal Department, Ethics, Compliance and Personal Data Protection Department, Purchasing Department, Health, Safety and Environment Department and Human Resources Department), coordinated by the Sustainable Development and External Affairs Department. In compliance with the French legal framework, Valeo's 2024 reporting sets out the measures in its duty of care plan[2]:

- the Group's risk mapping and non-financial risk analysis (see Chapter 2 "Risks and risk management", page 81 to 100 and section 4.1.4 "Impact risk and opportunity management", page 201), which include the provisions of the duty of care law (human rights and fundamental freedoms, personal health and safety and environmental breaches);
- the procedure for evaluating the situation of subsidiaries, subcontractors and suppliers;
- measures to mitigate risks or prevent serious breaches;
- whistleblowing and reporting mechanisms concerning the existence or occurrence of risks;
- mechanisms for monitoring the measures implemented and assessing their effectiveness. The follow-up report on the measures implemented and the assessment of their effectiveness are presented below, with references to the corresponding sections of this chapter giving access to a more detailed presentation.

Particular attention was paid to the duty of care during interviews and various information reviews conducted as part of Valeo's extensive work since 2017 to map non-financial risks following the transposition of the 2014 European Directive[3] on the disclosure of non-financial information. Gathering information served to improve the identification and definition of risks, classified based on their criticality and their possible existence prior to the introduction of the duty of care law, in the risk map. On the basis of this analysis, Valeo provides a condensed review of its provisions relating to:

- fundamental rights and freedoms: harassment and discrimination, child labor, forced labor (see section 4.3.1.3 "Policy related to Valeo's own workforce", paragraph "Other work-related rights", page 267);
- health and safety: (see section 4.3.1.3 "Social policy", paragraph "Health and safety", page 266);
- severe environmental breaches (see section 4.2.4 "Pollution", page 236).

These risks are taken into account in the double materiality assessment performed in 2024 (see section 4.1.3.3, "Material impacts, risks and opportunities and their interaction with strategy and business model", page 200).

Cross-references between the essential elements of due diligence for impacts on people and the environment and the corresponding disclosures in this Sustainability Report are presented in Appendix 2 "Mapping of information provided on the due diligence process", page 306).

In 2024, in anticipation of the transposition of the European Corporate Sustainability Due Diligence Directive (CS3D[4]), Valeo extended audits to its largest and most at-risk suppliers, with a particular focus on the following topics: climate, water, waste, circularity, human rights, labor law and child labor. When risks are identified, corrective actions are defined with the supplier and their application is monitored through regular reviews.

(1) Law No. 2017-399 of March 27, 2017 on the duty of care of parent companies and ordering companies.
(2) Pursuant to the provisions of Article 1 of the aforementioned law.
(3) Directive 2014/95/EU of the European Parliament and of the Council of October 22, 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups.
(4) Directive 2024/1760 of the European Parliament and of the Council of June 13, 2024 on corporate sustainability due diligence and amending Directive (EU) 2019/1937 and Regulation (EU) 2023/2859.

4.1.2.5 Risk management and internal controls over sustainability reporting (DR GOV-5)

[ESRS 2 § 36]

The Group's internal control and risk management system is described in Chapter 2 "Risks and controls", section 2.3 "Internal control and risk management", page 93, and covers this Sustainability Report. However, the specific features of this system in relation to sustainability information are also mentioned below.

The Group's approach to risk management and internal control over sustainability reporting is based on the five components and 17 principles of the COSO ICSR (Internal Control over Sustainability Reporting) international internal control framework, namely: control environment, risk assessment, control activities, information and communication, and monitoring activities.

As the CSRD increases the amount of sustainability data collected, verified and reported, specific data controls must be created or adapted. These controls must be monitored to ensure the collection, validation, accuracy, security and confidentiality of data before their inclusion in the Sustainability Report.

First, a methodology note described the process for developing and validating the double materiality assessment.

Quantitative and qualitative data reporting protocols were then developed by the various internal stakeholders. The purpose of these protocols is to communicate and disseminate within the Group the definitions and methodologies used to calculate the quantitative indicators, the policies related to material sustainability matters, and the different levels of associated controls.

In addition, a confidence index was established for each key data point in order to identify the data most at risk, prioritize control work and draft a multi-year action plan. This confidence index is based on various criteria such as the complexity of the data, their source (manual or computerized), the associated fraud risk, the maturity of the data reporting, etc.

In 2024, various control actions were carried out in coordination with the controls of the Sustainability Auditor, using a risk-based approach:

- **the Finance teams** worked to improve the reliability and control of certain data, such as:
  - invoices for electricity and natural gas consumption, as well as water withdrawals (exhaustive checks or spot checks depending on the site) and calculations of data relating to CO_2 emissions by working on the product hierarchy,
  - the identification of Taxonomy-eligible projects and the collection of the necessary data (turnover, CapEx and R&D);
- **the Internal Control teams** performed audits on the metrics identified as most critically at risk in terms of environmental and social data at 15 sites representative of the Group's environmental and social data. This work was carried out in close collaboration with the HSE, Human Resources and Finance networks.

For the first year of sustainability reporting, the Group decided to rely on existing information systems. IT Internal Control teams carried out an inventory and evaluation of these systems.

Finally, the Sustainability Auditor performed due diligence on the controls over the sustainability data. The results of this work are shared with the Group and are the subject of a report (see section 4.7 "Report on the certification of Sustainability and Taxonomy information", page 342)

The Group's approach to the control environment for sustainability information and the results of the control actions were presented to the Audit & Risk Committee in 2024. Based on these findings, specific action plans were defined, focusing on the most acute risk areas.

A summary of this Sustainability Report was sent to the Governance, Appointments & Corporate Social Responsibility Committee and to the Audit & Risks Committee. It highlights the key points and key elements of this Sustainability Report.

Scope of the Sustainability Report

The scope of the internal control of sustainability reporting covers the scope of the Sustainability Report.

4.1.3 Strategy and business model

4.1.3.1 Strategy, business model and value chain (DR SBM-1)

[ESRS 2 § 40]

Under the authority of the Chief Executive Officer, the Divisions (BRAIN, POWER and LIGHT) and the Valeo Service activity are responsible for the business growth and operating performance of the Product Groups, Product Lines and regional operations they manage worldwide. They propose technology roadmaps to the Group's General Management. They coordinate between Product Groups and Product Lines, with support from the National Directorates, in particular concerning the pooling of resources, the allocation of Research and Development efforts and the optimization of production resources at the plants.

Products and services are detailed in Chapter 1, section 1.4 "Operational organization", page 55.

Valeo's business model is presented in the Integrated Report, page 11.

The number of employees by geographic area is given in section 4.3.1.8 "Change in Valeo's headcount", page 278.

The Group's value chain is analyzed in section 4.1.4.1 "Processes to identify and assess material impacts, risks and opportunities", paragraph "Value chain and dependency analysis", page 201.

4.1.3.2 Strong stakeholder relationships (DR SBM 2)

[ESRS 2 § 45]

Relationships between Valeo and its stakeholders span the entire product life cycle, from design (research centers, universities and engineers) to production (suppliers and employees) and sales (automakers and distribution networks). Valeo offers a comprehensive picture of its sustainable development policy based on an analysis of its relationships with stakeholders. The analysis states the type of stakeholder, the objectives and the form of dialogue. The table underscores the Group's responsible approach, taking into account changes in the automotive industry, stakeholders' demands and the Group's determination to meet the highest international standards in sustainable development.

Stakeholders	ESRSs addressed	Valeo commitments	Matters	Key players	Dialogue and communication	Examples
End-users	E1, E2, E5, S4	Valeo is committed to greener, safer and more diverse mobility contributing to the well-being and safety of people and consumers	• Development of technologies compliant with privacy regulations • Limiting of potential risks to consumers/end-users in terms of physical safety • Development of innovative and affordable technological solutions dedicated to electric mobility for all	• Road users • Associations • Specifiers	• Certifications • Valeo website • Market research	• ISO 26262[(1)] • Valeo.com • Market trend studies

Customers	ALL	Valeo has set up a sales and development organization to better meet its customers' expectations, listen to their needs and support them in their own sustainability efforts	• GHG emissions (Scope 3 for automakers)
			• Electrification solutions for passenger vehicles
			• New forms of mobility and new uses
			• Emissions avoided thanks to Valeo products
			• Restriction of the use of substances of very high concern in Valeo products
			• Circular economy opportunities
			• Guaranteed safety of Valeo products
			• Avoidance of supply disruptions to ensure the continuity of automakers' operations
			• Human rights due diligence throughout the value chain
			• Financial and governance transparency
				• Automakers
				• Distributors (Valeo Service)
				• Associations
					• Questionnaires
					• Communication of certifications
					• Participation in customer ESG audits and training
					• Adoption of Business Partner Codes of Conduct
					• Calls for tender
					• Customer meetings
					• Technology steering committees
					• Exchanges within trade bodies
					• Trade fairs and shows
						• Questionnaires:
						  • Sustainability/CSR Assessment Questionnaire for Automotive Suppliers (SAQ 5.0),
						  • EcoVadis, OpenES, etc.
						• Communication ISO 14001/45001/50001, IATF 16949[(1)]
						• RSCI (Responsible Supply Chain Initiative) and RBA (Responsible Business Alliance) audits
						• Regular business alignment reviews of partner strategy
						• PFA (*Plateforme de la filière automobile*) Automotive Industry Platform, Catena-X
						• Paris Motor Show, Hannover Messe

Employees	S1, E1, E2, G1	Valeo contributes to a sustainable working environment and professional life, taking into account employees' perceptions and experiences	• Ongoing dialogue with employees and the leaders of various labor unions and professional bodies • Training • Guarantee of decent working hours and adequate wages • Defense of diversity, equal treatment and freedom of association • Protection of workplace health and safety • Corporate culture, whistleblowing and protection against harassment	• Valeo employees • Independent contractors • Temporary employees • Subcontractors • Employee representative bodies	• Engagement of site managers • General dissemination of sustainability policies and manuals • Training • Social dialogue • Internal communication • Events	• Annual interviews, annual employee engagement survey • Online human resources portal • Collective bargaining and dialogue with labor unions • 2024: Group agreement on corporate social responsibility and sustainable development • "MY SMART HUB", news centers • Diversity and Well-Being at Work program

Stakeholders	ESRSs addressed	Valeo commitments	Matters	Key players	Dialogue and communication	Examples
Business partners	ALL	Valeo is committed to ensuring that partnerships with all stakeholders are legal, ethical and mutually beneficial	Integration of business partners into Valeo's overall ESG approach: • Decarbonization of Valeo activities and products, and supply chain activities • Responsible sourcing • Protection of human rights and labor rights • Adherence to the Valeo Business Partners Code of Conduct • Fair payment terms	• Valeo • Tier-one and other suppliers • Customers • Subcontractors • Innovative SMEs	• Business Partners Code of Conduct (mandatory) • Sustainable purchasing policy, selection committees • Self-assessment questionnaires • Audits of at-risk suppliers • Conflict minerals sourcing policy • Training • Trade shows and conventions • Business partnerships	• Business Partners Code of Conduct updated in 2024 • Code of Business Ethics updated in 2023 • Supplier sustainability practices self-assessment questionnaire • Supplier audits in all areas in 2024 • Inclusion of suppliers beyond Tier 1 in the Conflict Mineral Reporting Template (CMRT) developed by the CFSI (Conflict Free Sourcing Initiative) • GHG mitigation training implemented
Investors and shareholders	ALL	Valeo has adopted a dialogue-based approach building on the relevance, rigor and transparency of information relating to the Group's results and performance on financial and non-financial matters	• Corporate culture, anti-corruption and bribery policies, financial and non-financial transparency • Climate transition plan • Sustainable development commitments and monitoring, due diligence	• Investors • Financial institutions • Insurers • Shareholders • Rating agencies	• Investor and shareholder meetings • Interviews with analysts • Financial and non-financial communication • Valeo website	• 2024 interviews and questionnaires: S&P, Moody's, MSCI and various sustainability-linked financing organizations • Post-results roadshows • Thematic and general conferences • Universal Registration Document • Valeo website • Annual Shareholders' Meetings and dedicated call line
Governments, policymakers and regulators	ALL	Valeo engages in economic, industrial and labor dialogue in compliance with national, European and international laws and regulations	• Defense of the interests of the profession • Regulatory monitoring and compliance • Establishment of cooperative and industry-oriented Research and Development	• International and national organizations • Universities, independent public bodies	• Direct dialogue • Participation in conferences, workshops and studies • Contribution to research • Governance of dedicated organizations	• Collaborative research programs • Participation in Conferences of the Parties (COPs) • Participation in or membership of organizations: FAA[2] ERTRAC[3], NHTSA[4], INSIDE, CORAM[5], etc. • SBTi[1]

Stakeholders	ESRSs addressed	Valeo commitments	Matters	Key players	Dialogue and communication	Examples
Non-profit organizations	ALL	Valeo takes into account the concerns of non-governmental organizations (NGOs) in its areas of activity and influence	Promotion of common interests and Valeo's sustainability commitments	• NGOs • United Nations • Organisation for Economic Co-operation and Development (OECD)	• Participation in NGO dialogues • NGO media relations	• La Fabrique Écologique, T&E (European Federation for Transport and Environment), Ecological Awakening • COP 27/28/29, World Economic Forum, etc.
Industry and trade bodies	ALL	Valeo promotes common interests and develops relationships based on trust and collaboration	• Activities to promote common interests and Valeo's sustainability commitments • Regulatory monitoring • Research commitments	• Business partners • Professional organizations • Industrial companies and startups	• Exchanges within international trade bodies • Development projects and collaborations	• Professional organizations: CLEPA, PFA, VDA, ANFIA, JAPIA, AFEP, Catena-X, SERNAUTO • Open innovation initiatives and collaborative research • Participation in the Consumer Electronics Show (CES) and other scientific conferences • Reviews of innovative startups and collaborations • Partnerships with competitiveness clusters
Local communities	E1, E2, E5, S1, S4	Valeo addresses the concerns of local communities by building trust and cooperation beyond short-term considerations	• Sites' local commitments • Participation in local research and education networks	• Associations and local authorities • Civil society • Educational institutions (primary, secondary, university and other higher education)	• Local partnerships and sponsorship • Regular site events • Relationships with local media • Research partnerships with schools and universities • Dialogue with employment agencies	• "One Site, One Cause" programs at all Group sites • Involvement in local environmental initiatives • Partnership with Colori since 2023 (helping young children understand digital technology without the use of screens) • Open days at Valeo sites • Partnerships with engineering schools, universities and research centers (CNRS) • Leadership program for talented students from disadvantaged backgrounds

(1) See sustainable development glossary, page 341.
(2) FAA: Fonds Avenir Automobile.
(3) ERTRAC: European Road Transport Research Advisory Council.
(4) NHTSA: National Highway Traffic Safety Administration (USA).
(5) CORAM: Comité d'Orientation pour la Recherche Automobile et Mobilité (Steering Committee for Automobile and Mobility Research).

Collaborative research

Recognizing that the Group cannot provide all the answers, Valeo has been involved in collaborative research for several years:

- as part of the software-defined vehicle (SDV) project with the European electronic ecosystem. This research partnership covers power electronics for the powertrain, thermal engines and ancillary features, as well as the electronic control unit for active safety, with a view to increasing range;
- upstream, through partnerships with public research centers on materials, digital and cybersecurity;
- under the aegis of European partnerships, in national and European funded projects related to electrification and active safety.

This is a way to benefit from the skills of various players, while working in harmony with customers and competitors in a pre-competitive phase to optimize the costs associated with innovation.

In accordance with ESRS 2 – SBM-2[1], stakeholder perceptions were considered during the double materiality assessment. First, the stakeholders to be considered were identified, then the methods for consulting them were defined.

Stakeholder mapping takes into account relationships between Valeo and its stakeholders throughout the product life cycle, from design (research centers, universities and engineers) to production (suppliers and employees), distribution (automaker and distribution networks) and use (consumers and end users).

Two types of stakeholders have been identified:

- stakeholders interested as users of the information provided in the Sustainability Report;
- stakeholders impacted by the Company's activities and its business relationships, including its value chain.

As part of its double materiality assessment, Valeo identified the relevant stakeholders for each sustainability matter rather than consulting all stakeholders on all matters.

The Group then defined the terms of consultation of stakeholders using existing, continuous and dynamic dialogue mechanisms that have been in place for several years. An analysis of existing practices was therefore carried out to identify potential gaps and shortcomings. Consultation methods can be indirect (document review, internal expertise, etc.) or direct (interviews, workshops and questionnaires, etc.). Consultation methods were thus adapted to the different concerns, influence or interests of the stakeholders identified.

The Group organized a Stakeholder Day on December 12, 2024. It was an opportunity to communicate and exchange with stakeholders around the Group's environmental, social, societal and innovation matters. Regional and local specificities were integrated through a dedicated stakeholder, namely the "Ecosystem" category.

Stakeholder Day

In 2024, Valeo organized its first Stakeholder Day to present the double materiality approach and assessment. A diverse panel of key stakeholders took part in discussions, each bringing their own perspective to the table. The day highlighted key challenges such as the decarbonization of supply chains and respect for human rights, with notable contributions from suppliers, European experts and industrial partners. A European Commission representative highlighted the importance of circularity and sustainable value chains in the context of the Green Deal. Suppliers also reiterated the importance of aligning global supply chains with sustainable goals by addressing the issues of CO_2 emissions and human rights. Valeo also presented its progress in terms of sustainability, notably the reduction of Scope 3 emissions. The event highlighted Valeo's progress in sustainability and encouraged active collaboration among stakeholders to address environmental and social challenges. The Chief Executive Officer and Chief Financial Officer took part in the day's events, demonstrating the Company's commitment to these strategic challenges. Finally, a summary of the day was presented to the directors to reinforce the consideration of the lessons and recommendations resulting from the discussions.

(1) *ESRS 2 – SBM-2 – Interests and views of stakeholders.*

4.1.3.3 Material impacts, risks and opportunities and their interaction with strategy and business model (DR SBM-3)

[ESRS 2 § 48]

The double materiality assessment carried out in 2024 complemented the non-financial risk assessments and other previous analyses to identify and assess these impacts, risks and opportunities, taking into account both internal operations and the external environment. Valeo's strategy and business model (see section 4.1.3 "Strategy and business model", page 195) are designed to take into account material matters for the Group (see section 4.1.4 "Impact, risk and opportunity management", page 201). Valeo continuously monitors and evaluates its performance in relation to these impacts and risks, and seizes opportunities that are in line with its strategic objectives. The Group's sustainable development strategy ensures the resilience and sustainability of its business model, taking into account the interests of stakeholders while mitigating potential risks, with the aim of creating long-term value (see section 4.1.3 "Strategy and business model", page 195).

[ESRS 2 § 49]

Impacts, risks and opportunities are presented in each thematic section of the Sustainability Report.

Outcomes

The double materiality assessment identified 29 sustainability matters, of which 22 were potentially material in terms of impact and/or financial materiality (see section 4.1.4.1 "Processes to identify and assess material impacts, risks and opportunities", page 201).

MATERIAL SUSTAINABILITY MATTERS

Sustainability matters assessed as potentially material in terms of impact and/or financial materiality are summarized in the table below.

<table>
<tr><th>Pillars</th><th>Positive impacts or opportunities</th><th>Negative impacts or risks</th></tr>
<tr><td rowspan="14">Environment</td><td colspan="2">ESRS E1 – CLIMATE CHANGE</td></tr>
<tr><td></td><td>Physical risks</td></tr>
<tr><td>Climate transition</td><td></td></tr>
<tr><td colspan="2">GHG reduction</td></tr>
<tr><td></td><td>Energy</td></tr>
<tr><td colspan="2">ESRS E2 – POLLUTION</td></tr>
<tr><td></td><td>Pollution (air/soil/water)</td></tr>
<tr><td></td><td>Substances of concern</td></tr>
<tr><td colspan="2">ESRS E3 – WATER AND MARINE RESOURCES</td></tr>
<tr><td></td><td>Water resources</td></tr>
<tr><td colspan="2">ESRS E4 – BIODIVERSITY AND ECOSYSTEMS</td></tr>
<tr><td></td><td>Biodiversity</td></tr>
<tr><td colspan="2">ESRS E5 – CIRCULAR ECONOMY</td></tr>
<tr><td>Circular economy and waste</td><td></td></tr>
<tr><td rowspan="12">Social</td><td colspan="2">ESRS S1 – OWN WORKFORCE</td></tr>
<tr><td></td><td>Training and skills development</td></tr>
<tr><td></td><td>Human rights</td></tr>
<tr><td></td><td>Health and safety</td></tr>
<tr><td></td><td>Equal treatment</td></tr>
<tr><td>Working conditions</td><td></td></tr>
<tr><td colspan="2">ESRS S2 – WORKERS IN THE VALUE CHAIN</td></tr>
<tr><td></td><td>Human rights</td></tr>
<tr><td></td><td>Working conditions</td></tr>
<tr><td colspan="2">ESRS S4 – CONSUMERS AND END-USERS</td></tr>
<tr><td></td><td>Personal safety</td></tr>
<tr><td colspan="2">Information and inclusion</td></tr>
<tr><td rowspan="5">Governance</td><td colspan="2">ESRS G1 – BUSINESS CONDUCT</td></tr>
<tr><td>Corporate culture</td><td></td></tr>
<tr><td></td><td>Corruption</td></tr>
<tr><td>Protection of whistleblowers</td><td></td></tr>
<tr><td></td><td>Supplier relationships</td></tr>
</table>

4.1.4 Impact, risk and opportunity management

4.1.4.1 Processes to identify and assess material impacts, risks and opportunities (DR IRO-1)

[ESRS 2 § 53]

Starting in 2023 and ending in 2024, the Group conducted a double materiality assessment in accordance with the CSRD requirements to assess sustainability-related impacts, risks and opportunities from two complementary perspectives: the impact of the Company's activities on the environment and society, and the influence of those matters on the Company's financial position and performance.

Governance and organization

The governance of this analysis was established in May 2023 under the responsibility of the Sustainable Development and External Affairs Department, in collaboration with the Risk Management Department. Teams from these two departments defined the methodology, identified internal and external contributors, and coordinated the various stages, including the interviews and workshops required to identify and assess sustainability matters. This approach is integrated into the Group's risk management system. The results were presented to the Chief Financial Officer, the Chief Executive Officer and the Audit & Risks Committee for validation.

Universe of sustainability matters

A universe of sustainability matters has been constructed, based on:

- the matters resulting from the (simple) materiality assessment carried out by the Group in 2016. The purpose of this assessment was to identify the main sustainability matters and to reinforce actions towards stakeholders. The assessment was based on a series of interviews conducted with various Group departments, an analysis of documents and specific requests from the Group's sustainability stakeholders (automakers, civil society, specialist press, non-financial analysts, etc.) and interviews conducted with them;
- the risks identified during non-financial risk mapping since 2017. The Group analyzes its non-financial risks in compliance with the French legal framework[(1)]. This analysis is the fruit of joint work between the Risk Management Department and the Sustainable Development and External Affairs Department, based on the Group's risk identification, assessment and management methodology (see section 2.1 "Risk factors", page 82). In this context, Valeo has developed monitoring and measurement tools integrated into internal methodologies for evaluating operations and the value chain;
- the risks and opportunities identified as part of the climate change risk analysis undertaken in 2020. This work, carried out in accordance with the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures), involved a number of internal contributors and was published in Valeo's 2021 Climate Report;
- the matters listed in ESRS 1 – AR 16.

Methodology and assessment process

Double materiality has two dimensions:

- impact materiality, which covers the impact of the Company's activities, products or services on people and/or the environment; and
- financial materiality, which covers the impact of risks and opportunities on the Company's financial position.

Impact materiality is assessed by considering two criteria, namely occurrence and magnitude. Impact materiality severity is based on the scale, scope and the irremediable character of the impacts.

Financial materiality is also assessed by considering two criteria, namely occurrence and severity. Some of the criteria for assessing the severity of financial materiality are derived directly from the risk assessment scale used for the Group's risk mapping (financial criterion and image and reputation criterion). Two other criteria are also used: continuity of access to resources and dependence on relationships (financial, industrial, human, etc.).

To clarify and rationalize the assessment of impacts, risks and opportunities, the scenario approach was adopted: for each matter, scenarios were written, and characterization and assessment workshops were organized with internal stakeholders.

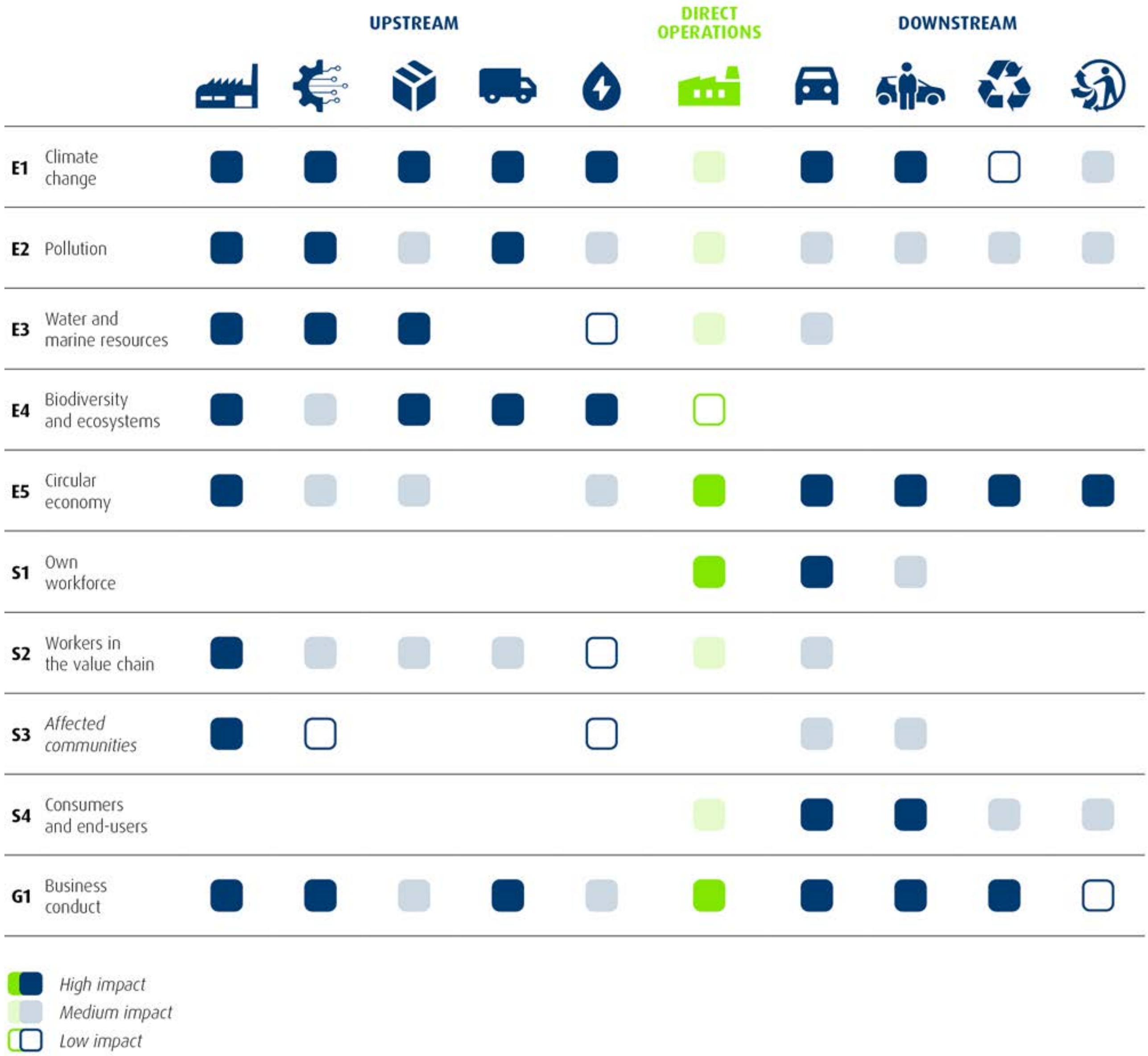
Value chain and dependency analysis

Valeo has mapped its value chain to show the breakdown of its activities and sub-activities across all operations (own, upstream and downstream). For each key element of the value chain, the relevant ESRS topics were identified. Impact materiality was determined based on (i) the ESG materiality maps of the financial services company MSCI, which show the most important ESG matters by industrial sector, (ii) the Sustainability Accounting Standards Board's (SASB) materiality finders, and (iii) the ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) database, which shows, sector by sector and company by company, how biodiversity contributes to a given activity and what threats it faces.

(1) Decree No. 2017-1265 of August 9, 2017 issued for the application of Government order No. 2017-1180 of July 19, 2017 on the disclosure of non-financial information by certain large corporations and groups of corporations.

Value chain impacts can be mapped as follows.

VALUE CHAIN IMPACT MAPPING



The Group's dependencies were taken into account in terms of the availability of natural, human and social resources at appropriate prices and quality levels, regardless of the potential impacts on these resources. The main dependency, namely supply chain disruption, was considered in the scenario categorization and assessment process.

4.1.4.2 Disclosure requirements in ESRS covered by the undertaking's sustainability statements (DR IRO-2)

[ESRS 2 § 56]

The list of disclosure requirements that the Group complied with in preparing the Sustainability Report is presented in section 4.5, Appendix 1 "Cross-reference table (DR related to ESRS 2 § 15 and § 56)", page 298.

[ESRS 2 § 59]

The methodology and process for assessing impacts, risks and opportunities is detailed in Chapter 4 "Sustainability Report", section 4.1.4.1 "Processes to identify and assess material impacts, risks and opportunities", paragraph "Methodology and assessment process", page 201.

CROSS-REFERENCE TABLE BETWEEN ESRS AND IMPACTS, RISKS AND OPPORTUNITIES

	IRO				
	Negative impact	Positive impact	Risks	Opportunities	Sections
ESRS E1 – CLIMATE CHANGE					
Physical risks	☑		☑		Section 4.2.3.2 "Material impacts, risks and opportunities and their interaction with strategy and business model", page 218
Climate transition		☑		☑	
GHG emission reduction(1)	☑		☑		
GHG emission reduction(1)		☑		☑	
Energy	☑		☑		
ESRS E2 – POLLUTION					
Pollution of air	☑		☑		Section 4.2.4.1 "Identification and assessment of material pollution-related impacts, risks and opportunities", page 236
Pollution of water	☑		☑		
Pollution of soil	☑		☑		
Substances of concern	☑		☑		
Substances of very high concern	☑		☑		
ESRS E3 – WATER AND MARINE RESOURCES					
Water(1)	☑		☑		Section 4.2.5.1 "Identification and assessment of material water-related impacts, risks and opportunities", page 244
Water(1)	☑		☑		
ESRS E4 – BIODIVERSITY AND ECOSYSTEMS					
Biodiversity and ecosystems	☑				Section 4.2.6.2 "Material impacts, risks and opportunities and their interaction with strategy and business model", page 249
Biodiversity and ecosystems			☑		
ESRS E5 – CIRCULAR ECONOMY					
Resource inflows/resource use		☑		☑	Section 4.2.7.1 "Identification and assessment of material impacts, risks and opportunities related to resource use and circular economy", page 252
Resource outflows/circular economy (4R program)		☑		☑	
Waste		☑		☑	

(1) *For a detailed description of the different scenarios, see the corresponding sections.*

	IRO				
	Negative impact	Positive impact	Risks	Opportunities	Chapters/Sections
ESRS S1 – OWN WORKFORCE					
Secure employment	☑		☑		Section 4.3.1.2 "Material impacts, risks and opportunities and their interaction with strategy and business model", page 261
Working time	☑		☑		
Adequate wage	☑		☑		
Social dialogue		☑		☑	
Freedom of association		☑		☑	
Collective bargaining		☑		☑	
Work-life balance		☑		☑	
Health and safety	☑		☑		
Gender equality and equal pay	☑		☑		
The employment and inclusion of people with disabilities	☑		☑		
Diversity	☑		☑		
Measures against violence and harassment in the workplace	☑		☑		
Training and skills development	☑		☑		
Training and skills development		☑		☑	
Other work-related/human rights	☑		☑		
Other work-related/human rights		☑		☑	
ESRS S2 – WORKERS IN THE VALUE CHAIN					
Working conditions	☑		☑		Section 4.3.2.2 "Material impacts, risks and opportunities and their interaction with strategy and business model", page 282
Working conditions		☑		☑	
Other work-related/human rights	☑		☑		
Other work-related/human rights		☑		☑	
ESRS S4 – CONSUMERS AND END-USERS					
Inclusion of consumers and end-users		☑		☑	Section 4.3.3.2 "Material impacts, risks and opportunities and their interaction with strategy and business model", page 286
Consumer and end-user information	☑		☑		
Personal safety of consumers and end-users	☑		☑		
ESRS G1 – BUSINESS CONDUCT					
Corporate culture		☑		☑	Section 4.4.2 "Identification and assessment of material impacts, risks and opportunities related to business conduct", page 291
Protection of whistleblowers		☑		☑	
Corruption and bribery	☑		☑		
Supplier relationships	☑		☑		

Impacts, risks and opportunities are described in each section of this Sustainability Report.

4.2 Environmental information

Contribution of Valeo's strategy to the Sustainable Development Goals

ENVIRONMENTAL MATTERS

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

COMMITMENTS AND TARGETS:

The Group is committed to a circular economy approach aimed at reducing the consumption of natural resources stemming from its growth and its waste-related environment impact, and at building a more eco-friendly and economically viable growth model (see section 4.2.7.2).

Reduction of non-recycled, landfilled waste as part of a clearly structured environmental plan (see section 4.2.7.4).

13 CLIMATE ACTION

COMMITMENTS AND TARGETS:

Valeo is committed to contributing to carbon neutrality by 2050 and expects to achieve 45% of this objective by 2030. The Group also aims to have 70% of its sites certified for energy management (ISO 50001) by 2030.

4.2.1 Environmental policies and commitments

The Group's commitments

The environment is one of the pillars of Valeo's sustainability commitments.

The Group is committed to limiting the environmental impact of its activities and products, from design to use. This includes matters related to climate transition, greenhouse gas (GHG) emission reduction, climate change, energy, pollution of air, soil and water and substances of concern, water resources, biodiversity, and the circular economy and waste.

Group organization in response to environmental challenges

The management of environmental challenges and policy development are coordinated by the Sustainable Development and External Affairs Department in collaboration with the various departments concerned and the managers of the relevant programs (HSE, CAP 50, 4R, etc.).

Action plans are implemented operationally within the Group Divisions under the responsibility of these departments.

Stakeholder integration

The main stakeholders in policies relating to environmental matters:

Internal:

- Managers of the relevant networks (HSE, Sustainable Development, Research and Development, etc.);
- Site, regional and Division HSE managers;
- Maintenance managers responsible for the upkeep and maintenance of facilities;
- Site managers as guarantors of site compliance with the overall policy;
- R&D and industrial managers involved in the development of new products and production resources.

External:

- Local regulatory and environmental authorities in the countries where sites are located;
- Customers through tenders and CSR questionnaires (SAQ 5.0, EcoVadis, etc.);
- CSR rating and performance assessment agencies (CDP[1], S&P, Sustainalytics, Moody's).

Water consumption and waste reduction program methodology

Water

The methodology involves:

- a focus on protecting aquifers by avoiding withdrawals;
- a focus on water-stressed regions and drastic measures to reduce consumption at high-consumption sites;
- quality control of discharges (widespread installation of treatment stations where necessary).

Waste

The methodology involves reducing:

- waste production from the product design stage (R&D network);
- upstream and downstream packaging (supply chain network);
- waste production and on-site recovery (industrial network/operations).

Note that the Group prohibits landfilling and promotes the optimization of waste recovery.

(1) *See sustainable development glossary, page 341.*

Setting environmental targets and metrics

Environmental metrics under the responsibility of HSE teams[1]

Targets are set over a five-year period from a base year, based on achievable estimates. These targets are set by the Group Health, Safety and Environment (HSE) Director and submitted to the Group Executive Committee for review and validation at the beginning of each five-year period. They are then broken down on a straight-line basis for each year of the period. Metrics are reviewed annually.

Other environmental metrics[2]

Targets and metrics related to the Group's other environmental challenges, particularly in terms of circular economy, contribution to carbon neutrality, climate change adaptation and mitigation, are the responsibility of the 4R, CAP 50, R&D and Purchasing networks, in coordination with Sustainable Development.

4.2.2 European Green Taxonomy

4.2.2.1 Context

Measuring sustainability

The national and European legal frameworks and growing number of initiatives geared toward measuring business sustainability (TCFD, EFRAG, Platform on Sustainable Finance, etc.) are increasing the transparency of companies as they measure the sustainability of their business models and report on related indicators.

A key component of the European Commission's action plan on sustainable finance aimed at redirecting capital flows toward a more sustainable economy, the European Taxonomy Regulation[3] is part of this process. The European Taxonomy, a classification system for environmentally "sustainable" economic activities, is a major step toward the European Union's objective of achieving carbon neutrality by 2050.

4.2.2.2 Summary of KPIs

In the following section, Valeo, as a non-financial undertaking, presents the share of the Group's sales (turnover), capital expenditure (CapEx) and operating expenditure (OpEx) in 2024 related to economic activities that are eligible for the European Taxonomy under the six objectives, in accordance with Article 8 of the Taxonomy Regulation.

The 2024 reporting includes new disclosure requirements for alignment with activity 3.18, on which Valeo already voluntarily reported in 2023, as well as the following four environmental objectives:

- sustainable use and protection of water and marine resources;
- transition to a circular economy;
- pollution prevention and control;
- protection and restoration of biodiversity and ecosystems.

To meet the regulatory alignment requirements, Valeo analyzed its compliance with the substantial contribution criteria, the generic criteria of the "do no significant harm" principle as regards climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, protection and restoration of biodiversity and ecosystems, and the minimum safeguards in respect of human rights.

This analysis showed that Valeo's eligible activities are aligned with these generic criteria.

The regulatory tables respecting the format required by the Annexes to the Taxonomy Regulation, are presented in the dedicated section below.

Eligibility

Based on Valeo's analyses, as set out below, the Taxonomy-eligible KPIs in 2024 are as follows:

		Turnover		CapEx		OpEx	
		2024	2023	2024	2023	2024	2023
	PROPORTION ELIGIBLE FOR THE TAXONOMY	**17.5%**	**21.0%**	**15.0%**	**14.0%**	**20.6%**	**19.4%**
Climate change mitigation	3.4 Manufacture of batteries	2.7%	4.6%	5.9%	5.1%	4.2%	5.1%
	3.18 Manufacture of automotive and mobility components	4.6%	6.9%	6.8%	6.4%	14.1%	12.0%
	3.6 Manufacture of other low carbon technologies	8.1%	7.5%	1.4%	1.8%	2.4%	2.3%
	6.5 Transport by motorbikes, passenger cars and light commercial vehicles	—%	—%	0.9%	0.6%	—%	—%
Transition to a circular economy	5.1 Repair, refurbishment and remanufacturing	0.3%	0.2%	—%	0.1%	—%	—%
	5.2 Sale of spare parts	1.8%	1.7%	—%	—%	—%	—%
	PROPORTION NOT ELIGIBLE FOR THE TAXONOMY	**82.5%**	**79.0%**	**85.0%**	**86.0%**	**79.4%**	**80.6%**

(1) Metrics related to the following ESRS: E1 – Scope 1 & 2 emissions, E2, E3 and E5 – including waste.
(2) Metrics related to the following ESRS: E1 – Scope 3 emissions, E4 and E5 – excluding waste.
(3) Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088.

The scope of Valeo products included in each Taxonomy-eligible economic activity in 2024 is the same as in 2023.

The proportion of sales (turnover) from Taxonomy-eligible activities decreased by 3.5 percentage points compared with 2023, attributable equally to activities 3.4 (down 43%) and 3.18 (down 34%). This decrease reflects an unfavorable market environment, mainly attributable to significantly lower-than-expected sales volumes of high-voltage electrical components, affecting both battery thermal solutions (activity 3.4) and essential components for zero-emission vehicles (activity 3.18). Sales of hybridization solutions and other components aimed at substantial CO_2 emissions reductions (activity 3.6) increased slightly (4%). The proportion of sales from remanufacturing activities, although still small in relation to total sales, increased by 5 percentage points year on year, in line with the Group's circular economy strategy.

The proportion of Taxonomy-eligible CapEx increased slightly compared with 2023 (1 percentage point), driven mainly by increased capital expenditure for activities 3.4 and 3.18.

The slight increase in the proportion of Taxonomy-eligible OpEx (1.2 percentage points) was due primarily to more granular identification of non-capitalized research and development expenses for activity 3.18, despite a decline in such expenses for activity 3.4.

Alignment

Based on Valeo's analyses, as set out below, the Taxonomy-aligned KPIs in 2024 are as follows:

		Turnover		CapEx		OpEx	
		2024	2023	2024	2023	2024	2023
	PROPORTION ALIGNED WITH THE TAXONOMY	**17.5%**	**19.0%**	**14.1%**	**13.2%**	**20.6%**	**19.4%**
Climate change mitigation	3.4 Manufacture of batteries	2.7%	4.6%	5.9%	5.1%	4.2%	5.1%
	3.18 Manufacture of automotive and mobility components	4.6%	6.9%	6.8%	6.4%	14.1%	12.0%
	3.6 Manufacture of other low carbon technologies	8.1%	7.5%	1.4%	1.8%	2.4%	2.3%
	6.5 Transport by motorbikes, passenger cars and light commercial vehicles	—%	—%	—%	—%	—%	—%
Transition to a circular economy	5.1 Repair, refurbishment and remanufacturing	0.3%		—%		—%	
	5.2 Sale of spare parts	1.8%		—%		—%	
	PROPORTION NOT ALIGNED WITH THE TAXONOMY	**82.5%**	**81.0%**	**85.9%**	**86.8%**	**79.4%**	**80.6%**

In 2024, the alignment of economic activities contributing to the transition to a circular economy served to offset the decline in sales from activities aligned with the climate change mitigation objective. As a result, the total share of sales (turnover) from Taxonomy-aligned activities decreased by 1.5 percentage points between 2023 and 2024. The Taxonomy-aligned CapEx and OpEx indicators followed the same slight upward trend as the Taxonomy-eligible activities contributing to climate change mitigation.

4.2.2.3 Analysis of Valeo's economic activities eligible for the European Taxonomy

For 2024, Valeo is reporting its economic activities eligible for the European Taxonomy:

- for the climate change mitigation objective, according to the conditions described within activities 3.4 "Manufacture of batteries", 3.18 "Manufacture of automotive and mobility components", and 3.6 "Manufacture of other low carbon technologies", as well as 6.5 "Transport by motorbikes, passenger cars and light commercial vehicles";
- for the transition to a circular economy, according to the conditions described within activities 5.1 "Repair, refurbishment and remanufacturing", and 5.2 "Sale of spare parts".

Valeo does not report sales (turnover), CapEx, or OpEx for activity 1.2 "Manufacture of electrical and electronic equipment" within the transition to a circular economy objective, considering it not applicable to its products for the following reasons:

- It references Directives 2011/65 and 2012/19, which exclude automotive industry equipment. Automotive equipment falls under the End-of-Life Vehicles Directive (2000/53), which is not referenced in either the activity description or the draft FAQ published by the European Commission on November 29, 2024;
- The technical substantial contribution criteria are based on regulatory frameworks and technical standards that are mostly not applicable to the automotive industry. As currently drafted, the technical criteria cannot be applied or transposed to automotive electronic equipment.

In the event of further clarification, the Group may revise this position.

The table below summarizes the activities considered by Valeo to be eligible in 2024:

	Eligible activity under the Climate Delegated Act	Corresponding Valeo Group activity	Relevant KPIs		
			Turnover	CapEx	OpEx
Climate change mitigation	3.4 Manufacture of batteries	Manufacture of batteries and parts necessary for the operation of batteries	✘	✘	✘
	3.18 Manufacture of automotive and mobility components	Manufacture of components essential for delivering and improving the environmental performance of electric vehicles	✘	✘	✘
	3.6 Manufacture of other low carbon technologies	Technologies that provide substantial CO_2 emissions reductions at the vehicle level and demonstrate a superior level of carbon performance compared to the best known market benchmark	✘	✘	✘
	6.5 Transport by motorbikes, passenger cars and light commercial vehicles*	Leasing of company vehicles		✘	

* *This activity is allocated to the climate change mitigation objective, which Valeo considers to be the most relevant.*

	Eligible activity under the Environment Delegated Act	Corresponding Valeo Group activity	Relevant KPIs		
			Turnover	CapEx	OpEx
Transition to a circular economy	5.1 Repair, refurbishment and remanufacturing	Remanufacturing of parts, i.e., their reconditioning via an industrial manufacturing process (alternators, starters and compressors)	✘	✘	✘
	5.2 Sale of spare parts	Lighting business aftermarket	✘	✘	✘

Application to Valeo's activities

Valeo has performed a detailed analysis of all activities within the Group's consolidated entities (see Chapter 5, section 5.4.6, Note 14 "List of consolidated companies", page 423). Companies over which the Group exercises joint control or significant influence are therefore excluded from the scope of analysis and from the calculation of the ratios defined by the Delegated Act supplementing Article 8 of the Taxonomy Regulation published on July 6, 2021.

This analysis is based on the Regulation as available at December 31, 2024.

Climate change mitigation objective

Activity 3.4 "Manufacture of batteries"

Products developed and sold by Valeo that are eligible for the Taxonomy under activity 3.4 include sales of all components intended for the operation of the battery in an electric or hybrid vehicle (battery thermal management module, packaging and casing, voltage converters, charging connector).

Activity 3.18 "Manufacture of automotive and mobility components"

Valeo products eligible for this category are those essential to the environmental performance of electric vehicles (i.e., with zero direct CO_2 emissions):

- either essential to the vehicle's electrification (engine-related components);
- or essential to improving its environmental performance (thanks to substantial weight reduction, improved aerodynamics or optimized energy efficiency).

Valeo products eligible under both activity 3.4 and activity 3.18 are assigned to activity 3.4, in accordance with the Taxonomy Regulation.

Activity 3.6. "Manufacture of other low carbon technologies"

Since 2022, given the multi-sectoral nature of the alignment criteria for activity 3.6, Valeo has elected to include this activity in its disclosures with a view to structuring a methodological proposal aimed at applying the Taxonomy in the context of its automotive products and methodologies.

Valeo includes in this activity technologies for which it is possible to demonstrate a substantial contribution to CO_2 emissions savings at vehicle level, including work to reduce upstream and downstream Scope 3 emissions. The factors allowing a carbon impact reduction of that nature (taking into account all stages of a product's life cycle) are mainly, but not exclusively, a reduction in mass, a reduction in the carbon footprint of the materials used, and an improvement in the energy performance of the component in the use. This work is an integral part of Valeo's Carbon Neutrality Contribution Plan (see section 4.2.3.4 "CAP 50: Transition plan for climate change mitigation", section 4.2.3.6 "Actions and resources in relation to climate change policies", section 4.2.3.7 "A clear vision for contributing to carbon neutrality by 2050 with an ambitious intermediate target for 2030", section 4.2.3.9 "Reduction of greenhouse gas emissions within the framework of the Carbon Neutrality Contribution Plan for 2050", pages 223, 228, 229 and 234).

To assess the eligibility of products for this activity, Valeo referred to multiple criteria including substantial contribution to vehicle weight reduction or to energy performance, reduction in CO_2 emissions assessed on a full life cycle basis or the existence of substantial gains associated with products recognized as eco-innovations by the European Commission.

Taxonomy-eligible products developed and sold by Valeo under activity 3.6 include propulsion and lighting technologies.

Valeo products eligible under both activity 3.18 and activity 3.6 are assigned to activity 3.18, in accordance with the Taxonomy Regulation.

Activity 6.5 “Transport by motorbikes, passenger cars and light commercial vehicles”

In this activity, Valeo reports the amount of new leases for company vehicles made available to certain Group employees.

Transition to a circular economy objective

Activity 5.1 “Repair, refurbishment and remanufacturing”

Valeo has a longstanding business in remanufacturing (or renovating) automobile parts with a view to giving them a new life. These parts, collected from a network of garages and repair shops, undergo a comprehensive industrial remanufacturing process that gives them the same quality and performance as new parts. The range of remanufactured parts mainly includes alternators, starters and compressors, and is currently being expanded to include new products (cameras, bicycle batteries, inverters, etc.).

Activity 5.2 “Sale of spare parts”

Valeo sells spare parts to automakers and independent aftermarket operators. The eligibility criteria for this Taxonomy activity specify the associated NACE codes. Based on a prescriptive reading of these NACE codes, the aftermarket of Valeo’s lighting activity is the only one to fall under the Taxonomy sale of spare parts activity.

4.2.2.4 Methodology note

Analysis of European Taxonomy financial KPIs

Based on the Group’s management and consolidation data, Valeo can extract data relating to sales (turnover), investments (CapEx), as well as non-capitalized Research and Development expenditure, maintenance costs and short-term leases (OpEx), in accordance with the definitions in Article 8 of the Delegated Act, Annex I, Section 1.1.

Intra-Group operations are not taken into account in the Taxonomy KPIs. Valeo’s allocation of turnover (sales), CapEx and OpEx to the various Taxonomy-eligible activities avoids double counting.

Turnover

Assumptions used to calculate eligibility

The KPI’s numerator comprises the sales generated by the Group’s eligible activities. Reported sales figures are taken from Valeo’s accounting and consolidation systems. The Group also uses allocation keys derived from the sales database to estimate the allocation of sales of a product family based on the engine of the vehicles equipped.

The denominator corresponds to the consolidated sales of the Valeo Group for the year ended December 31, 2024 (see Note 5.1 “Sales” to the consolidated financial statements presented in section 5.4.6 of this document, page 371).

Assumptions used to calculate alignment

For the three activities of the climate change mitigation objective for which eligible turnover is reported, Valeo reports the same amounts for alignment, as the substantial contribution criteria, the generic criteria of the “do no significant harm” principle and compliance with the minimum safeguards are met (see below).

With regard to the transition to a circular economy objective, for which alignment disclosure is required for the first time in respect of 2024, Valeo has performed an analysis of the substantial contribution criteria, the generic criteria relating to the “do no significant harm” principle, and the minimum safeguards for the two activities for which eligible turnover is declared. This analysis showed that Valeo’s eligible activities are aligned with the transition to a circular economy objective.

Capital expenditure (CapEx)

Assumptions used to calculate eligibility

The KPI's numerator comprises the Group’s capital expenditure, corresponding to purchases of property, plant and equipment and intangible assets, including right-of-use assets (IFRS 16), recorded in 2024, before depreciation and amortization, that can be allocated to a Taxonomy activity.

First, the Group analyzed capital expenditure related directly to eligible turnover-generating activities as detailed above.

Second, the analysis of the new long-term leased assets recognized under IFRS 16 made it possible to identify the new right-of-use assets associated with company vehicles, to be reported in activity 6.5 Transport by motorbikes, passenger cars and light commercial vehicles.

The denominator of the Group’s capital expenditure KPI corresponds to the Group’s total capital expenditure relating to purchases of property, plant and equipment, and intangible assets, including right-of-use assets (IFRS 16), recorded in 2024, before depreciation and amortization (see Notes 7.2 “Other intangible assets” and 7.3 “Property, plant and equipment” to the consolidated financial statements in section 5.4.6 of this document, pages 389 to 393).

Assumptions used to calculate alignment

As with turnover, all CapEx eligible for Taxonomy activities 3.4, 3.18, 3.6, 5.1 and 5.2 has been reported as aligned.

Regarding activity 6.5, the information on the motorization of company vehicles required to report alignment is not available in the Group's financial systems. Given the immateriality of this activity for Valeo and in accordance with FAQ 13 published by the European Commission in October 2023 (C/2023/305), Valeo reports zero alignment for this activity in 2024.

Operating expenditure (OpEx)

Assumptions used to calculate eligibility

Operating expenditure (OpEx) consists of:

- non-capitalized Research and Development expenditure, i.e., gross R&D expenditure less capitalized development expenditure (see Note 7.2 "Other intangible assets" to the consolidated financial statements in section 5.4.6 of this document, page 389);
- maintenance, upkeep and repair expenses;
- short-term leases.

The sum of these expenses represents the denominator of the OpEx KPI.

The KPI's numerator comprises operating expenses related to the Taxonomy activities set out above, whose turnover is eligible.

Assumptions used to calculate alignment

As with turnover, all OpEx eligible for taxonomy activities 3.4, 3.18, 3.6, 5.1 and 5.2 has been reported as aligned.

Analysis of the generic criteria relating to the "do no significant harm" principle and minimum safeguards

The analysis of the generic criteria relating to the "do no significant harm" principle and minimum safeguards covers Valeo's entire product portfolio. Under the Regulation, these criteria only apply to Valeo's Taxonomy-eligible activities.

In 2024, to justify the alignment of Valeo's eligible activities with the transition to a circular economy objective, an analysis was conducted with respect to the generic criterion of the "do no significant harm" principle as regards climate change mitigation, as well as an additional analysis with respect to spare parts for the generic criterion of the "do no significant harm" principle as regards pollution prevention and control.

The analysis of the other criteria and the minimum safeguards is common to Valeo's Taxonomy-eligible activities under the climate change mitigation and transition to a circular economy objectives.

Details are provided below.

Generic criteria relating to the "do no significant harm" principle

Climate change mitigation

Most of Valeo's activities do not involve on-site production of heat or cold. Where this is the case (mainly furnaces), the use of gas results in GHG emissions below the limit of 270 gCO_2eq./kWh (global emission factor: 239 gCO_2eq./kWh).

In addition, the Group's CAP 50 strategy (see section 4.2.3 "Climate strategy", page 217) covers transportation-related emissions, including for remanufacturing activities.

Climate change adaptation

To strengthen its understanding of the impacts of climate change on the Group's physical assets (physical risks), Valeo has carried out an analysis of its exposure to the impacts of climate change across its entire scope of consolidation, including the risks linked to changes in temperature and in the management of water, wind and soil resources in the SSP2-4.5 and SSP5-8.5 Representative Concentration Pathway scenarios for 2030 and 2050.

This analysis, carried out using climate modeling tools developed by leading players in the field, served to characterize and assess the nature and likely intensity of the risk. It was carried out at the level of a plant or office, which at this stage is the most granular and relevant level available for a manufacturing company.

The analysis is part of broader efforts to gain a better understanding of Valeo's exposure to the risks associated with the consequences of climate change, which will regularly be supplemented by dedicated site audits and programs to strengthen on-site prevention tools and systems.

Transition to a circular economy

Valeo adopted a circular economy strategy in 2021. It is based on a 4R approach aimed at remanufacturing parts, i.e., reconditioning them via an industrial manufacturing process, repairing and recycling them, and ensuring that they remain robust over time.

This approach draws on careful resource consumption, eco-design policies, and the management of waste and hazardous materials (see section 4.2.1 "Environmental policies and commitments", page 205).

Sustainable use and protection of water and marine resources

Valeo has a longstanding policy on water management, which includes reducing water withdrawals and consumption, minimizing industrial effluents and gradually phasing out the use of water from natural sources where possible. Valeo has installed various equipment to limit the risk of pollution (non-return valves, retention zones, etc.) and to better understand the impact of its water consumption based on the geographic location of its sites. Some of these analyses are disclosed transparently via CDP Water and are available on the dedicated website.

Pollution prevention and control regarding use and presence of chemicals

Valeo has policies and tools designed to ensure that its products and those of its suppliers comply with the requirements of European regulations on the use of regulated chemicals. All its products accordingly comply with applicable regulations, notably those governing the use of persistent organic pollutants (POPs), mercury and mercury compounds, fluorochemicals, substances covered by Regulation 1907/2006 (REACH[(1)]) and the End-of-Life Vehicle (ELV[(1)]) Directive. In accordance with the requirements of Appendix C of the Taxonomy Regulation, as revised on June 27, 2023, the use of substances characterized under Articles 57 and 59 of the REACH Regulation is conditional on their use under controlled conditions and the non-availability of suitable substitutes. The Group systematically evaluates and documents these exemption conditions based on the use of the chemical substances concerned. The Group ensures this through the International Material Data System (IMDS[(1)]), which allows it to ensure that its suppliers meet the same requirements. In the remanufacturing and spare parts distribution activities, the few products intended for the independent aftermarket that are not tracked in this system are subject to systematic verification with suppliers and through REACH compliance declarations for all purchased components in accordance with the Group's purchasing and aftermarket policies and procedures.

Based on a representative sample of its platforms and products, Valeo implemented a complementary verification methodology for the information reported in IMDS. This methodology confirmed that the policies and tools in place ensure regulatory compliance and the traceability of materials and substances, as well as compliance with the framework established by the European Taxonomy for the use of regulated substances and authorized thresholds.

Protection and restoration of biodiversity and ecosystems

In line with local regulations in the countries where the Group operates, Valeo has implemented policies aimed at preserving and protecting flora and fauna near its sites (such as natural areas of ecological, fauna and flora interest (ZNIEFF) in France, see section 4.2.6.4 "Policies related to biodiversity", page 250). Valeo's commitment to protect biodiversity is further demonstrated by the environmental compliance analyses carried out at its sites and specifically on the Group's new acquisitions. In the event of proven damage to biodiversity and ecosystems, Valeo has implemented appropriate restoration measures.

Minimum safeguards

With regard to the minimum safeguards set out in the Taxonomy Regulation, Valeo has longstanding policies and tools that enable it to meet requirements in respect of:

- human rights, through the existence of adequate policies and risk management, supported by dedicated tools, such as internal and external whistleblowing procedures for its employees and suppliers, together with a package of sanctions. In 2024, Valeo was not subject to any convictions relating to a breach of its duty of care policies in terms of human rights;
- corruption, through the existence of policies and a risk management approach;
- taxation, through the existence of a tax policy based on taxation in the country of production;
- compliance with competition laws, through the existence of a set of anti-fraud and anti-corruption training programs that are updated annually and mandatory for the entire population exposed to this risk.

Thanks to its internal procedures, risk management policy and the absence of disputes relating to the minimum safeguards, Valeo can declare its products meet the minimum safeguards provision of the Taxonomy.

(1) *See sustainable development glossary, page 341.*

4.2.2.5 Taxonomy KPI tables

The tables on the following pages (pages 212 to 216) set out the figures for the three Taxonomy KPIs – turnover, CapEx and OpEx – for 2024.

Turnover

Year Y		2024		Substantial contribution criteria						Do no significant harm criteria ("DNSH criteria")									
Economic activities (1)	**Code (2)**	**Turnover (3)**	**Proportion of turnover year Y (4)**	**Climate change mitigation (5)**	**Climate change adaptation (6)**	**Water (7)**	**Pollution (8)**	**Circular economy (9)**	**Biodiversity (10)**	**Climate change mitigation (11)**	**Climate change adaptation(12)**	**Water (13)**	**Pollution (14)**	**Circular economy (15)**	**Biodiversity (16)**	**Minimum safeguards (17)**	**Taxonomy-aligned proportion of turnover (A.1.) or Taxonomy-eligible proportion of Turnover (A.2.) in year Y-1 (18)**	**Category (enabling activity) (19)**	**Category (transitional activity) (20)**
		€m	*%*	*YES; NO; N/EL*						*YES/NO*							*%*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of batteries	CCM 3.4	576	3%	YES	N/EL	N/EL	N/EL	N/EL	N/EL	YES	YES	YES	YES	YES	YES	YES	5%	E	
Manufacture of other low carbon technologies	CCM 3.6	1,737	8%	YES	N/EL	N/EL	N/EL	N/EL	N/EL	YES	YES	YES	YES	YES	YES	YES	8%	E	
Manufacture of automotive and mobility components	CCM 3.18	999	5%	YES	N/EL	N/EL	N/EL	N/EL	N/EL	YES	YES	YES	YES	YES	YES	YES	7%	E	
Repair, refurbishment and remanufacturing	CE 5.1	56	—%	N/EL	N/EL	N/EL	N/EL	YES	N/EL	YES	YES	YES	YES	YES	YES	YES			
Sale of spare parts	CE 5.2	387	2%	N/EL	N/EL	N/EL	N/EL	YES	N/EL	YES	YES	YES	YES	YES	YES	YES			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		**3,755**	**17%**	**15%**	**—%**	**—%**	**—%**	**2%**	**—%**	**YES**	**YES**	**YES**	**YES**	**YES**	**YES**	**YES**	**19%**		
Of which enabling		3,312	15%	15%	—%	—%	—%	—%	—%	YES	YES	YES	YES	YES	YES	YES	19%	E	
Of which transitional		—	—%	—%						YES	YES	YES	YES	YES	YES	YES	—%		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		**—**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**								**2%**		
A. Turnover of Taxonomy-eligible activities (A.1. + A.2.)		**3,755**	**17%**	**15%**	**—%**	**—%**	**—%**	**2%**	**—%**								**21%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		**17,737**	**83%**																
TOTAL		**21,492**	**100%**																

Contribution to multiple objectives

None of Valeo's economic activities reported in turnover make a substantial contribution to multiple environmental objectives.

	Proportion of turnover/total turnover	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	%	%
CCA	%	%
WTR	%	%
CE	%	%
PPC	%	%
BIO	%	%

CapEx

Year Y		2024		Substantial contribution criteria						Do no significant harm criteria ("DNSH criteria")									
Economic activities (1)	**Code (2)**	**CapEx (3)**	**Proportion of CapEx, year Y (4)**	**Climate change mitigation (5)**	**Climate change adaptation (6)**	**Water (7)**	**Pollution (8)**	**Circular economy (9)**	**Biodiversity (10)**	**Climate change mitigation (11)**	**Climate change adaptation (12)**	**Water (13)**	**Pollution (14)**	**Circular economy (15)**	**Biodiversity (16)**	**Minimum safeguards (17)**	**Taxonomy-aligned proportion of CapEx (A.1.) or Taxonomy-eligible proportion of CapEx (A.2.) in year Y-1 (18)**	**Category (enabling activity) (19)**	**Category (transitional activity) (20)**
		€m	*%*	*YES; NO; N/EL*						*YES/NO*							*%*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of batteries	CCM 3.4	139	6%	YES	N/EL	N/EL	N/EL	N/EL	N/EL	YES	YES	YES	YES	YES	YES	YES	5%	E	
Manufacture of other low carbon technologies	CCM 3.6	32	1%	YES	N/EL	N/EL	N/EL	N/EL	N/EL	YES	YES	YES	YES	YES	YES	YES	2%	E	
Manufacture of automotive and mobility components	CCM 3.18	159	7%	YES	N/EL	N/EL	N/EL	N/EL	N/EL	YES	YES	YES	YES	YES	YES	YES	6%	E	
Repair, refurbishment and remanufacturing	CE 5.1	1	—%	N/EL	N/EL	N/EL	N/EL	YES	N/EL	YES	YES	YES	YES	YES	YES	YES	—%		
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		**331**	**14%**	**14%**	**—%**	**—%**	**—%**	**—%**	**—%**	**YES**	**YES**	**YES**	**YES**	**YES**	**YES**	**YES**	13%		
Of which enabling		330	14%	14%	—%	—%	—%	—%	—%	YES	YES	YES	YES	YES	YES	YES	13%	E	
Of which transitional										YES	YES	YES	YES	YES	YES	YES	—%		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*										
Transport by motorbikes, passenger cars and light commercial vehicles	**CCM 6.5**, CCA 6.5	20	1%	**EL**	EL	N/EL	N/EL	N/EL	N/EL								**1%**		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		**20**	**1%**	**1%**	**—%**	**—%**	**—%**	**—%**	**—%**								**1%**		
A. CapEx of Taxonomy-eligible activities (A.1. + A.2.)		**351**	**15%**	**15%**	**—%**	**—%**	**—%**	**—%**	**—%**								**14%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		**1,990**	**85%**																
TOTAL		**2,341**	**100%**																

Contribution to multiple objectives

The Taxonomy activity 6.5 "Transport by motorbikes, passenger cars and light commercial vehicles" for which Valeo declares eligible CapEx for climate change mitigation is also eligible for the climate change adaptation objective. This activity has been allocated to the climate change mitigation objective in the table above, deemed the most relevant.

	Proportion of CapEx/Total CapEx	
	Taxonomy-aligned per objective	**Taxonomy-eligible per objective**
CCM	**—%**	**1%**
CCA	—%	1%
WTR	%	%
CE	%	%
PPC	%	%
BIO	%	%

OpEx

Year Y		2024		Substantial contribution criteria						Do no significant harm criteria ("DNSH criteria")									
Economic activities (1)	Code (2)	OpEx (3)	Proportion of OpEx, year Y (4)	Climate change attenuation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of OpEx (A.1.) or Taxonomy-eligible proportion of OpEx (A.2.) in year Y-1 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
		€m	*%*	*YES; NO; N/EL*						*YES/NO*							*%*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of batteries	CCM 3.4	81	4%	YES	N/EL	N/EL	N/EL	N/EL	N/EL	YES	YES	YES	YES	YES	YES	YES	5%	E	
Manufacture of other low carbon technologies	CCM 3.6	46	2%	YES	N/EL	N/EL	N/EL	N/EL	N/EL	YES	YES	YES	YES	YES	YES	YES	2%	E	
Manufacture of automotive and mobility components	CCM 3.18	274	14%	YES	N/EL	N/EL	N/EL	N/EL	N/EL	YES	YES	YES	YES	YES	YES	YES	12%	E	
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		**401**	**21%**	**21%**	**—%**	**—%**	**—%**	**—%**	**—%**	**YES**	**YES**	**YES**	**YES**	**YES**	**YES**	**YES**	**19%**		
Of which enabling		401	21%	21%	—%	—%	—%	—%	—%	YES	YES	YES	YES	YES	YES	YES	—%	E	
Of which transitional		—	—%	—%						YES	YES	YES	YES	YES	YES	YES	—%		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		—	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**								—%		
A. Taxonomy-eligible activities (A.1. + A.2.)		**401**	**21%**	**21%**	**—%**	**—%**	**—%**	**—%**	**—%**								19%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		**1,548**	**79%**																
TOTAL		**1,949**	**100%**																

Contribution to multiple objectives

No economic activity reported by Valeo in OpEx makes a substantial contribution to multiple environmental objectives.

	Proportion of OpEx/Total OpEx	
	Taxonomy-aligned per objective	**Taxonomy-eligible per objective**
CCM	%	%
CCA	%	%
WTR	%	%
CE	%	%
PPC	%	%
BIO	%	%

Line	Nuclear energy activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas-related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

4.2.2.6 Adjusted key performance indicators in the event of a sustainable bond issue

Taxonomy reporting requires the disclosure of adjusted key performance indicators in the event of a sustainable bond issue. In accordance with the requirements specified in the October 20, 2023 FAQ, and in order to avoid double-counting by investors, Valeo reports its Taxonomy-aligned turnover, CapEx and OpEx adjusted for projects benefiting from a sustainable bond issue.

The Group issued an inaugural 600 million euro green bond in October 2023, followed by a second 850 million euro issue in April 2024 (see section 4.2.3.4 "CAP 50: Transition plan for climate change mitigation", paragraph "Financing", page 225). According to the Green Financing Framework, the fund allocation period covers two calendar years before the issue and two years after the issue of the bonds, whereas the Taxonomy reporting only covers the period from January 1 to December 31, 2024.

The methodology for identifying Taxonomy-aligned projects financed by green bonds is detailed in the Green Allocation Report (available on Valeo.com). To date, only projects in economic activities aligned with the climate change mitigation objective are concerned, and exclusively for electric vehicles.

Adjusted Taxonomy-aligned key performance indicators

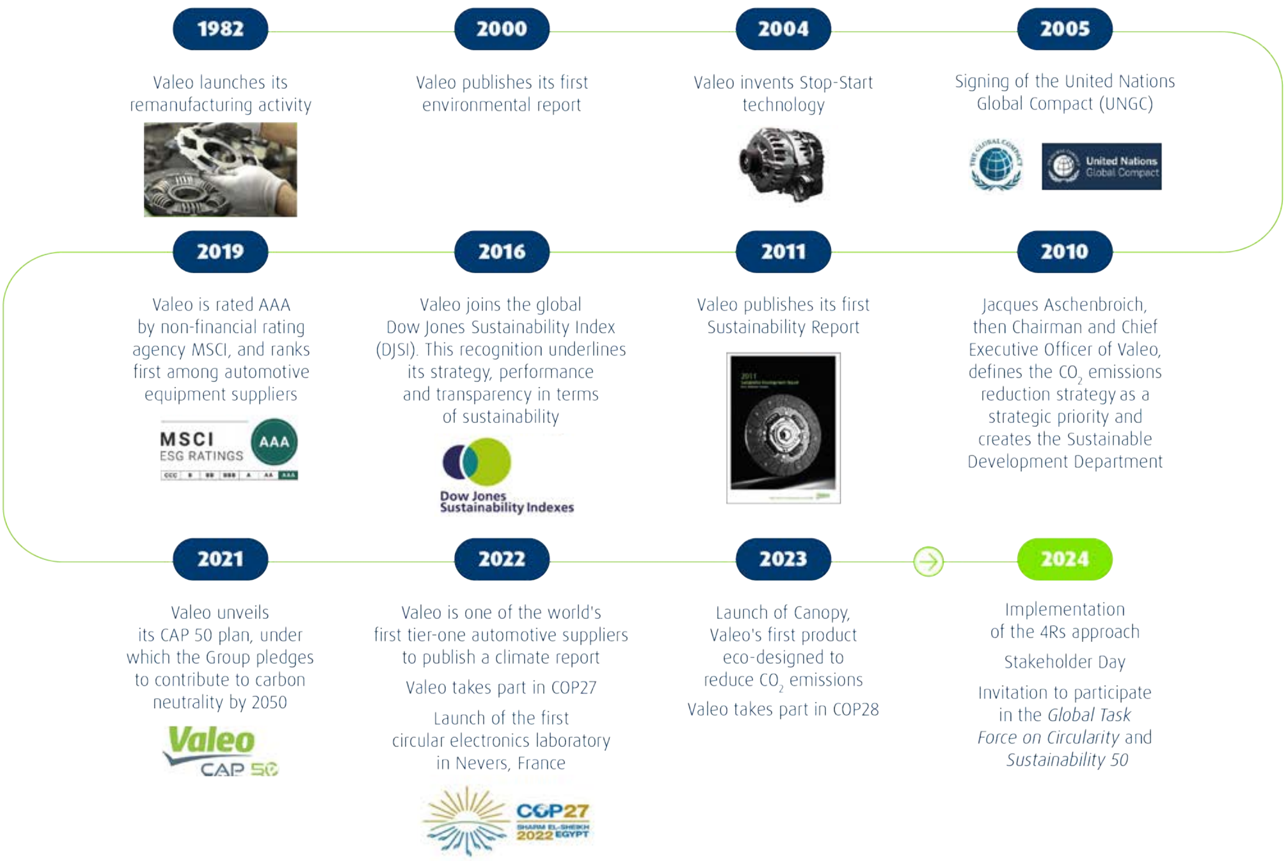
	A.1. Environmentally sustainable activities (Taxonomy-aligned)	
2024	**Reported alignment**	**Adjusted alignment**
Turnover	17.5%	15.9%
CapEx	14.1%	4.1%
OpEx	20.6%	4.3%

4.2.3 Climate strategy (ESRS E1)

A long-term commitment

The Group first embraced the challenges of sustainable development with a remanufacturing business in 1982, before gradually stepping up its sustainable development activities. Since 2010, it has placed the reduction of CO_2 emissions at the heart of its development strategy. In 2021, Valeo launched its Carbon Neutrality Contribution Plan, followed by the implementation of a circular economy program (4R program) and the launch of a climate change adaptation plan.

VALEO'S LONGSTANDING COMMITMENT



Carbon Neutrality Contribution Plan

In 2021, Valeo launched a plan to reduce its carbon footprint according to SBTi criteria[1] (see section 4.2.3.4 "CAP 50: Transition plan for climate change mitigation", page 223), aiming by 2030 at:

- reducing its emissions by 17% across all scopes, i.e., by 75% on its own activities (Scopes 1 & 2) and by 15% on its upstream and downstream Scope 3 compared with 2019;
- achieving 13.6 Mt in greenhouse gas emissions avoided by third parties thanks to Group technologies.

Valeo also accounts for the reduction of its emissions in terms of intensity in relation to its sales (i.e., a target intensity in relation to sales of 2.06 $ktCO_2$/€m by 2025).

This plan is based on annual greenhouse gas reductions and action plans within each network. Not all emission items have the same impact on achieving the 2030 target. In 2019, Valeo emitted nearly 50 $MtCO_2$eq., of which 39 $MtCO_2$eq. from the product use phase and 9 $MtCO_2$eq. from the use of materials in the manufacture of Valeo products.

4.2.3.1 Integration of sustainability-related performance in incentive schemes (DR related to ESRS 2 GOV-3)

[ESRS E1 § 13]

Climate-related considerations are factored into the compensation of Valeo's senior executives and a large proportion of its managers, notably in the part linked to the Carbon Neutrality Contribution Plan. The integration of sustainability-related performance in incentive schemes is described in section 4.1.2.3 "Integration of sustainability-related performance in incentive schemes", page 194.

[1] *See sustainable development glossary, page 341.*

4.2.3.2 Material impacts, risks and opportunities and their interaction with strategy and business model (DR related to ESRS 2 SBM-3)

[ESRS E1 § 18]

	IRO				Position in the value chain			Time horizon		
	Negative impact	Positive impact	Risks	Opportunities	Upstream	Own activities	Downstream	Short term	Medium term	Long term
ESRS E1 - CLIMATE CHANGE										
Physical risks An increase in the frequency of extreme or chronic weather events (e.g., water stress, heat waves, floods, extreme precipitation, wind) could disrupt or even interrupt certain operations at various levels of the production and logistics chains and adversely impact the Group's financial position (loss of sales, financial penalties) and the working conditions of employees.	☑		☑		☑	☑	☑		☑	
Climate transition Given the transportation sector's significant contribution to GHG emissions (18%[1] worldwide), the climate transition represents a growth opportunity for the Group, with the development of electrification solutions for passenger vehicles, new forms of mobility and new uses, despite a context marked by certain short-term uncertainties regarding the transition to electric vehicles in some regions.		☑		☑	☑	☑	☑		☑	
GHG emission reduction Risk of failing to meet commitments to reduce greenhouse gas emissions (CAP 50 Plan) due to the expected growth in electrification and new forms of mobility (SBTi[2] commitments in absolute terms, regardless of business trends), with negative impacts on the Group's financial position, in particular its financing conditions, and on the environment, given the transport sector's significant contribution to greenhouse gas (GHG) emissions (18% worldwide).	☑		☑			☑	☑		☑	
GHG emission reduction Opportunity for automakers and end-users to avoid emissions thanks to Valeo's products, and for suppliers, which have to, like Valeo, improve their own carbon footprint in order to meet their customers' criteria.		☑		☑	☑		☑		☑	
Energy Risk for the Group of failing to achieve energy efficiency and to reorient the energy mix towards less carbon-intensive resources. Rising energy costs could have a material impact on the Group's financial position. However, the environmental impact would be limited given Valeo's small contribution to global greenhouse gas (GHG) emissions in the transportation sector.	☑		☑		☑	☑			☑	

(1) IPCC, 2022: Climate Change 2022: climate change mitigation.
(2) See sustainable development glossary, page 341.

[ESRS E1 § 19]

Valeo's resilience analysis covers the entire Group scope.

In 2021, Valeo was one of the first automotive suppliers to publish a climate report based on the TCFD framework (available on the Valeo.com website). It presents scenarios for the transformation of mobility on a global scale. Two mobility resilience and evolution scenarios to 2030 have been defined:

- the baseline scenario (+2°C trajectory), in which the mobility of people and the acceleration of urbanization lead to a widespread increase in individual mobility;
- the *city* scenario (+1.5°C trajectory), in which personal mobility is driven by new forms of on-demand transportation.

The Group is preparing to repeat the process in 2025, for publication in 2026, in line with the TCFD recommendations on regular publications. This will make it possible to provide mid-term outcomes of decarbonization policies. A cross-reference table is provided in this document (see Appendix 4 "GRI – SASB – TCFD cross-reference table", page 315).

The methodology and results of the resilience analysis are presented in sections 4.2.3.3.1 "Analysis of physical and transition risks", page 219, and 4.2.3.3.2 "Adaptation of strategy and business model", page 222.

For over a decade, Valeo has been investing in technologies that place its product portfolio at the heart of the automotive industry's shift towards safer, greener and more connected mobility solutions.

Market trends in 2024 pointed to a slowdown in electrification in certain geographical areas, notably in Europe, which will undermine the assumptions of the city scenario. The Group had anticipated that the electrification transition period would be very uneven across market regions. This was also compounded by an international environment characterized by geopolitical tensions and inflation.

Valeo's strategic approach is to focus on the most profitable activities through selective order intake.

It should be noted that more than half the Group's sales are agnostic to the electrification penetration rate.

BRAIN Division

Since 2022, Valeo's BRAIN Division has won important and significant orders related to ADAS and software-defined vehicles (SDVs). The Group is seizing all opportunities related to the development of SDV activities, artificial intelligence and the development of software-related businesses.

Markets that are independent of powertrain developments, such as ADAS and Interior Experience are set to experience a period of strong growth: 90% of new vehicles are expected to be fitted with such systems, 50% of which will be able to reach autonomy levels 2 and 2+. Valeo intends to take advantage of the increase in its content per vehicle along with higher margins for sensors, high-performance computing units, the new centralized electronic architecture of the software-defined vehicle (SDV) and more generally, the increasingly important role that software plays in mobility.

LIGHT Division

Valeo is also seizing opportunities to increase its per-vehicle content in lighting, both inside and outside the vehicle, with increasingly efficient lighting solutions to meet the growing demand for safety, comfort and new vehicle design.

In a market shaped by the development of LED technology and the demand for high-definition light beams, lighting remains a powerful tool for improving road safety. The growing accessibility of electric vehicles and the concurrent phase-out of front radiator grilles has given designers the freedom to completely rethink the front end of the electric vehicle, enabling brands to assert their identity with more lighting – not only at the front, but also all around and inside the vehicle.

POWER Division

In recent years, the Group has undertaken a major effort to remodel the industrial facilities of the POWER Division. The aim is to improve the Division's efficiency and flexibility in response to the uncertainties associated with the transition to electric vehicles. As a result, several production sites dedicated to high-voltage electrical technology have been closed and merged with Valeo's profitable and cash-generating legacy powertrain and thermal activities.

In 2024, the Group implemented additional cost-cutting measures within the POWER Division. These measures will help Valeo to further improve its competitiveness and profitability, and thus its ability to innovate, in order to better meet market expectations and maintain its leadership in the field. They represent a cost of 300 million euros spanning 2024 and 2025. The Group aims to achieve annual savings of 200 million euros from 2026, starting with 50 million euros in the second half of 2024 and then 150 million euros in 2025.

At the Group level, Valeo also aims to accelerate R&D efficiency by standardizing "project" developments (technological platforms), adding essential skills, particularly in software development, in cost-competitive countries, and introducing artificial intelligence into development processes.

To this end, Valeo is adapting to market trends by training and retraining its workforce and adapting its production capacity.

4.2.3.3 Identification and assessment of material climate-related impacts, risks and opportunities (DR related to ESRS 2 IRO-1)

[ESRS E1 § 20] – [ESRS E1 § 21]

Impacts, risks and opportunities were assessed during workshops organized jointly by the Risk Management, Health, Safety and Environment (HSE) and Sustainable Development Departments, as described in section 4.1.3.3 "Material impacts, risks and opportunities and their interaction with strategy and business model", page 200. During these workshops, internal contributors identified and assessed impacts, risks and opportunities (IROs) according to the methodology described in section 4.1.4.1 "Processes to identify and assess material impacts, risks and opportunities", page 201. For more information on the results of the double materiality assessment and the risk identification methodology, see sections 4.2.3.2 "Material impacts, risks and opportunities and their interaction with strategy and business model", page 218, and 4.1.3.3 "Material impacts, risks and opportunities and their interaction with strategy and business model", page 200, respectively.

4.2.3.3.1 Analysis of physical and transition risks

In 2020, the Valeo Group initiated a process to identify the risks and opportunities related to climate change, using the classification proposed by the TCFD, which distinguishes between physical risks (extreme and chronic weather events), transition risks (legal/regulatory risks, market risks, technological risks, image/reputation risks) and transition opportunities (markets, products/services, efficient resource use, energy sources, resilience). Transition risks and opportunities relate to the shift to a low-carbon economy, and physical risks include potential impacts on operations, human resources and the supply chain.

This risk map is part of the Group's overall risk management system.

The initial findings of this risk and opportunity mapping, the result of joint work by the Risk Management Department and the Sustainable Development and External Affairs Department, were presented to the Risks Committee and the Audit & Risks Committee.

Transition risks and opportunities are identified and examined either as part of the SPP[1] or as part of combined analyses by the Group's Marketing and Strategy Departments, presented at Strategy Committee meetings and validated by business unit management.

[1] *Strategic Product Plan.*

In addition, a specific scientific study was carried out by a third-party expert, in line with the TCFD recommendations on measuring the exposure of Group sites to **physical risks** (see below) and using generally accepted methodologies, based on the Representative Concentration Pathways (RCP[1]) and Shared Socioeconomic Pathways (SSP[2]) scenarios as modeled by the IPCC.

The climate challenge is an integral part of the Board of Directors' role. A Governance, Appointments & CSR Committee has been established, and a Lead Director on challenges stemming from the climate transition has been appointed by the Board of Directors. The Audit & Risks Committee also reviews non-financial risks, including those related to the impacts of climate change.

Physical risks

Risks associated with the physical effects of climate change are defined and classified as acute or chronic. Acute risks are hazards associated with phenomena such as hurricanes, droughts or floods. Chronic risks refer to long-term changes in climate patterns that may lead to persistent changes in climate variables such as increasing average temperatures, rising sea levels, water stress, etc.

Analysis methodology

The historical approach to assessing exposure to natural hazards (wind, flood, hail, wildfire, etc.) was based on prevention/protection audits conducted by insurers. However, these assessments did not take into account the effects of climate change, or even certain risk factors, such as rising temperatures or water stress. To integrate and anticipate these effects and adjust the Group's exposure assessment, a three-step approach was adopted:

Step 1: Overall analysis of asset exposure to climate change, site by site

The analysis is based on the IPCC consensus scenarios (SSP2 4.5 and SSP5 8.5 with baseline, 2030 and 2050 outlooks). Valeo has opted to exclude optimistic scenarios, which are considered irrelevant in a risk management approach, and only to use moderately optimistic scenarios (SSP2 4.5, 2.4°C above pre-industrial levels by 2100) and moderately pessimistic scenarios (SSP5 8.5, 4.3°C above pre-industrial levels by 2100). The study's approach is science-based, supported by data and analysis from hydrologists and climatologists, with a tool that provides an overview of exposure and vulnerability. The data are historical, current, and projected to 2030 and 2050, depending on the scenario. Indicators include heating and cooling degree days, the duration of heat waves, the number of days above 35°C, the number of days below -15°C, a combined heat index, a wildfire risk index, the number of consecutive drought days, water stress by watershed, coastal flooding, river flooding and surface water flooding. Associated hazards include rising temperatures, flooding and water stress. Data are derived from global climate models (CMIP5), Copernicus ERA5, UNEP-Preview, the Global Earthquake Model, Aqueduct (WRI), JBA, IIASA Water Futures and Solutions, and ISIMIP models.

This analysis and overview are now available for each site individually, based on the sites' geographic coordinates. Risk factors related to temperature (frost and cold snaps, extreme heat, wildfires, cooling/heating needs), water (river flooding, coastal flooding, extreme precipitation, drought), wind (storm gusts, cyclone gusts), soil, and mass (landslides, earthquakes/tsunamis) are identified.

Step 2: Audit of sites considered to be the most exposed, with significant assets and forming part of a panel representative of the Group's geography and activity

The aim of these audits is to complement the exposure analysis with a vulnerability analysis, to identify measures and best practices already in effect, to provide risk improvement actions, to define exposure scenarios and to provide an initial estimate of quantification. Ten audits were conducted based on the findings of step 1. Audit reports will be issued and a general framework of good adaptation practices will be published for the benefit of all other sites.

Step 3: Follow-up of the risk adaptation plan at the audited sites and implementation of best practices throughout the Group

Action plans are monitored to ensure continuous improvement in site resilience. In addition, initial climate change risk analysis is conducted for potential new sites prior to acquisition. Future supplier and customer footprinting is also planned to identify supply chain exposure.

Findings

Given the different geographic locations of Valeo's sites and suppliers (Europe, Americas, Asia, Africa), the Group is exposed to physical climate risks that could have a significant impact on its operations.

Acute physical risks

Risks related to natural events can affect operations (production sites), undermining the ability to maintain business levels and meet customer (automaker) requirements. For example, Valeo's operations in Southeast Asia are exposed to the risk of strong winds (typhoons, storms) or flooding, and Valeo's operations in India and Thailand are exposed to heat waves.

Chronic physical risks

Long-term changes in climate patterns may also affect the Group's operations (production sites), employee health, productivity and, more generally, increase certain operating costs. For example, Valeo's operations in Mexico, India, Spain, North Africa and certain states in the United States and other parts of the world are exposed to the risks of high temperatures and water stress.

Step 1 identified the most exposed assets by risk factor. The vulnerability of the most exposed assets is primarily related to two chronic climate risks (cooling and heating degree days), followed by water stress and flooding. China, the United States and Mexico are the most vulnerable countries. Chinese sites are most exposed to flooding. Japan and South Korea are most exposed to wind.

(1) *RCP: Representative Concentration Pathways adopted by the Intergovernmental Panel on Climate Change (IPCC), corresponding to the radiative forcing scenarios to 2100 used to model future climate.*
(2) *SSP: Shared Socio-economic Pathways adopted by the IPCC.*

Certain sites in Thailand, India, Mexico and Spain have been identified as being exposed to multiple climate risk factors. Additional sites that could be affected by 2030 have been identified in China, the United States and Indonesia.

For reasons of data confidentiality, the Group does not wish to disclose the names of these sites or their NUTS codes.

Transition risks and opportunities

Transition risks and opportunities are associated with the pace and extent to which an organization manages and adapts to the internal and external pace of change to reduce greenhouse gas emissions and transition to renewable energy.

Analysis methodology

Since 2020, Valeo has been working with an external expert to develop a mobility scenario model based on the Group's medium-term projections for the various modes of transportation, taking into account regulatory developments, consumer acceptance and the technology roadmap.

The aim of this resilience analysis, which covered the entire Group scope, was to identify possible trends in the automotive market in the years to 2030.

It also draws on interviews with internal stakeholders, regulatory monitoring, market and strategic studies, and is embedded in the regularly updated SPP.

Several databases were used: Eurostat, United Nations, EMISIA, S&P Light Vehicle Production Forecast and Medium- and Heavy-Commercial Vehicle Industry Forecast.

Two resilience and mobility development scenarios for 2030 were defined:

- a baseline scenario (+2°C), i.e., a conservative projection based on key regulatory and societal trends, in which some individual mobility is shifted to public transportation;
- a city scenario (+1.5°C) in an even more favorable environment for new urban mobility, with a boom in the number of shared and company vehicles.

Market developments, such as the slowdown of electrification in certain regions, will be incorporated into regular SPP updates.

Analysis of transition risks and opportunities is based on the TCFD recommendations.

As part of a continuous improvement process, this analysis will be refined in the coming years.

Findings

Opportunity related to current regulations

The automotive sector is subject to technical regulations, and current regulations on vehicle CO_2 emissions are driving strategic choices in terms of technology and commercial orientation. Indeed, Valeo's product portfolio is closely tied to CO_2 emission reductions and electrification.

Valeo has built its electrification plan around the European regulatory objective of banning internal combustion engines (*ICE)* in 2035. The Group plans to closely monitor developments on the review clause requested by certain European governments for specific automakers. However, the 2035 target will confirm the shift towards electric vehicles.

Europe (including Africa) represented 48% of Valeo's global sales in 2024, the vast majority of which related to technologies that help reduce vehicle CO_2 emissions. Valeo also monitors CO_2 emissions regulations in its main growth regions (notably China, Japan, the United States and India).

Technical regulations have been part of the Group's risk and opportunity assessment framework for many years. They represent a commercial opportunity for Valeo to develop key products for electrification. Valeo incorporates these trends into its technology and product development plans as part of its marketing and strategic reviews, as stricter regulations on CO_2 emissions represent an opportunity to support its business model. In addition to the defossilization plan, the Group is rolling out life cycle assessments for all its platforms and implementing action plans to reduce the carbon footprint of those with the highest emissions.

The Group's shift towards an electrification strategy and software-defined vehicles, and the early deployment of artificial intelligence confirms Valeo's resilience to the various scenarios likely to impact the automotive sector.

Technological risk

Technology maturity, cost and efficiency are key factors in generating sales in the automotive sector. The market is not dominated by a small group of players and is subject to strong external influences (regulations, etc.). The challenge is therefore to align the timing and performance of low-carbon technologies with market expectations (cost, maturity), while complying with the regulatory framework. It is therefore essential to keep pace with the market. Technological risks are part of the risk assessment, with short-, medium- and long-term assessment scales used to assess a product's technological maturity and its ability to be adopted by the market.

Market opportunity

The market is driven by end-user demand. Market trends include powertrain electrification (which has a direct impact on climate-related risks), digitalization of transportation and autonomous vehicles. Electrification is a growth driver that can be slowed by external variables (energy prices, regulations, inflation, raw materials, etc.) and market variables (technology maturity).

Despite major commitments from several regions and countries, current actions by governments around the world are not aligned with a 1.5°C scenario. The deployment of adequate charging infrastructure would help accelerate the transition to electric vehicles.

Valeo's growth strategy is built on its market leadership. It is deployed through sustained Research and Development efforts focused on reducing CO_2 emissions and promoting electrification:

- The Group has a broad portfolio of electrification solutions, from low-voltage (urban mobility, 48V) to high-voltage, including new mobility solutions (last-mile delivery, shared and electric mobility, three-wheelers, etc.);
- The market for software solutions is booming and represents an opportunity for Tier 1 suppliers like Valeo. The Group is creating software building blocks to better address this market in all regions of the world (America, Europe, Asia). The resizing of the exterior and interior lighting market is also driving growth and validating the Group's solutions.

New external factors must also be taken into account:

- The varying pace of growth in different global markets;
- Market share trends between new entrants and incumbent automakers;
- The changing role of equipment suppliers and automakers in the value chain.

Reputational opportunity

The Group's reputation is a key success and risk factor, not only with end users, but also with investors, in a highly capital-intensive business sector.

The Group attaches great importance to transparency on sustainability in the context of the development of socially responsible investment (SRI) and non-financial rating criteria.

Valeo has issued several sustainability-linked bonds since 2021, demonstrating the importance of transparency and reputation on decarbonization and climate for the financial markets. The European Investment Bank subscribed to one of these issues, attesting to the depth of the Group's commitments.

Valeo also published its first climate report in 2022, available on its website.

4.2.3.3.2 Adaptation of strategy and business model (DR E1-1)

[ESRS E1 § 16(f)]

The Group uses its resilience analysis to define how it needs to adapt and develop its entire product portfolio in response to climate transition scenarios.

This analysis shows that the world's growing population and rising GDP are affecting demand for mobility. In the major Asian economies, demand for passenger vehicles continues to grow, complementing the development of public transportation and shared mobility solutions. Electric mobility is gradually becoming more widespread. Its use is increasing in all modes of transportation.

To address climate change and its impact on human and economic activities, and in the face of high local pollution levels, cities and governments are tending to tighten their environmental regulations (sometimes even against possible attempts to slow environmental regulation). Against this backdrop, and faced with the quickening pace of social and technological change, these factors have prompted profound technological renewal and change in business models across the automotive sector.

In response to this change, and as an industrial and technological player in the electric mobility market, Valeo has developed a business model and a risk management system that are consistent with the long-term objectives of progressive carbon neutrality for the mobility and transportation sector, in line with international methodological guidelines for understanding climate change risk. The adoption of electric technology brings considerable uncertainty, and the resilience of Valeo's business model stems from the fact that 50% of its product portfolio is powertrain agnostic (see section 4.2.3.3.1 "Analysis of physical and transition risks", page 219).

The Group has received funding to support the implementation of the transition plan (see section 4.2.3.4 "CAP 50: Transition plan for climate change mitigation", paragraph "Investments and financing to support the implementation of the transition plan", page 223).

Against this backdrop, it is investing 400 million euros in its infrastructure to ensure that the CAP 50 strategy requirements are met.

In preparing its consolidated financial statements, the Group carried out an assessment of its assets and economic activities in the light of its transition plan. To date, Valeo has not identified any material assets whose value or useful lives would be impacted by the actions envisioned under the CAP 50 Plan. However, such an impact could arise, for example if the Group decided to replace some of its equipment with more energy-efficient equipment before the end of its initial useful life (see Chapter 5, section 5.4.6, Note 1.3 "Consideration of the impacts of climate change", page 363). Thus, to date, no Valeo asset or economic activity has been identified as incompatible with a transition to a climate-neutral economy or requiring significant efforts to be compatible.

Physical risks are factored into the climate assumptions formulated in the financial statements. Expenditure planned by the Group's sites in the short term to implement adaptation measures was taken into account in the preparation of the 2024-2028 medium-term plan (see Chapter 5, section 5.4.6, Note 1.3 "Consideration of the impacts of climate change", page 363).

The main transition risk facing the automotive industry results from the gradual shift to electric mobility. The Group has been preparing for this profound transformation of its industry for a long time, and this is reflected in its medium-term business plan, which is used as a basis for impairment testing of non-current assets (see Chapter 5, section 5.4.6, Note 1.3 "Consideration of the impacts of climate change", page 363).

A simulation was carried out to assess the potential impact that a worst-case scenario for transition risks could have on the impairment tests carried out on cash-generating units and goodwill. These are described in the Notes to the consolidated financial statements (see Chapter 5, section 5.4.6, Note 7.4.6 "Sensitivity of impairment tests to the impacts of climate change"), page 397).

4.2.3.4 CAP 50: Transition plan for climate change mitigation (DR E1-1)

[ESRS E1 § 14]

Valeo has developed the CAP 50 plan, an ambitious plan to contribute to carbon neutrality, focused on the prevention and reduction of greenhouse gas emissions. Valeo's short-term targets have been validated by the Science Based Target Initiative (SBTi) as being in line with the Paris Agreement to limit global warming to 1.5°C for Scopes 1 & 2.

IMPLEMENTATION OF VALEO'S TRANSITION PLAN (CAP 50)

OUR OPERATION AS A ROLE MODEL

Energy efficiency (ISO 50001), Gas and **Fuel eradication, Renewable Energy** self production and use of **Low Carbon electricity.**

OUR SUPPLY CHAIN ALIGNMENT TO OUR CO_2E REDUCTION TARGETS

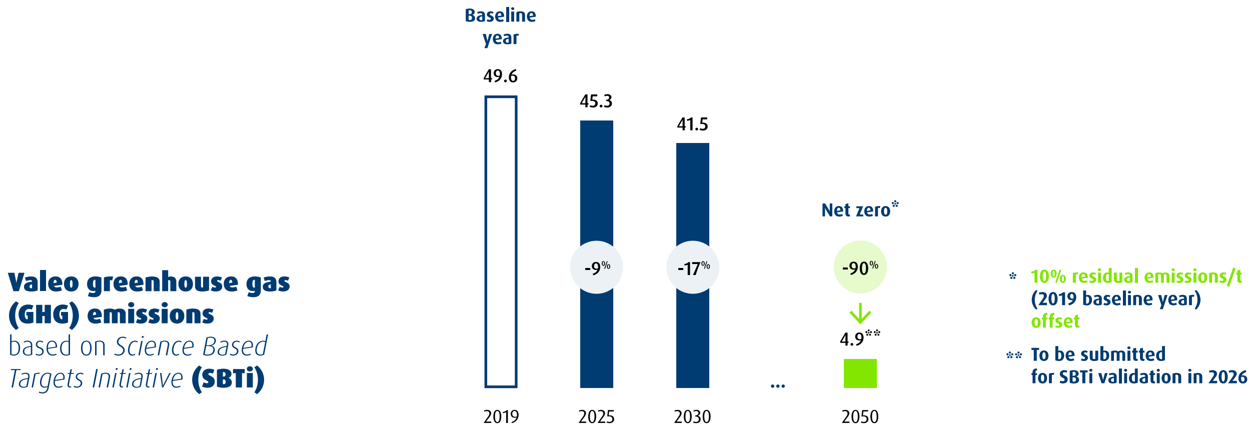
Sustainability mature suppliers with CO_2e reduction plans including **renewable energy, greener transportation, components, materials.**

GREENER MOBILITY WITH OUR DECARBONIZED PRODUCTS

Lighter materials use and **energy efficient product** portfolio. Greener designs to reduce the Product Carbon footprint.

GHG EMISSION REDUCTION TARGETS

($MtCO_2$)



[ESRS E1 § 16]

To achieve its GHG reduction target, Valeo is committed to reducing its Scope 1 & 2 emissions by 75% and its Scope 3 emissions by 15% by 2030. The 2050 trajectory is currently being defined.

Due to the complexity of inter-sectoral harmonization, the methodology developed by the Science Based Targets initiative (SBTi) does not currently allow for emissions avoided by third parties thanks to products sold by a company to be taken into account. However, this does not call into question their positive contribution. Accordingly, the greenhouse gas reduction commitment submitted by Valeo to the SBTi does not include the carbon benefits of the use of its technologies by other parties. This aspect is therefore not yet included in the transition plan. However, as a developer of key electrification technologies for the decarbonization of mobility (48V and high-voltage electric motors, battery thermal management, etc.), Valeo's objective was to highlight the benefits of these solutions in terms of greenhouse gas emission reductions (see Downstream Scope 3 in this section). Valeo refers to these benefits as "emissions avoided by third parties", or "avoided emissions".

Decarbonization levers and key actions

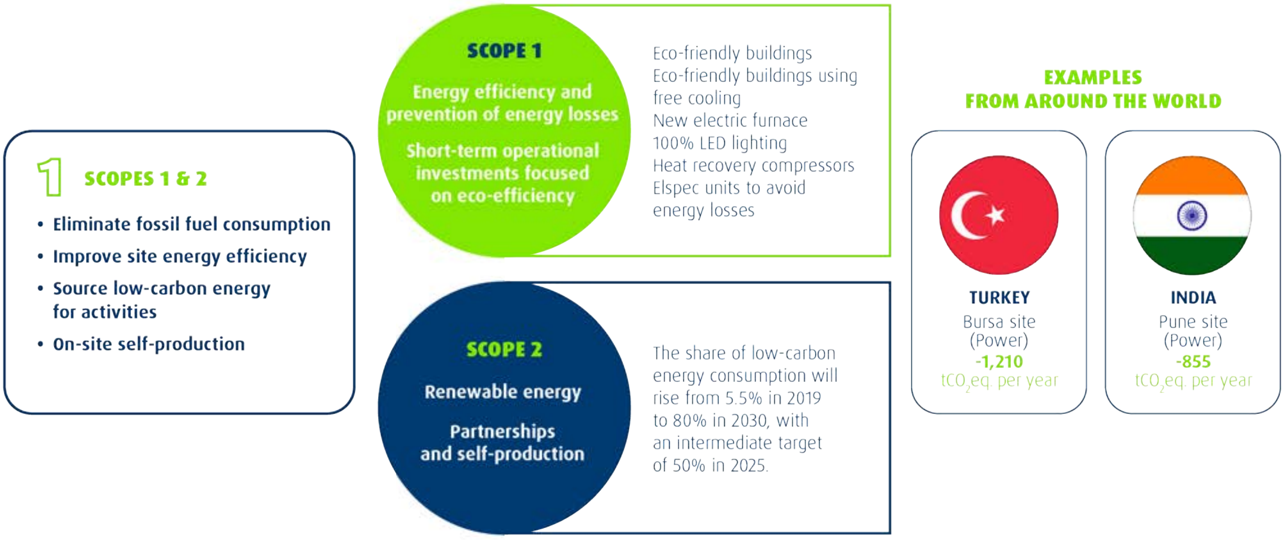
As a result of Valeo's projected business growth, the effort to reduce total GHG emissions compared with the 2019 baseline is actually even greater than for the SBTi 2030 reduction targets.

However, the Group confirms its absolute reduction targets for the three scopes on the basis of the decarbonization levers listed below for each emission scope:

Scope 1 & 2 greenhouse gas emissions

The 2030 Scope 1 & 2 emission reduction targets are **825 $ktCO_2eq$**. compared with the 2019 baseline. Depending on the change in the Group's sales between now and 2030 and the distribution of Product Lines in the Valeo portfolio, this amount could practically double.

The identified decarbonization levers are described below.



The reservoirs of actions have already been identified, notably the supply of low-carbon energy, progress which is monitored on a quarterly basis. Valeo is committed to using more than 80% low-carbon electricity by 2030. According to the Group's market analysis, the earmarked budget would put Valeo on track to go beyond this target, up to around 3 TWh if necessary, thus contributing to an emission reduction of around 2 $MtCO_2e$.

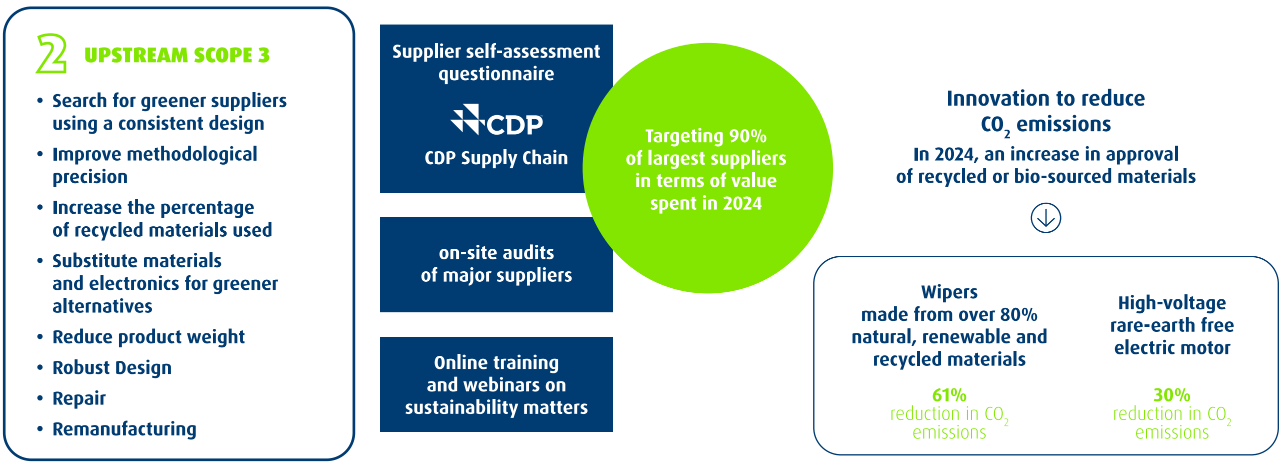
ISO 50001 certification

Between 2021 and 2024, Valeo continued to invest in transforming its sites with the highest $CO_2eq.$ emissions (Scopes 1 & 2), with a view to obtaining ISO 50001 certification for 105 sites. In conjunction with these energy performance projects, the proportion of low-carbon energy in the Group’s overall energy consumption will increase from 5.5% in 2019 to 80% by 2030, with a threshold of 50% from 2025. The actions taken by the sites to achieve this objective are detailed in section 4.2.3.6 “Climate-related actions and resources”, page 228.

Upstream Scope 3 greenhouse gas emissions

The 2030 upstream Scope 3 emission reduction target is **1,400 $ktCO_2eq.$** compared with the 2019 baseline. Depending on the change in Group sales between now and 2030 and the distribution of Product Lines in the Valeo sales portfolio, this amount could more than double.

The decarbonization levers identified for upstream Scope 3 are described below.



The reservoirs of validated actions to be implemented cover 90% of upstream Scope 3 GHG emission reductions, and are monitored during quarterly CAP 50 committees.

Thanks to the use of low-carbon materials (recycled, biosourced, etc.) and improvements in the energy efficiency of Valeo's suppliers, reductions of up to **3 $MtCO_2eq$**. have been identified. Valeo will also benefit from the decarbonization of its value chain, particularly the supply of electronic components, which could contribute to the reduction of over a million additional metric tons of CO_2.

Upstream Scope 3 actions

Valeo has also set the same greenhouse gas emissions objectives for its suppliers. To help reduce upstream Scope 3 emissions, Valeo implemented an extensive plan in 2022 to measure the emissions of its product platforms through life cycle assessments. This work has enabled the use of levers to reduce emissions, such as low-emission materials, weight reduction and support for suppliers to improve their carbon performance. In 2023, 80% of the Group’s product platforms were subject to a product carbon footprint based on life cycle assessments (using the Global Warming Potential indicator) and 43% defined quantified action plans for reduction solutions. In 2024, 100% of the Group’s product platforms were subject to a product carbon footprint and 75% defined quantified action plans for reduction solutions. Valeo continued to conduct life cycle assessments for all its platforms. It is now mandatory in all eligible development projects for the product carbon footprint to be managed with a view to achieving a target aligned with the Group’s commitment. Implementation of the life cycle assessment process continues with the training of R&D teams in new processes and tools, and the creation of new dedicated positions. Life cycle assessments by product line sold by Valeo will be completed in 2025.

Downstream Scope 3 greenhouse gas emissions

The 2030 downstream Scope 3 emission reduction target is **5,850 ktCO2eq**. compared with the 2019 baseline. Depending on the change in the Group sales between now and 2030, and the distribution among the Product Lines, this amount could more than double. The identified decarbonization levers are described below.

3 DOWNSTREAM SCOPE 3

- **Powertrain electrification**
- **Lightweighting and energy efficiency**
- **Electric vehicle product mix in 2030 (weight & power)**

Total weight reduction with lightweight materials and alternative technologies

Product energy efficiency improvements

- From halogen to LED technology
- **40% reduction in CO_2 emissions**
- Replacement of steel and aluminum with composite materials for cleaner mobility solutions
- **30%** weight reduction
- **50%** reduction in CO_2 emissions

The reservoirs already identified cover 85% of downstream Scope 3 GHG reductions and are monitored on a quarterly basis. Firstly, the use of Valeo products in a growing number of ever more efficient electric vehicles should reduce the Group's environmental impact by an amount of more than 10 million metric tons of CO_2eq.

In addition, the reservoirs of actions to be implemented are related to design changes, new concepts, and changes in the Valeo product portfolio, which could contribute to an additional reduction of up to 2 million metric tons of CO_2eq.

Downstream Scope 3 actions

To reduce greenhouse gas emissions related to the end use of products, Valeo will continue to expand its range of technologies contributing to low-carbon mobility, in particular solutions for vehicle electrification, a field in which the Group is now a world leader. The Group is also continuing its efforts to use lighter materials and alternative technologies to reduce product weight and energy consumption. Valeo validated 34 biosourced and recycled resins, plus 9 recycled aluminum materials, which will help reduce the carbon footprint of its materials and products.

Investments and financing to support the implementation of the transition plan

Investments

Valeo has committed to invest 400 million euros to decarbonize its sites with the highest CO_2eq. emissions. A process has been defined to identify investments related to activities associated with the CAP 50 plan. Investment thresholds per metric ton reduction of CO_2eq are validated by the Chief Executive Officer and monitored quarterly. The CAP 50 Director provides a summary report of investments to all Divisions, together with the associated expected CO_2eq. reductions.

Financing

Valeo issued an inaugural 600 million euro green bond in October 2023, followed by a second 850 million euro issue in April 2024. These green bonds were issued under the Green and Sustainability-Linked Financing Framework published in September 2023, available on Valeo’s website, in the Debt and rating section. The funds raised are used to finance projects and investments related to the portfolio of technologies contributing to vehicle electrification and meeting the technical criteria of the European Green Taxonomy.

In February 2021, the European Investment Bank approved 600 million euros in funding for Valeo research and development projects focused specifically on technologies that reduce CO_2 emissions and improve active vehicle safety. Projects related to the decarbonization of mobility, half of which will be financed from this amount, amount to 257 million euros.

The Group has also issued two sustainability-linked bonds indexed to a December 2025 carbon footprint target, for 700 million euros in July 2021 and 750 million euros in November 2022. These two issues underline Valeo's commitment to carbon neutrality.

The characteristics of these financing arrangements are presented in Chapter 5, section 5.4.6 "Notes to the consolidated financial statements", Notes 1.3.6 "Financing", page 364, and 9.1.2.1 "Long-term debt", page 402.

Assessment of potential locked-in GHG emissions

Following a qualitative and quantitative analysis of the potential locked-in GHG emissions of its main assets and products, Valeo has concluded that the level of these emissions does not jeopardize the achievement of its reduction targets.

Objective or plan for aligning Taxonomy-eligible economic activities

The share of the Group's 2024 turnover, capital expenditure (CapEx) and operating expenses (OpEx) related to Taxonomy-eligible economic activities under the six objectives of Article 8 of the Taxonomy Regulation, are detailed in section 4.2.2.5 "Taxonomy KPI tables", page 212.

Integration of the transition plan into financial strategy and planning

Since 2020, the Sustainable Development and External Affairs Department has also been in charge of the governance structure established for the launch, implementation and monitoring of Valeo's Carbon Neutrality Contribution Plan for 2050. This steering committee brings together all the aforementioned departments and networks under the supervision of the Chief Executive Officer. Its aim is to set annual objectives for the various contributing networks and to oversee the implementation of Valeo's Carbon Neutrality Contribution Plan.

To monitor the plan, Valeo has set annualized greenhouse gas emission reduction objectives, backed by action plans for the internal networks contributing to them. The achievement of these objectives is presented to the General Management at quarterly reviews, and since 2021 has been one of the criteria for the variable compensation of the Chief Executive Officer and more than 1,700 senior executives.

Approval of the transition plan by governance

The Board of Directors is the Group's highest governance body in charge of the CAP 50 Plan and has delegated responsibility for its implementation and monitoring to the Governance, Appointments & Corporate Social Responsibility Committee (see section 4.1.2.1 "Composition of the Board of Directors and objectives", page 191).

Results of the implementation of the transition plan

The targets and results achieved in 2024 are presented in section 4.2.3.8 "Energy consumption", page 233 and 4.2.3.9 "Reduction of greenhouse gas emissions within the framework of the Carbon Neutrality Contribution Plan for 2050", page 234.

4.2.3.5 Policies related to climate mitigation and adaptation (DR E1-2)

[ESRS E1 § 24] - [ESRS E1 § 25]

Policy	Key content and objectives	Scope and exclusions	Most senior level in the undertaking organization accountable for the implementation of the policy	Third-party standards or initiatives followed in implementing the policy	Consideration of key stakeholder interests in policy development	Made available to stakeholders
Climate change adaptation	Identify sites exposed to physical climate risk and implement associated adaptation measures. Ensure the resilience of all Group sites, people and activities to climate change. Anticipate the effects of climate change on sites and communities.	General policy applicable to all sites	External Affairs, Regulatory Affairs and Sustainable Development Director	IPCC recommendations based on two IPCC global warming scenarios – RCP2-4.5 and RCP5-8.5; Data for physical risk assessment from global climate models, CMIP5 models, Copernicus ERA5, UNEP-Preview, World Earthquake Model, WRI, DE JBA, IIASA Water Futures and Solutions and ISIMIP models	Industrial and HSE site managers, Risk & Insurance team	The policy is for internal use only.
GHG emission reduction (Mitigation)	Contributing to carbon neutrality. Provide CAP 50 training to employees. Assess suppliers' sustainability maturity. Stages 0, 1, 2, 3. Invest 400 million euros between 2021 and 2030 to decarbonize the 100 sites with the highest CO_2eq. emissions.	General policy applicable to all sites	Valeo's Board of Directors and Vice-President, Sustainable Development and External Affairs	GHG Protocol standards (corporate accounting and reporting, Scope 2 guidelines, Scope 3 calculation guidelines, estimating and reporting avoided emissions, calculation guidelines, corporate value chain standard (Scope 3))	NGOs, regulators, customers, suppliers, investors, ESG agencies, public sector, Valeo top management and employees	The policy is for internal use only.
Energy efficiency policy	Improve the energy efficiency of industrial processes. Increase the share of low-carbon energy purchased to power sites. Produce low-carbon energy directly on site, increasing the share of renewable energies. Reduce the use of gas, fuel oil and other fossil fuels in all forms, as well as electricity.	General policy applicable to all sites	Group HSE Director	Based on SBTi, ISO 50001 and ISO 14001 standards	Internal stakeholders: – Sites – HSE, operations and purchasing teams External stakeholders: – Energy suppliers – Communities and local authorities	The policy is for internal use only.

4.2.3.6 Actions and resources in relation to climate change policies (DR E1-3)

[ESRS E1 § 28] – [ESRS E1 § 29]

The actions and resources related to climate change mitigation and adaptation are described below.

LIST OF SIGNIFICANT ACTIONS TAKEN DURING THE YEAR AND THOSE PLANNED FOR THE FUTURE

Challenge	Key actions	Scope	Horizon	Key targets	Outcomes of actions	Resources allocated	Financial resources
Adaptation to physical risks associated with climate change	Vulnerability and adaptation audit at pilot sites identified as priorities and representative in terms of exposure Continuation of audits undertaken in 2024 Continuation of site-specific adaptation initiatives, complemented by specific action plans resulting from audits Development of a methodology based on site audits and its rollout across the company (finalization in 2025) Initial approach to quantifying physical risks	Group	2030-2050	Ensure the resilience of all sites and business continuity in the face of climate phenomena	The Group's exposure is well identified following the exposure study (science-based). Some historically exposed sites have already started to adapt and partially improve their resilience (points identified during pilot audits). Ongoing vulnerability audits are helping to improve the understanding of vulnerabilities and define effective mitigation actions. Following these audits, a methodology adapted to the Group's specific vulnerabilities will be implemented to enable non-audited sites to adopt the appropriate adaptation measures	Site managers, industrial networks, HSE, HR Group Risk/ Insurance	Expenditure on external adaptation audit services and monitoring of action plans Adaptation investment by sites

Challenge	Key actions	Scope	Horizon	Key targets	Outcomes of actions	Resources allocated	Financial resources
Reduce GHG emissions	Scope 1 & 2 actions related to energy consumption and improving processes and equipment Upstream Scope 3 actions: increase in the share of supplies from suppliers aligned with Valeo's sustainability commitments, dedicated logistics actions, etc. Downstream Scope 3 actions: reduction in the weight of Valeo products, reduction in energy consumption	Group	2025 – 2030 – 2050	Roll out CAP 50 training to employees Reduce carbon emissions in its own operations Assess the sustainability maturity of the supply chain (Stage 0,1,2,3) and pass on the Group's CO_2eq. emission reduction targets to suppliers Manage CO_2eq. emission reductions from the product portfolio Ensure that 50% of electricity purchased in Asia (China and India), North America (Mexico) and Central Europe (Poland, Czech Republic and Hungary) is of guaranteed carbon-free origin by 2025 and 80% by 2030	Improve the energy efficiency of industrial processes by increasing the number of ISO 50001-certified sites (111 sites in 2024) Increase the share of low-carbon electricity purchased (61% in 2024) Increase the number of sites equipped with solar panels (13 farms and 7 light solar systems) Integration of CO_2eq. targets and reduction action plans into the project development process for new programs Increase in the number of project development employees trained in product carbon footprinting and CAP 50 (1822) Increase in approved CAP 50 investments (54.7 million euros at the end of 2024)	Site CAP 50 managers, Regional Operations and Divisions	The Valeo Group has committed to invest 400 million euros by 2030 to decarbonize its 100 sites with the highest CO_2eq. emissions. Scope 3 actions self-financed or financed by customers

Challenge	Key actions	Scope	Horizon	Key targets	Outcomes of actions	Resources allocated	Financial resources
Energy	Improvement of site energy performance by following ISO 50001 international guidelines Performance of documented energy audits, establishment of technical building and centralized technical management, installation of dedicated meters for monitoring	Group	2030-2050	40% of sites certified to ISO 50001 by 2025 and 70% by 2030 31% reduction in Scope 1 & 2 emissions in 2025 vs. 2019 and 75% reduction in 2030 vs. 2019	105 ISO 50001-certified sites at end-2024 out of 164 sites in the reporting scope, i.e., 64%, vs. 80 sites in 2023	CAP 50 action plan resources	CAP 50 action plan resources

Adapting to physical risks

As a first step, Valeo pays particular attention to analyzing the climate risk exposure of all new sites (soil analysis, climate data, etc.). This makes it possible for adaptation to be defined at the design stage.

For example, for an industrial project and as part of an initial analysis of climate-related risks, it was decided to implement optimized solar exposure, a semi-buried structure, a south-facing blind façade, sensors to shut off air conditioning/heating, double glazing and a heat/sun screen, limited ceiling height in offices, rainwater recovery, enhanced thermal insulation (roof and walls), maximum natural lighting, LED artificial lighting, solar outdoor lighting, light-colored flooring, photovoltaic panels, and no fossil fuels.

Some of the more mature sites have already implemented adaptation measures such as pumping systems to reduce excess water at the stormwater network point, roof drainage systems, employee peak heat management protocols, roof rainwater storage in underground tanks, internal wastewater treatment and reuse stations, solar panels, weed and brush control, cofferdams, temperature and humidity sensors, and emergency and business continuity plans. The aim is to cross-fertilize these best practices and to define additional priorities, measures and a complementary framework once the climate audits have been completed.

[ESRS E1-3 § AR20]

CAP 50 plan investments approved to date since monitoring began amount to 54.7 million euros.

[ESRS E1-3 § AR21]

Valeo has committed to invest 400 million euros to decarbonize its 100 sites with the highest CO_2eq. emissions. A process has been defined to identify investments related to CAP 50 activities. Investment thresholds per metric ton reduction of CO_2eq. are validated by General Management and monitored quarterly. The CAP 50 Director provides a summary report of investments to all Divisions, together with the associated expected CO_2eq. reductions.

Ongoing access to finance at an affordable cost of capital can be critical for the implementation of the undertaking's actions, which include its adjustments to supply/demand changes or its related acquisitions and significant research and development (R&D) investments.

[ESRS E1-3 § AR22]

The amounts of OpEx and CapEx required to implement the actions and their consistency with the key performance indicators and the Taxonomy-related CapEx plan are presented in section 4.2.2 “European Green Taxonomy”, page 206.

4.2.3.7 A clear vision for contributing to carbon neutrality by 2050 with an ambitious intermediate target for 2030 (DR E1-4)

[ESRS E1 § 33]

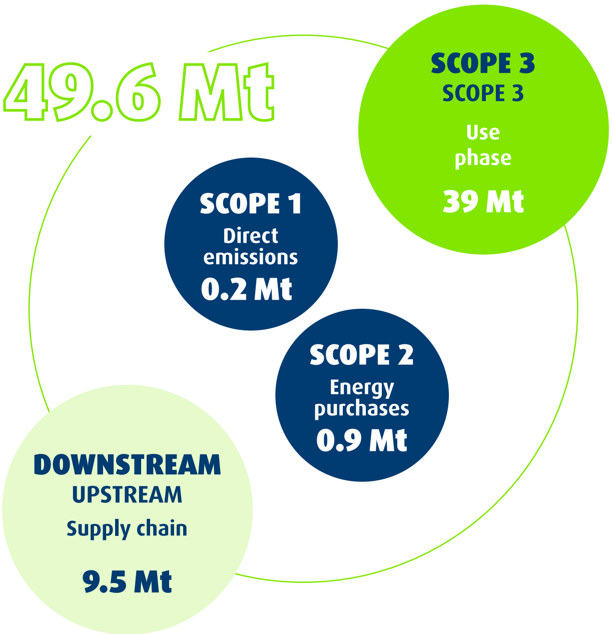
Methods for setting GHG emission reduction targets

For compliance with the Paris Agreement’s 1.5°C target, the SBTi requires that the company’s reduction targets and actions cover 100% of Scope 1 & 2 impacts and 67% of Scope 3 impacts. Valeo has therefore taken into account the “Purchased goods and services” and “Use of sold products” Scope 3 categories, which together accounted for more than 90% of the Group’s Scope 3 emissions in 2019. These categories are defined as follows:

- **Purchased goods and services:** Emissions related to the production of goods and services purchased by Valeo[(1)];
- **Use of sold products:** Emissions related to the use of products sold by Valeo.

(1) *The calculation made and disclosed by Valeo includes all materials and components purchased and required for the production of goods sold to automakers. It excludes services, other goods and energy used by Valeo’s suppliers.*

Valeo has chosen 2019 as its baseline year as it was the last full year of activity before the Covid-19 pandemic. The assessment resulted in total global emissions of 49.6 $MtCO_2$eq., broken down by scope as shown in the figure below:



[ESRS E1 § 34]

GHG emission reduction targets (absolute value and intensity) and Scopes 1, 2, & 3 reduction objectives

At the beginning of 2021, Valeo submitted its emission reduction objectives to the Science Based Targets (SBTi) initiative, thereby committing to aligning its pathway with the objectives of the Paris Agreement:

- **Scopes 1 & 2:** 75% reduction in absolute emissions by 2030 compared with 2019, with an intermediate reduction target of 44% by 2025, in line with the 1.5°C objective.
- **Scope 3:** 15% reduction in absolute emissions by 2030 compared with 2019, for both purchased goods and services and use of products sold, with an intermediate reduction target of 8% by 2025, in line with the 2°C goal.

In line with SBTi requirements, targets must be revalidated every five years to ensure they are in line with the latest SBTi criteria. Valeo will therefore have to resubmit its targets by 2026, and also intends to commit to SBTi's long-term Net-Zero objective.

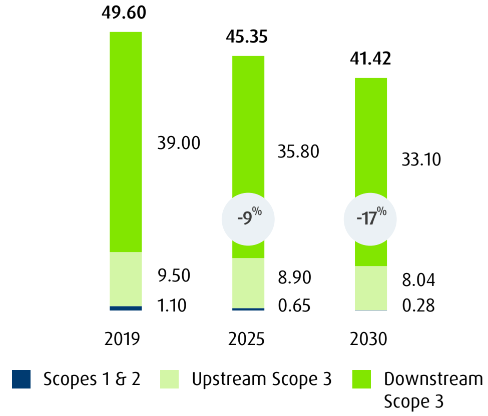
Through this approach, Valeo is reaffirming its commitment to the Business Ambition for 1.5°C initiative. In the event of significant changes likely to affect its targets, notably beyond a threshold of 5%, Valeo will recalculate and have its commitments revalidated.

The main challenge in achieving these absolute targets is Valeo's expected growth between 2019, 2025 and 2030, coupled with the fact that automotive product design is frozen a year before the start of series production. Given the Group's expected growth, a further reduction of 50% would therefore be required to achieve the 2030 SBTi-validated target.

To reflect the effort required to achieve these targets, Valeo has also chosen to express them in terms of intensity (tCO_2eq./€m) compared with the ambition of its Move Up plan.

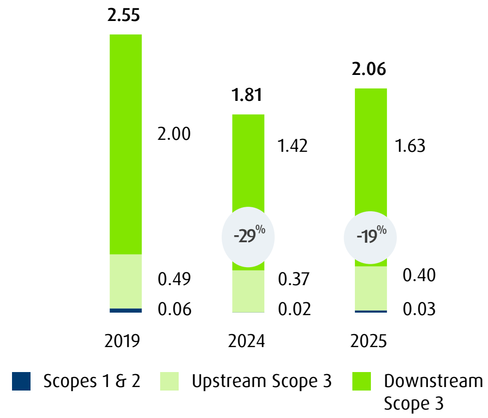
SBTi TARGETS IN ABSOLUTE TERMS AND CHANGE VS 2019 BASELINE YEAR

($MtCO_2$)



CAP50 PATHWAY IN INTENSITY AS A PERCENTAGE OF SALES (MOVE UP PLAN TARGET) AND CHANGE VS 2019 BASELINE YEAR

($ktCO_2$/€m)



Emissions calculation methodologies

Valeo uses the following methodologies to calculate Scope 1, Scope 2 and Scope 3 emissions:

- **Direct emissions (Scope 1):** Emissions are calculated based on the quantity of fuel consumed and emission factors specific to each fuel type. For example, emissions from natural gas combustion are calculated by multiplying the volume of gas consumed by its emission factor.

  Emission ($kgCO_2$eq.) = Energy (kWh) x Emission factor ($kgCO_2$eq./kWh).

- **Indirect energy-related emissions (Scope 2):** Emissions are calculated based on the amount of electricity consumed and the electricity emission factors. This can be done using location-based or market-based methods, depending on data availability.

  Emission ($kgCO_2$eq.) = Energy (kWh) x Emission factor 1 ($kgCO_2$eq./kWh). The reporting cycle runs from October 1 of the prior year to September 30 of the reporting year.

  Emission factors are taken from the ADEME[1] database, among other sources.

[1] See sustainable development glossary, page 341.

For the two Scope 3 categories selected, the calculation methodologies are as follows:

1. **Purchased goods and services:** The basic environmental impact assessment includes raw materials and electronics.

   Raw material: Emissions for each raw material are calculated based on gross mass and associated emission factors.

   Emission ($kgCO_2eq.$) = Gross mass (kg) x Emission factor ($kgCO_2eq./kg$).

   Emission factors are taken from databases such as the Worldsteel database or the Gabi life cycle tool (LCA for expert), among others.

   Electronics: The CO_2 content of electronics is specific and cannot be accurately calculated using existing tools, as they do not provide sufficiently precise results for Valeo's use of electronics. In addition, suppliers do not systematically disclose component-level information. Pending the availability of a sector-specific methodology or validated supplier data, Valeo has developed a specific methodology that integrates company supplier declarations, detailed material mass breakdowns by component and supplier data where available.

2. **Upstream transportation and distribution:** Emissions are calculated based on distances traveled, the weight of goods transported and the emission factors of the different modes of transportation. Valeo has decided to include this critical aspect in its reduction plan, going beyond the expectations of the SBTi.

   Emission ($tCO_2eq.$) = Mass of goods (t) x Distance (km) x Emission factor ($tCO_2eq./t.km$).

   Emission factors are taken from the GLEC (Global Logistics Emissions Council) Framework, among others. The reporting cycle runs from January 1 to December 31 of the reporting year.

3. **Use of sold products:** In the absence of a sector-specific methodology, Valeo, with the scientific support of EMISIA SA, has developed a methodology to assess the carbon impact of its products based on mass and energy consumption. Factors such as vehicle size, powertrain technology and region are taken into account to accurately estimate actual emissions.

To reflect the effort required to achieve these targets, Valeo has also chosen to express them in terms of intensity ($tCO_2eq./€m$) compared with the ambition of its Move Up plan.

- **Market-based direct emissions (Scope 1):**

  Emissions intensity is calculated using total market-based $CO_2eq.$ emissions and total sales.

  Scope 1 market-based intensity ($tCO_2eq.$/million euros) = Market-based emissions ($tCO_2eq.$)/total sales in millions of euros).

- **Location-based indirect energy-related emissions (Scope 2):**

  Emissions intensity is calculated from total location-based $CO_2eq.$ emissions and total sales.

  Scope 2 location-based intensity ($tCO_2eq.$/million euros) = Location-based emissions ($tCO_2eq.$)/total sales in millions of euros).

- **Upstream and downstream emissions (Scope 3):**

  Emissions intensity is calculated from total Scope 3 $CO_2eq.$ emissions and total sales.

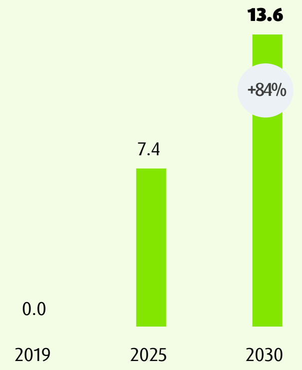
  Scope 3 intensity ($tCO_2eq.$/million euros) = Scope 3 emissions (tCO_2eq)/total sales (millions of euros).

The SBTi assessed Valeo's formal submission in 2021 and, after careful review, approved the targets. The targets submitted for Scope 1 & 2 emissions were deemed to exceed the minimum ambition for the 1.5°C trajectory defined under the SBTi's absolute contraction approach. The submission of Scope 3 emissions targets covered both direct and indirect emissions from use phases, and also exceeded the minimum requirements of the contraction method.

A table summarizing the activities covered in GHG emission calculations for Scopes 1, 2 and 3 is provided in section 4.2.3.9 "Reduction of greenhouse gas emissions within the framework of Valeo's Carbon Neutrality Contribution Plan for 2050", page 234.

EMISSIONS AVOIDED THANKS TO VALEO TECHNOLOGIES

($MtCO_2$)



Definition and scope of emissions avoided

Avoided emissions are defined as the GHG emission reductions achieved when Valeo products replace more polluting internal combustion engines (ICE). Valeo's initial focus was on vehicle electrification, but it plans to extend the scope to all product categories.

Guiding principles

Relevance and accuracy: The Group ensures that emission reductions are clearly linked to its products, based on reliable and well-documented data.

Transparency: The Group provides clear and comprehensive information on all underlying assumptions and methodologies.

Prudence: The Group uses conservative estimates to avoid overestimating environmental benefits.

Methodological steps

Definition of the baseline: The automotive industry's transition from nearly 100% internal combustion engines (ICE) to battery electric vehicles (BEV) is modeled over a 15-year period (2019-2035 in the EU27).

Each BEV is assumed to replace an ICE vehicle. As vehicles have an average life of more than 16 years, no replacements are assumed during this transition period.

Impact assessment

Avoided emissions are calculated by comparing the well-to-wheel emissions of an average Class C ICE vehicle with those of a Class C BEV.

The comparison uses the IEA sustainable development scenario for the average CO_2 content of electricity worldwide.

Lifetime emissions are based on CO_2 intensity at the time of the vehicle's sale.

[ESRS E1-3 § AR30]

Climate change mitigation actions, decarbonization levers, key actions and their contributions to achieving GHG emission reduction targets, broken down by Scopes 1, 2 & 3, as well as the role of new technologies in achieving the targets are detailed in section 4.2.3.4 "CAP 50: Transition plan for climate change mitigation", page 223.

The Group's climate scenarios are described in section 4.2.3.3.1 "Analysis of physical and transition risks", page 219.

The table below shows the Group's progress from 2019 to 2024 in terms of its emissions reduction trajectory.

Outcomes in 2024 and CAP 50 Plan targets

The table below sets out the targets set for each of the approaches adopted by Valeo and the outcomes obtained in 2024.

CAP 50 Plan	*kt eq. CO_2*	2019	2023	2024	Cible 2025	Cible 2030
Emissions trajectory established as part of the SBTi commitment and outcomes	Scope 1	196	186	165	110	47
	Scope 2 (including renewable energy purchases)	966	464	291	542	231
	Upstream Scope 3 (purchased goods and services, and transportation and distribution)	9,479	8,317	7,874	8,854	8,057
	Downstream Scope 3 (use of sold products)	39,000	36,200	30,490	35,800	33,150
	Total emissions (Scopes 1, 2 and 3)	49,640	45,168	38,820	45,305	41,485
	Annual greenhouse gas emissions target Scopes 1, 2 & 3	49,640	46,684	45,987		
	Achievement of the annual target		✓	✓		

Valeo referred to the SBTi in setting its CAP 50 Plan 2030 targets. Reduction targets were calculated using the absolute contraction approach. Valeo has aligned its trajectory with a 1.5°C by 2050 scenario by setting targets to reduce Scope 1 & 2 emissions by 75% and Scope 3 emissions by 15% by 2030 compared with 2019.

The significant reduction in emissions observed in 2024 compared with 2023 is the result of several factors:

- The ongoing efforts made since the launch of the CAP 50 Plan, which have resulted in gradual and continuous reductions in Scope 1 & 2 emissions and upstream Scope 3 emissions since 2021;
- The exceptional reduction in downstream Scope 3 emissions resulting from the 2-million-unit reduction in sales of the most energy-intensive product line (variable displacement air conditioning compressors for thermal propulsion);
- The faster-than-expected reduction in the carbon content of electronic components and systems, resulting in a higher-than-expected drop in GHG emissions in product families containing higher electronics content;
- To a lesser extent than the previous elements: the progress made in the design of products sold (and therefore their lightweighting), combined with a reduction in the energy consumption of these products, results in a reduction in CO_2 emissions during their use phase (downstream Scope 3).

The 2030 and 2025 targets are unchanged, as they are the initial benchmarks of the CAP 50 Plan.

4.2.3.8 Energy consumption (DR E1-5)

[ESRS E1 § 37] – [ESRS E1 § 38]

TOTAL ENERGY CONSUMPTION *(MWh)*

Energy consumption and mix	Unit	2023	2024
1) Fuel consumption from coal and coal products	MWh	NS	NS
2) Fuel consumption from crude oil and petroleum products	MWh	32,571	19,919
3) Fuel consumption from natural gas	MWh	540,951	487,369
4) Fuel consumption from other fossil sources	MWh	72,903	68,352
5) Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources	MWh	703,210	480,294
6) TOTAL FOSSIL ENERGY CONSUMPTION (CALCULATED AS THE SUM OF LINES 1 TO 5)	**MWh**	**1,349,635**	**1,055,934**
Share of fossil sources in total energy consumption	**%**	**48%**	**39%**
7) Consumption from nuclear sources	**MWh**	**264,555**	**201,883**
Share of consumption from nuclear sources in total energy consumption	**%**	**9%**	**8%**
8) Fuel consumption from renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.)	MWh	NS	NS
9) Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	MWh	1,193,076	1,417,095
10) Consumption of self-generated non-fuel renewable energy	MWh	11,634	15,453
11) Total renewable energy consumption (calculated as the sum of lines 8 to 10)	**MWh**	**1,204,710**	**1,432,548**
Share of renewable sources in total energy consumption	**%**	**43%**	**53%**
TOTAL ENERGY CONSUMPTION (CALCULATED AS THE SUM OF LINES 6, 7 AND 11)	**MWh**	**2,818,900**	**2,690,365**

The significant increase in renewable energy consumption is the result of obtaining renewable energy certificates and guarantees of origin in several countries. In addition, Valeo continued its actions to improve energy efficiency, such as the installation of automatic dimmers at the Skawina site (Poland), the replacement of compressors at the Chonburi site (Thailand) and the reduction of circulating water temperatures at the Wuhan site (China).

[ESRS E1 § 39] - [ESRS E1 § 40] - [ESRS E1 § 41]

ENERGY PRODUCTION *(MWh)*

Non-renewable energy production and renewable energy production	Unit	2023	2024
Non-renewable energy production	MWh	0	0
Renewable energy production	MWh	11,634	15,453
Energy intensity of activities in sectors with high climate impact (total energy consumption per net sales)	MWh/€m	128	125
Total energy consumption from activities in sectors with high climate impact	MWh	2,818,900	2,690,365

Valeo increased the number of solar panels installed on its sites in 2024, which made it possible to reduce the energy consumption of the POWER Division's Turkish sites.

[ESRS E1 § 42]

Valeo's operational activities are all considered to have a high climate impact.

[ESRS E1 § 43]

NET INCOME FROM ACTIVITIES IN HIGH CLIMATE IMPACT SECTORS

	Unit	2023	2024
Net income from activities in high climate impact sectors used to calculate energy intensity	€m	22,044	21,492
Net income (other)	€m	0	0
Total net income (financial statements)	**€m**	**22,044**	**21,492**

4.2.3.9 Reduction of greenhouse gas emissions within the framework of the Carbon Neutrality Contribution Plan for 2050 (DR E1-6)

[ESRS E1 § 47]

The SBTi defines materiality as a change of 5% or more in the base year GHG emissions recalculation. The Group has assessed the implications of this recalculation on its targets and has not identified a need to update the target as the change represents an impact of less than 5%.

The methodology, assumptions and emission factors used to calculate Valeo's GHG emissions are detailed in section 4.2.3.7 "A clear vision for contributing to carbon neutrality by 2050 with an ambitious intermediate target for 2030", page 229.

[ESRS E1 § 50]

Scope 1, 2 & 3 emissions are presented on a consolidated basis at Group level.

Valeo's total GHG emissions differ from the total CAP 50 emissions presented in section 4.2.3.7, "A clear vision for contributing to carbon neutrality by 2050 with an ambitious intermediate target for 2030", page 229, insofar as it only takes into account certain categories of the GHG Protocol.

[ESRS E1 § 44] - [ESRS E1 § 46] - [ESRS E1 § 48] - [ESRS E1 § 49] - [ESRS E1 § 51] - [ESRS E1 § 52]

TOTAL GHG EMISSIONS

($tCO_2eq.$)

	Retrospective				CAP 50 Plan targets	
	2019	2023	2024	% Y/Y-1	2025	2030
SCOPE 1 GHG EMISSIONS						
Gross Scope 1 GHG emissions	195,626	186,121	164,569	-12%		
Percentage of Scope 1 GHG emissions from regulated emission trading schemes *(%)*			0			
SCOPE 2 GHG EMISSIONS						
Gross location-based Scope 2 GHG emissions	880,687	832,768	816,042	-2%		
Gross market-based Scope 2 GHG emissions	965,680	464,254	291,018	-37%		
TOTAL LOCATION-BASED SCOPE 1 & 2 GHG EMISSIONS	**1,076,313**	**1,018,889**	**980,610**	**-4%**		
TOTAL MARKET-BASED SCOPE 1 & 2 GHG EMISSIONS	**1,161,306**	**650,375**	**455,587**	**-30%**	**651,000**	**278,000**
SIGNIFICANT SCOPE 3 GHG EMISSIONS						
TOTAL GROSS INDIRECT (SCOPE 3) GHG EMISSIONS	**52,197,768**	**46,698,657**	**40,672,513**	**-13%**	**44,654,000**	**41,207,150**
1) Purchased goods and services	9,179,000	7,972,051	7,573,369	-5%	8,574,000	7,802,150
[Optional sub-category: Cloud computing and data center services]	0	0	0			
2) Capital goods	2,600,853	758,820	167,420	-78%		
3) Fuel and energy-related Activities (not included in Scope 1 or Scope 2)	146,166	146,970	148,709	1%		
4) Upstream transportation and distribution	151,667	317,095	300,889	-5%	140,000	127,500
5) Waste generated in operations	32,143	28,992	27,637	-5%		
6) Business travel	27,429	43,426	40,807	-6%		
7) Employee commuting	208,843	187,757	176,688	-6%		
8) Upstream leased assets	0	0	0			
9) Downstream transportation	151,667	387,587	387,903	—%	140,000	127,500
10) Processing of sold products	380,000	380,000	380,000	—%		
11) Use of sold products	39,000,000	36,155,959	30,489,590	-16%	35,800,000	33,150,000
12) End-of-life treatment of sold products	320,000	320,000	320,000	—%		
13) Downstream leased assets	0		0			
14) Franchises	0		0			
15) Investments	0	0	659,500			
TOTAL GHG EMISSIONS						
TOTAL GHG EMISSIONS (LOCATION-BASED)	**53,274,081**	**47,717,546**	**41,653,123**	**-13%**		
TOTAL GHG EMISSIONS (MARKET-BASED)	**53,359,074**	**47,349,032**	**41,128,099**	**-13%**	**45,305,000**	**41,485,150**
Percentage of Scope 3 GHG emissions calculated using primary data		**0%**	**0%**			

The reduction in total greenhouse gas (GHG) emissions in 2024 is largely attributable to a substantial drop in emissions related to the use of the products sold (category 11), a consequence of the 2-million-unit reduction in sales of the most energy-intensive product line (variable displacement air conditioning compressors for thermal propulsion).

[ESRS E1 § 53] - [ESRS E1 § 55]

TOTAL GHG EMISSIONS (MARKET-BASED) BY NET SALES

($tCO_2eq.$/monetary unit)

GHG emissions intensity per net revenue(1)	2023	2024	% Y/Y-1
Total GHG emissions (location-based) by net sales	2,165	1,938	-10%
Total GHG emissions (market-based) by net sales	2,148	1,914	-11%

(1) Total emissions including the 15 GHG Protocol categories.

	Unit	2023	2024
Net revenue used to calculate GHG intensity	€m	22,044	21,492
Net revenue (other)	€m	0	0
TOTAL NET REVENUE (FINANCIAL STATEMENTS)	**€m**	**22,044**	**21,492**

4.2.3.10 Internal carbon pricing (DR E1-8)

The Group does not apply internal carbon pricing.

4.2.3.11 Anticipated financial effects from material physical and transition risks and potential climate-related risks and opportunities (DR E1-9)

The CSRD allows companies to omit the anticipated financial effects from material physical and transition risks and potential climate-related risks and opportunities prescribed by ESRS E1-9 in the first year of preparation of its sustainability statement. For its first year of publication, Valeo has elected to activate the phase-in clause and not to report data on the anticipated financial effects from climate-related impacts, risks and opportunities.

Assessing the expected financial impact for assets considered to be exposed to material physical risks is a complex process. The completion of the adaptation audits in 2025 should contribute to a relevant, science-based assessment of these financial effects on the audited sites.

4.2.4 Pollution (ESRS E2)

4.2.4.1 Identification and assessment of material pollution-related impacts, risks and opportunities (DR related to ESRS 2 IRO-1)

	IRO				Position in the value chain			Time horizon		
	Negative impact	Positive impact	Risks	Opportunities	Upstream	Own activities	Downstream	Short term	Medium term	Long term
ESRS E2 - POLLUTION										
Pollution of air Risk associated with emissions into air that may have a limited negative impact on the environment (VOCs[1], refrigerants, industrial process pollutants such as diffuse pollution, heavy metals, etc.). The financial impact on the Group of restoring the environment and facilities is estimated to be limited.	☑		☑			☑	☑			☑
Pollution of water Risk associated with emissions to water that may result in the discharge of polluting effluents, a lack of operational control over effluents, or accidental spills. The financial impact on the Group of restoring the environment and facilities is estimated to be limited.	☑		☑			☑	☑	☑	☑	
Pollution of soil Risk associated with emissions into soil that may result in hazardous waste or the discharge of polluting effluents, or a lack of effective design and control of industrial systems. The financial impact on the Group of restoring the environment and facilities is estimated to be limited.	☑		☑			☑	☑		☑	☑
Substances of concern Risk of failing to reduce and eliminate substances of concern in products, with a potential negative impact on people and the environment. Estimates of potential fines and remediation costs are limited to date.	☑		☑		☑	☑	☑		☑	
Substances of very high concern Risk of failing to reduce and eliminate substances of very high concern in products, with a potential negative impact on people and the environment. Estimates of potential fines and remediation costs are limited to date.	☑		☑		☑	☑	☑	☑	☑	☑

(1) See sustainable development glossary, page 341.

Impacts, risks and opportunities were assessed during workshops organized jointly by the Risk Management Department and the Sustainable Development Department, as described in section 4.1.3.3, “Material impacts, risks and opportunities and their interaction with strategy and business model”, page 200. During these workshops, internal contributors identified and assessed impacts, risks and opportunities (IROs) according to the methodology described in section 4.1.4.1 “Processes to identify and assess material impacts, risks and opportunities”, page 201.

As Valeo has not identified any affected population within the scope of its activities, the Group has not carried out stakeholder consultations with specific communities.

[ESRS 2 MDR – A§69]

Initiatives related to IROs of the ESRS E2 topical standards are often integrated into broader action plans. However, Valeo does not always have the data granularity required to track current and future resources allocated to each action (BP 2).

4.2.4.2 Policies related to pollution (DR E2-1)

[ESRS E2-1 § 12 à 15]

Some of Valeo’s activities use chemical substances that may be harmful to the environment, biodiversity and human health, and generate hazardous waste. They generate effluents that may contain such substances as oil, heavy metals or suspended solids.

The risk to the Group arises from the failure to control the use of certain substances, the polluting nature of the resulting discharges and effluents, and the management of its hazardous waste. The Group must be exemplary in its management of chemical substances at each stage of their use cycle in order to avoid any risk of pollution of the natural environment. Each site must ensure, through regulatory monitoring, that its processes and the substances it uses always comply with local environmental regulations Each site must also prevent the risk of pollution resulting from an industrial accident.

The main causes to be averted are:

- non-compliance of discharges;
- aging of internal processing equipment;
- the absence of treatment stations on site or externally;
- poorly managed waste treatment channels;
- the tightening of regulations in force.

The risk may also be aggravated by late detection of discharges into the environment due to a lack or absence of:

- periodic checks of storage facilities;
- periodic checks of the discharge treatment process;
- intervention and control policy in respect of environmental accidents.
- a firewater retention area.

To prevent the risk of pollution across all sites, the Group has adopted several operational environmental directives setting rules for all sites, on the following issues:

- effluents;
- intervention means and consequence limitations;
- the management of underground tanks;
- waste management;
- soil and groundwater management.

All pollution risks are addressed by the Group’s environmental policy (see section 4.2.1 “Environmental policies and commitments”, page 205), which describes the standards and ISO 14001 reference framework on which it is based and includes the following subjects:

Pollution of air

Valeo’s activities are liable to generate emissions into air that could affect the environment and human health. Such emissions must be tightly controlled and monitored to avoid any risk of pollution.

The Group aims to limit the level of risk at each site through the following measures:

- maintaining an up-to-date inventory of its emissions into air;
- reducing chemical emissions into air;
- controlling personal exposure limits;
- implementing a monitoring plan for its regulated emissions.

Each site must establish a system to ensure compliance with regulatory requirements on emissions into air. In addition to complying with local regulations, the Group’s guidelines require that the best available solutions be shared across all sites. Each site establishes an inventory of its emissions as follows:

- listing the sources of emissions into air, taking all of the site’s processes and activities into consideration;
- listing facilities for the treatment of these emissions;
- describing emissions based on their origin (emissions from combustion plants or production processes);
- quantifying emissions in order to determine whether operating permits need to be obtained in accordance with applicable regulations.

Each Valeo site assesses, particularly whenever any production processes are changed, potential ways of reducing atmospheric emissions of pollutants at source, focusing primarily on processes that do not require the installation of emission treatment facilities. The Group monitors atmospheric emissions related to its activities and recommends a calculation method for indicators of emissions of volatile organic compounds (VOCs), nitrogen oxides (NO_x), refrigerant gases and heavy metals such as lead (Pb). The monitoring of emissions related to combustion (sulfur oxide (SO_x), COVNM, PM10) is not applicable, as equipment mainly uses natural gas, which emits very little of these elements during combustion.

Valeo applies the policy to all its plants and R&D centers. The HSE department is responsible for its implementation.

To monitor the effectiveness of its policy, Valeo collects the quantities emitted each year using a reporting tool based on the sites’ declarations. These data are evaluated by internal and external audits in accordance with Group guidelines and local regulations. In addition, sites are subject to regular management system audits.

This policy complements the Group’s policies and standards, local, national and international regulations, the monitoring of operating bylaws and specific air emission limitations in the plant’s operating permit.

Pollution of water

To prevent the risk of water pollution, the Group has adopted operational environmental directives setting rules for all sites, on the following issues:

- water management;
- effluent management;
- soil and groundwater management;
- waste management;

These directives include the implementation of means to intervene and limit the consequences of emergencies (fire, storm, spill, etc.).

They are presented to the Governance, Appointments & Corporate Social Responsibility Committee along with all environmental policy tools.

Although Valeo's industrial effluents do not contain large amounts of pollutants, the effluents directive includes the following requirements:

- industrial effluents whose composition exceeds regulatory thresholds must be treated at a wastewater treatment plant (WWTP) to ensure compliance with effluent regulations;
- as far as possible, effluent networks should be connected to the public network;
- the direct discharge of industrial effluents into groundwater is strictly prohibited;
- firewater must be separated and analyzed prior to disposal;
- sites' rain-fed networks must receive only rainwater;
- where rainwater runoff is collected from traffic areas, an oil separator is installed on site.

Since their reclassification as "probable CMR[(1)]", and in view of the risk of groundwater contamination, the Group has banned the use of degreasers based on chlorinated solvents such as trichloroethylene (TCE).

In 2024, the Group updated its effluent directive, introducing more stringent requirements for discharges into the natural environment to avoid impacting biodiversity (maximum temperature, pH, heavy metal threshold, etc.).

The Group also intends to work towards eliminating the discharge of industrial effluents into the natural environment, even when treated upstream in a WWTP.

For several years, the Group has been continuously monitoring the list of substances of concern and very high concern with a view to eliminating the substances with the greatest impact from its processes.

This policy applies to substances of concern and very high concern at all Group sites.

The Group Health, Safety and Environment (HSE) Director is responsible for its implementation.

In addition, external audits are carried out every three years on average to verify the application of internal guidelines.

This involves site managers, HSE teams, external auditors and independent third parties.

Pollution of soil

The Group has identified several risks related to pollution into soil:

- production spills (e.g., oil leak under a machine) and/or uncontrolled spills (e.g., firewater);
- leaks in buried pipes and/or underground tanks (prohibited since 2012);

To prevent the risk of soil pollution, the Group has adopted operational environmental directives setting rules for all sites, on the following issues:

- underground tanks;
- effluents;
- soil and groundwater management;
- waste management.

These directives include the definition of means to intervene and limit the consequences of emergencies.

They are submitted to the Governance, Appointments & Corporate Social Responsibility Committee along with all environmental policy tools.

Valeo is committed to the fight against soil pollution caused by waste (fly-tipping and landfilling) through the management of all its waste by recognized players in the field. This topic is covered in the Waste Policy (see section 4.2.7.4 "Waste", page 257).

As part of their environmental management system and in accordance with the Group's guidelines, the sites undertake to implement prevention measures, from the feasibility study to the shutdown of business.

Prior to the purchase or lease of land or buildings, an assessment of the risk of legacy soil and groundwater pollution is performed to ensure that the nature and quality of the soil comply with local regulations. This approach avoids the risk of acquiring previously contaminated land.

Similarly, when a business is sold or shut down, the Group commissions an audit, generally accompanied by an examination of the soil, to determine whether any pollution occurred during its operational phase. If pollution is discovered, the necessary measures are taken.

Throughout the operational phase, the Group ensures compliance with the ISO 14001 certification processes for operational and emergency management, with alerts reported in the Red Alert Environment tool, which provides information up to and including general management, depending on the level of severity.

This particularly involves site managers and internal HSE teams, as well as external auditors and control bodies.

Substances of concern and very high concern

Management of substances of concern and very high concern within the Group is divided into two parts:

i. substances as such and mixtures containing substances of concern (SoC) or substances of very high concern (SVHC) (inputs), used and transformed by industrial processes, as well as those intended for the use and maintenance of industrial tooling;

ii. items containing substances of concern and substances of very high concern, assembled into complex items (inputs and outputs).

For input substances and mixtures, identification is carried out in accordance with REACH regulations. Valeo has established its own BRDS (Banned, Restricted and Declarable Substances) list, which includes substances covered by:

- regulations;
- special requirements of its automaker customers;
- its own strategy.

This list is regularly updated, notably thanks to the regulatory monitoring of Article 57 of the REACH regulation.

(1) *See sustainable development glossary, page 341.*

It serves as a reference to provide initial screening whenever use of a new product (substance or mixture) is being considered, based on the relevant CAS[(1)] registry number,

The Group applies internal Chemical Product Management guidelines, including a sub-policy for regulated or banned substances, which requires REACH and BRDS compliance to be verified.

For complex input and output items, compliance is verified through IMDS (International Material Data System), which is an international system for collecting material data from the automotive industry in the context of End-of-Life Vehicle regulations.)

This policy applies throughout the Group. It involves employees, service providers, suppliers, customers and authorities. The Deputy Chief Executive Officer delegates responsibility for its industrial application to the Health, Safety and Environment Director and the Chief Technology Officer, under the coordination of the Vice-President, External Affairs and Sustainable Development.

The Group identifies cases of use of substances of concern (SoC) and substances of very high concern (SVHC):

i. aims to eliminate substances and mixtures containing them from its processes whenever technically possible and economically viable alternatives are available, or otherwise to control their use from the supply chain to destruction;
ii. aims to eliminate them from the composition of goods purchased and placed on the market, whenever technically possible and economically viable alternatives are available.

In 2024, monitoring was carried out:

i. for input substances and mixtures: consolidation of CMR 1A and 1B substances, without distinguishing between risk families, using the environmental reporting tool;
ii. for input and output items: breakdown of the presence of SVHC in the articles via IMDS reporting.

The policy's effectiveness is monitored as follows:

i. For substances used in industrial processes:

   The Group plans to launch a new campaign of specific chemical risk audits by a third-party expert to ensure compliance with its internal guidelines and control the use of substances containing SoCs and SVHCs in its processes.

ii. For substances intended for use in products placed on the market:

   All substances constituting the materials used to manufacture Valeo products are identified in the IMDS. This database receives input from each actor in the supply chain.

The Group has set the following objectives to measure the effectiveness of the policy:

- improvement of reporting to distinguish SoCs and SVHCs in terms of risk family;
- continued implementation of the internal Chemical Products Management directive;
- update of the BRDS list at least once a year.

4.2.4.3 Actions and resources related to pollution (DR E2-2)

[ESRS E2 § 19]

Pollution of air

As part of its air pollution control policy, Valeo took the following key actions in 2024 at all plants and R&D centers to prevent and/or reduce pollution risks:

- **volatile organic compounds (VOCs):** improvement of reporting processes through systematic consideration of inputs through the production management system. Valeo is committed to reducing VOCs through the use of purification systems, such as dry filters or chemical processes. Incineration is no longer preferred, in order to reduce CO_2 emissions;
- **refrigerants:** improvement of data reliability;
- **lead emissions:** Valeo continues its work to eradicate lead. Today, the use of lead is limited to soldering flux in end-of-life products. To reduce inputs (avoidance), this type of welding is no longer authorized for new projects.

Valeo has observed the following results of these actions:

- **emissions of combustion pollutants:** based on the list defined in Annex II of the IEPR, only nitrogen dioxide (NO_x) exceeds reporting thresholds. Other pollutants have also been quantified and are below the relevant thresholds.

In the short term, the following actions are planned for all industrial sites and R&D centers:

- **VOCs:**
  - installation of purification systems that go beyond the requirements of national and local regulations. The Group aims to make VOC-free products the norm where this is compatible with achieving quality objectives;
  - improvement of calculation methodologies;
- **refrigerants:**
  - in 2025, the Group intends to change the method used to calculate its refrigerant emissions in order to reflect actual GHG emissions by moving from estimates to physical data (declaration of refrigerant charge volumes);
  - quantification of investments required to replace the most polluting gases and their implementation;
- **combustion:**
  - identification of investments in line with the CAP 50 plan to move away from fossil fuel-based energy sources or towards less polluting fuels (e.g., substituting of heavy oil with natural gas).

(1) *Chemical Abstracts Service (CAS).*

Pollution of water

As part of its water pollution control policy, Valeo took the following key actions in 2024 at all plants and R&D centers to prevent and/or reduce pollution risks:

- organization of webinars to share best practices for internal water treatment by filtration and evaporation to reduce liquid waste and ensure water reuse and reduction of water consumption;
- launch of an awareness campaign and assessment on the risks related to PFAS[1];
- organization of a webinar to raise awareness among teams of the consequences of operating an aging water treatment station;
- organization of a webinar to raise awareness among teams of the need to control firewater in the event of accidental pollution, achievement of regulatory compliance by establishing firewater retention zones (underground tanks, temporary basins, etc.).

Following the webinars, awareness campaigns and implementation of wastewater treatment projects conducted in 2024, Valeo continues to prevent accidental pollution by assessing the following items:

- compliance with firewater retention regulations;
- disrepair of water treatment stations;
- equipment and measurement methods;
- audits to prevent the loss of plastic granules at the sites concerned;

Valeo will then refurbish aging water treatment stations and implement continuous measurements at all treatment stations to better monitor compliance.

In addition, the Group has extended the monitoring of metal releases in wastewater to copper, cobalt, manganese, nickel and zinc. Since 2022, 100% of the sites concerned have reported their concentration.

Valeo has implemented a directive governing post-treatment discharges into the natural environment to ensure compliance with maximum limits by 2025, regardless of local requirements.

Pollution of soil

As part of its soil pollution control policy, Valeo took the following key actions in 2024 at all plants and R&D centers to prevent and/or reduce pollution risks:

- pollution risk assessment: prior to the purchase, lease or sale of land or buildings, an assessment of the risk of legacy soil and groundwater pollution is performed.
- safe loading and unloading: Valeo has adopted specific procedures to prevent accidental spills during the loading and unloading of tankers;
- safe product storage: Valeo has laid down strict rules for designing and building retention systems to prevent accidental spills;
- chemical product management audits: since 2020, external audits have been carried out on chemical product management and waste treatment;
- ban on underground tanks: to eliminate the risk of soil pollution, underground tanks have been banned since the 1990s;
- incident management: guidelines are in place to prevent, detect and limit the consequences of emergencies that could negatively impact human health or the environment.

Valeo's waste management strategy also helps to control the soil pollution (see section 4.2.7.4 "Waste", page 257). The Group carried out seven environmental due diligence audits, in some cases including soil surveys to verify the absence of contamination.

Valeo is continuing its efforts in the area of operational control with a view to continuous improvement in order to achieve its objective of zero net pollution.

Substances of concern and very high concern

As part of the implementation of its policy for the control of substances of concern and very high concern, Valeo took the following key actions in 2024 at all plants and R&D centers to prevent and/or reduce pollution risks:

- update of the BRDS list (16th version);
- continued monitoring of the increasing use of nanomaterials in response to REACH regulations, to anticipate any necessary substitution;
- continued active participation in the work of professional organizations in Europe and internationally.

The Group plans on implementing the following actions:

i. for substances used in industrial processes:
   - develop or acquire a tool to improve the traceability of substances or mixtures containing substances of concern and substances of very high concern, and to facilitate their substitution and/or elimination;

ii. for substances intended for use in products placed on the market:
   - integrate PFAS requirements into the BRDS list.

With a view to continuous improvement, by 2030 the Group plans to:

i. for substances used in industrial processes:
   - add risk families to the BRDS list;
   - establish a Group-wide consumption monitoring process, including means for cross-checking or identifying substances between purchasing and HSE tools;
   - establish a process to consolidate consumption by risk family for substances and mixtures containing substances of concern and substances of very high concern;
   - update internal guidelines to include the consumption monitoring process;
   - prioritize substances for voluntary bans or reduction targets;

[1] *See sustainable development glossary, page 341.*

ii. for substances intended for use in products placed on the market:
  - ensure the progressive updating of lists of SoCs identified in the BRDS list and bringing them in line with Article 57(f) of REACH, based on regulatory updates and their progressive identification.

The Group aims to achieve the following outcomes:

i. for substances used in industrial processes:
  - substitution and/or total elimination of substances of very high concern from products;
  - traceability of product volumes consumed in terms of risk family.

ii. for substances intended for use in products placed on the market:
  - identification of PFAS alternatives.

To this end, the Group has incurred the following expenses and made the following investments:

- expenses: provision of sites with solutions to identify, trace and consolidate quantities of substances and mixtures containing substances of concern and substances of very high concern;
- investments: adaptations to production lines resulting from the substitution of a hazardous product with a less harmful alternative.

4.2.4.4 Targets related to pollution (DR E2-3)

[ESRS E2 § 22] - [ESRS E2 § 23] - [ESRS E2 § 24]

The ecological thresholds applied are defined by local regulations, to which the Group's internal requirements are added to harmonize the level of requirements across all sites, particularly for emissions into the natural environment, whether emissions into air or water. With regard to soil pollution, the Group pursues a strategy of avoidance through the use of prevention and retention measures.

There are four types of wastewater: sanitary water, rainwater, industrial water and firewater. Sanitary water is discharged into municipal sewer systems where they exist, or is treated on site before spreading on land. Rainwater is discharged directly into the sewer system or is sent through an oil separator for water used to clean traffic areas. To meet regulatory requirements, sites may be equipped with on-site stations prior to the discharge of their effluent into the public network. Firewater must be contained on site to prevent contamination of the rainwater network.

In terms of operational control, the Group has set itself the goal of achieving ISO 14001 certification for 100% of its sites by 2025.

Pollution of air

The Group has set itself the following objectives:

- elimination of chlorinated solvents and lead;
- maintenance of emissions into air of heavy metals below local regulatory thresholds;
- maintenance of combustion-related pollutants (CH_4, CO_2, SO_x, PM_{10}) at low levels that do not require reporting under E-PRTR legislation;
- further reduction of NO_x through the use of alternative fuels;

Pollution of water

To avoid the risk of groundwater contamination, the Group has begun an inventory of groundwater withdrawals and associated anti-backflow systems (atmospheric breakers, non-return valves). The Group has set itself three objectives for 2025:

- closure of boreholes where a public network exists;
- restriction of existing wells to domestic use where public network water is not potable;
- securing and evaluation of protection systems.

Pollution of soil

The Group has set itself a target of zero net pollution, including zero fly-tipping, and has called on recognized players to process and ensure the traceability of its waste. The aim is to ensure that 100% of waste is declared in a waste register.

Since 2019, all accidental spills have been reported in the Red Alert Environment tool, with the aim of preventing any residual pollution.

Substances of concern and substances of very high concern

Valeo has set the following targets for substances of concern and substances of very high concern:

i. For substances and mixtures:
  - no per- and polyfluoroalkyl substances (PFAS[1]) on any Valeo site;
  - no prohibited substances listed in the BRDS;
  - no CMR 1A substances where quality compliance is achieved;
  - 100% of SoCs and SVHCs managed in compliance with the internal Chemical Product Management guidelines.

ii. For the articles:
  - 100% of SoCs and SVHCs identified and reported for products listed in the IMDS.

SUBSTANCES

Substances	Reference value	Base year	Target value *(kg/€m)*	Target year
PFAS	To be determined[1]	2025	To be determined[1]	2030
Substances listed in the BRDS		2025		2030
SVHC		2025		2030
SoC		2025		2030
CMR 1A/1B		2025		2030

(1) The baseline will be defined on the basis of the first data collected in 2025. These measures will allow quantified targets to be set for 2030.

[1] *See sustainable development glossary, page 341.*

4.2.4.5 Performance and measures related to pollution of air, water and soil (DR E2-4)

[ESRS E2 § 28]

POLLUTION OF AIR

(kg)

Emissions into air	2023	2024	% Y/Y-1
Total VOC emissions	364,467	209,396	(43)%
Heavy metals – Air	NM	NM	
HCFC	1,334	1,111	(17)%
CFC	0	0	
HFC	4,039	4,446	10%
HALON	256	254	(1)%
NO_x	NM	NM	
TOTAL	**370,096**	**215,207**	**(42)%**

- VOCs: The volatile organic compound emissions reported in the table above are the sum of VOC emissions from sites exceeding the IEPR thresholds[1]. In 2024, the -43% reduction in VOC emissions was attributable to the installation of new purification solutions at the Martos site (Spain). Other sites that are already below the IEPR thresholds continue to reduce their emissions, such as the Zebrak site (Czech Republic), through more efficient purification systems or the introduction of substitute products, such as the Etaples-sur-Mer site (France). Only one site in Mexico exceeds the IEPR threshold, but it is currently looking into the installation of a concentrator system to improve the self-combustion of its VOCs.
- Heavy metals: Emissions are well below the IEPR thresholds.
- CFC: The last two installations are to be dismantled in 2025. No leaks were observed in 2024 before the shutdown of these installations.
- HCFC-HFC: The change in these two values is the result of a substitution of the installed fluids.
- No_x: Nitrogen oxide emissions remain well below the IEPR threshold. Their level follows the reduction in the combustion of fossil fuels (gas, fuel oil) in the Group's plants.

[ESRS E2 § 30]

Emissions into air are determined as follows:

- the calculation of refrigerant gas emissions is based on theoretical leakage of 15% of the quantities present at all sites or the sum of the values if this is applied to all sites for a given fluid;
- the calculation of VOC emissions on each site takes into account the efficiency of any scrubbers, either by direct measurement or by taking into account the characteristics of the scrubber;
- for metal emissions, direct annual measurements (regulatory measurements) are taken based on production;
- for emissions from fuel combustion, CITEPA[2] OMINEA emission factors are applied to the quantities of fuel consumed.

POLLUTION OF WATER

(%)	Emissions to water
Areas at water risk	NM [1]
Areas of high water stress	NM [1]

[1] *NM: Not material.*

No Group site exceeds the IEPR thresholds for pollutants in water. However, Valeo continues to work to standardize requirements and implement on-site treatment, particularly in areas of high water stress.

For all substances detected in wastewater, such as suspended solids and heavy metals, the values consolidated by Valeo in kilograms are not material as they are well below the IEPR declaration thresholds.

In line with its groundwater protection policy, the Group reduced the number of sites using groundwater from 17 to 14 in 2024. Due to supply constraints and the absence of public networks, 14 wells have been maintained across the Group.

[ESRS E2 § 30]

Emissions to water are determined by taking into account the regulatory measurements required to determine the concentration of pollutants in wastewater. These concentrations are multiplied by volume to allow Valeo to quantify the flows discharged.

The collection process is managed by the Group's environmental reporting tool.

[1] *IEPR: Industrial Emissions Portal Regulation – https://environment.ec.europa.eu/topics/industrial-emissions-and-safety/industrial-emissions-portal-regulation-iepr_en*

[2] *CITEPA: CITEPA meets reporting obligations for air pollutants and greenhouse gas emissions in France – www.citepa.org/fr/*

POLLUTION OF SOIL

Emissions into soil are treated as one-time spills only. The quantification and nature of pollutants are reported in an environmental alert tool.

There were no major incidents of soil contamination above the legal threshold in 2024.

Three internal levels are defined to characterize accidental spills:

- Level 1 – Major: volume greater than 1,000 liters
- Level 2 – Intermediate: volume greater than 100 liters
- Level 3 – Minor: volume less than 100 liters

The impact is determined based on residual contamination after the event has been addressed.

ACCIDENTAL SPILLS WITHOUT POLLUTION ABOVE THE REGULATORY THRESHOLD

Number of accidental spills	2023	2024
Level 1 – Major	2	0
Level 2 – Intermediate	2	5
Level 3 – Minor	6	2
TOTAL	**10**	**7**
Impact		
Without contamination (contained)	100%	100%
With contamination	0%	0%
TOTAL	**100%**	**100%**

4.2.4.6 Performance and measures related to substances of concern and substances of very high concern (DR E2-5)

For this first publication for 2024, the Group analyzed the IMDS database shared with its customers to identify substances of very high concern (SVHC) present in its products. Quantities of these substances were estimated by multiplying them by the corresponding sales volumes to calculate the total weight per substance. An adjustment factor was applied in order to cover the full scope. The reliability of the reported data has been verified.

To improve the reliability of information published, the methodology will be progressively refined, and additional controls will be implemented in the coming years.

[ESRS E2 § 32] - [ESRS E2 § 34]

TOTAL QUANTITY OF SUBSTANCES OF VERY HIGH CONCERN IN PRODUCTS, BROKEN DOWN BY THE MAIN HAZARD CLASSES OF SUBSTANCES OF CONCERN

(t)	2024
CMR: Carcinogenic, Mutagenic or Reprotoxic	151
ED: EnDocrine disruptor for human health or the environment.	0.408
PBT: Persistent, Bioaccumulative and Toxic	40
vPvB: very Persistent and very Bioaccumulative	0
PMT: Persistent, Mobile and Toxic	0
vPvM: very Persistent, very Mobile	0
SVHC: substances of very high concern without label	2
TOTAL	**193**

Valeo has policies and tools designed to ensure that its products and those of its suppliers comply with the requirements of European regulations on the use of regulated chemicals. For example, the Group's entire portfolio complies with applicable regulations, in particular Regulation 1907/2006 (REACH) and the End-of-Life Vehicle (ELV) Directive via the International Material Data System (IMDS), the automotive industry's benchmark platform for collecting material data at every stage of the value chain for all components.

The total number of substances of very high concern represents around 0.01% of the product weight. Valeo aims to reduce the use of such substances wherever possible.

[ESRS E2 § 35]

TOTAL QUANTITY OF SUBSTANCES OF CONCERN GENERATED, OR USED IN PRODUCTION OR PURCHASED, BROKEN DOWN BY THE MAIN HAZARD CLASSES OF SUBSTANCES OF CONCERN

(t)	2024
CMR: Carcinogenic, Mutagenic or Reprotoxic	735
ED: EnDocrine disruptor for human health or the environment	Data not available
PBT: Persistent, Bioaccumulative and Toxic	Data not available
vPvB: very Persistent and very Bioaccumulative	Data not available
PMT: Persistent, Mobile and Toxic	Data not available
vPvM: very Persistent, very Mobile	Data not available
TOTAL	**735**

For 2024, the Group is not able to collect and disclose data relating to the quantities of substances of concern or to provide details on the total quantities.

However, due to the nature of Valeo's activities, the risk of finding substances classified as non-CMR in the products used is considered negligible.

4.2.4.7 Anticipated financial effects from pollution-related impacts, risks, and opportunities (DR E2-6)

The CSRD allows companies to omit the information prescribed by ESRS E2-6[(1)] for the first year of preparation of its sustainability statement. For its first year of publication, Valeo has elected to activate the phase-in clause and not to report data on its anticipated financial effects from pollution-related impacts, risks and opportunities.

[ESRS E2 § 40]

To date, operating expenses and capital expenditure incurred in connection with major deposits and incidents are not automatically identifiable in the Group's accounting tools. Valeo is therefore unable to report this information in respect of 2024. A process for identifying pollution-related OpEx and CapEx will be implemented in 2025.

4.2.5 Water resources (ESRS E3)

4.2.5.1 Identification and assessment of material water-related impacts, risks and opportunities (DR related to ESRS 2 IRO-1)

	IRO				Position in the value chain			Time horizon		
	Negative impact	Positive impact	Risks	Opportunities	Upstream	Own activities	Downstream	Short term	Medium term	Long term
ESRS E3 – WATER AND MARINE RESOURCES										
Water Risk of failing to limit water withdrawal in areas of water stress, with a negative impact on the environment and financial consequences for the operations of the most exposed production sites.	☑		☑			☑		☑		
Water Risk of failing to control water consumption for domestic or industrial use, with a negative impact on the environment and financial consequences for the operations of the most exposed production sites.	☑		☑			☑		☑		

(1) *With the exception of the information required by paragraph 40(b) on operating expenses and capital expenditures incurred during the reporting period in conjunction with major incidents and deposits.*

Impacts, risks and opportunities were assessed during workshops organized jointly by the Risk Management Department and the Sustainable Development Department, as described in section 4.1.3.3 "Material impacts, risks and opportunities and their interaction with strategy and business model", page 200. During these workshops, internal contributors identified and assessed impacts, risks and opportunities (IROs) according to the methodology described in section 4.1.4.1 "Processes to identify and assess material impacts, risks and opportunities", page 201.

[ESRS 2 MDR – A§69]

Initiatives related to IROs of the ESRS E3 topical standards are often integrated into broader action plans. However, Valeo does not always have the data granularity required to track current and future resources allocated to each action (BP 2).

Based on an analysis conducted in 2021 with an external consultant, the list of sites exposed to the risk of water stress, or even to risks of water restrictions, water shortages or water cuts by 2030, 2040 and 2050 has been updated. It is based on two IPCC global warming scenarios, SSP2 4.5 and SSP5 8.5, reasonably optimistic and reasonably pessimistic respectively (see section 4.2.3.3.1 "Analysis of physical and transition risks", paragraph "Physical risks – Analysis methodology", page 219).

Given the importance of this resource, the Group aims to limit withdrawals, control its water consumption, and ensure the supply of good quality water for its staff. Due to their geographic location, some Valeo sites may be exposed to water cuts or restrictions resulting from:

- a municipal/regional decision in the event of a drought;
- a shortage of water sources supplying the site (public network, groundwater);
- poor water quality (wells, groundwater);
- a restriction imposed by local authorities in the event of overconsumption;
- the lack of a water recovery system;
- the absence of internal treatment and recycling;
- the absence of a closed-loop water circuit.

The main water-related risk factors are coastal flooding, river flooding and water stress. Data are from Aqueduct (WRI[1]), from JBA), with a resolution of less than 1 km, and demand and supply are assessed using the IIASA[2] Water Futures and Solutions (WFaS) and ISIMIP[3] models. In addition, all existing and newly acquired Valeo sites are subject to analysis by a specialized external firm. This water-related due diligence covers the following risk metrics: wastewater discharge, impact on soil and groundwater, site location and surrounding land use, site utilities (including water supply and network, wastewater discharge and treatment, rainwater discharge and drainage, fire protection facilities and water supply), hydrology and hydrogeology (including surface watercourses closest to the site, national water quality standard and shallow groundwater).

Each year, Valeo assesses its suppliers' sustainability practices through a self-assessment questionnaire that includes a section on water management (see section 4.4.4 "Responsible purchasing", page 293).

[ESRS E3 § 8]

Due to the location of the Group's sites and the nature of its activities, water consumption and discharges have not impacted local communities to date.

4.2.5.2 Policies related to water (DR E3-1)

The risk of water stress is increasing in many geographic areas relative to the local capacity to renew water reserves due to:

- changes in global water demand (particularly in the United States, China and India);
- the effects of global warming.

Under the impetus of the Group Health, Safety and Environment (HSE) Director, Valeo applies the following water management policy to all its activities, sites, employees and subcontractors:

- performance of an environmental risk assessment before any acquisition or leasing of land or buildings, notably to determine the potential level of water stress of the future site locations;
- preparation of a water supply and distribution network plan, identifying its isolation systems, backflow preventers and meters, distinguishing between domestic and industrial uses and uses for firefighting and drinking water. With regard to drinking water, the site must, where possible, be supplied from an external source (preferably the public network) and be protected against the risk of contamination by other networks;
- encouragement of the use of non-drinking water wherever possible (toilets, irrigation, cleaning, firefighting, etc.);
- installation of systems for determining the volume of water consumed by use (domestic, industrial, firefighting) for each water supply source;
- completion of water cycle studies to fine-tune the identification of water losses related to processes, evaporation or water leaks in pipes;
- work to prevent leaks attributable to aging equipment;
- development of on-site water treatment processes to recover and reuse water internally;
- rainwater collection.

However, events such as local restrictions due to heat waves, scarcity of water sources or poor water quality can affect access to water resources, which is why it is so important for many of the Group's sites to reduce not only their consumption but also the absolute amount of water they withdraw.

The Valeo 4R circular economy program designs products and services to minimize water consumption and to treat and recycle industrial water internally.

(1) *Word Resources Institute (WRI): environmental research organization.*
(2) *International Institute for Applied Systems Analysis (IIASA): International Institute for Applied Systems Analysis. Interdisciplinary research institute working in areas such as sustainable development, climate change, etc.*
(3) *Inter-Sectoral Impact Model Intercomparison Project (ISIMIP): cross-sector impact model comparison project providing a framework for compiling a set of simulations based on historical and future scientific scenarios as a basis for climate impact projections.*

The Group ensures compliance with all applicable laws and adheres to recognized norms and standards relevant to its operations, meeting all compliance requirements. Valeo is committed to conducting its business in a manner that contributes to the achievement of the United Nations Sustainable Development Goals, notably by contributing to sustainable water management in the communities where it operates. The Group is committed to disclosing relevant water management metrics and targets in accordance with global reporting standards.

The full understanding and implementation of the water management policy at site level is assessed through a questionnaire issued by the HSE Department and Internal Control Department and submitted to site managers. The policy's effectiveness is then measured on a regular basis, site by site, using metrics linked to the quantity of water withdrawn and the quality of water discharged into the natural environment, with strict specifications depending on the configuration of the various sites.

In this way, the Group is committed to reducing its water footprint and contributing to a more sustainable future for mobility.

4.2.5.3 Actions and resources related to water (DR E3-2)

Sustainable water management: recommendations for industrial and domestic sites

The Group aims to control and minimize water consumption at its sites as much as possible, by leveraging appropriate human and material resources in line with its policy:

- control and reduce leakage attributable to aging equipment and pipes;
- control water supply and distribution networks with isolation systems, backflow preventers and meters, differentiated by:
  - domestic use (if separate from drinking water);
  - industrial uses,
  - use for firefighting;
  - drinking water.

For drinking water, the site must, where possible, be supplied externally (public mains network preferably), and water networks must be protected from the risk of contamination by other networks.

To minimize water consumption, sites are urged to take action on both their industrial and domestic consumption:

- increasing the frequency of water consumption readings from quarterly to monthly;
- identifying the respective needs in regard to each of the main uses of water;
- optimizing consumption by integrating water saving aspects that can be factored into the purchasing decision for new equipment;
- optimizing washing operations by switching to closed-loop equipment with water treatment and reuse;
- setting up recycling systems such as recovering discharge water from cooling towers;
- recovering condensate water from closed circuits;
- reusing water from washing floors and equipment;
- replacing evaporative aerothermal cooling towers with adiabatic towers or air-cooled cooling towers;
- reducing domestic water consumption by reducing pressure, installing sensor taps, recycling shower water for use in toilets, installing dual flush toilets, and collecting rainwater.

Sustainable water management: measures taken to address the risks of water restrictions, shortages and cuts

Prior to the purchase or lease of land or buildings, the Group requires that an environmental risk assessment be carried out in order to determine, among other things, the level of water stress of future site locations.

To mitigate the effects of periods of water stress, initiatives have been undertaken to optimize water consumption and withdrawal, to equip sites with reservoirs to prepare for periods of water stress, and to secure processes and fire protection for buildings.

Sustainable water management: status and progress of water management programs

The main actions of the water management program implemented are as follows:

- Shenzhen: Switch to air-cooled towers and deployment of sub-meters to control on-site water consumption;
- Penang: Finalization of the installation of sensors for detailed consumption analysis;
- Guangzhou: Switch to air-cooled towers;
- Chonburi: Rainwater collection study underway;
- Rio, Ben Arous, Enfidha, Juarez, Cairo: Domestic water measures;
- Sanand: Repair of the wastewater treatment plant;
- Chennai: Construction of a wastewater treatment plant;
- Mondovi, Shenyang, Nanjing Daegu 1: Renovation of the water supply network;
- Amiens: Replacement of the open-water cooling tower with an adiabatic cooler;
- Campinas: Installation of 30 sub-meters;
- Étaples: Cooling tower ventilation control based on outside temperature to reduce evaporation;
- Étaples, Campinas: Atmospheric breakers.

Overall, the use of closed-loop mold cooling is becoming more widespread across the Group (67% of sites in 2024).

Sustainable water management: actions planned for the future

Water management program

The Group will reinforce its efforts to reduce water consumption with the publication of a Water Manual. It contains best practices in water consumption analysis and reduction, as well as examples of financing. The External Affairs Department is exploring opportunities for financing programs in China, Poland, Mexico and India. A dedicated webinar for sites is currently being rolled out.

Water quality

With respect to water quality, the Group plans to:

- add 25 new substances to the list of substances monitored by the Group;
- reduce the maximum concentration values for several pollutants;
- develop a single methodology for measuring and monitoring antimicrobial genes;
- request additional information at site level;
- increase the pace of updates of pollutant lists to keep up with scientific developments;
- use the LEAP (Locate, Evaluate, Assess, Prepare) approach;
- define target-setting standards in agreement with Divisions and sites (in case of a change in scope, the reference may be revised).

4.2.5.4 Targets related to water (DR E3-3)

[ESRS E3 § 23]

Valeo does not currently have specific targets for its sites located in areas of high-water stress. Specific targets will be set for the next period (2025-2030). The aim of such targets is to limit the risk associated with the availability of water resources, for example by promoting the use of recycled water on site and by controlling water withdrawal.

[ESRS E3 § 25]

Targets

The Group has voluntarily set two targets to limit the risk associated with water withdrawals in high-risk areas:

- water withdrawal intensity: the aim of this target is to reduce water withdrawals. The Group has elected to use an intensity criterion in order to dissociate outcomes from business development. The target intensity had been set at 185 cu.m/million euros for 2025;
- the number of sites with groundwater withdrawals: the aim of this indicator is to minimize the number of sites with direct groundwater withdrawals. However, groundwater is the only available source for some sites.

The Group's net water consumption, including wastewater, is being reported for the first time for 2024. The Group plans to set new water consumption targets for 2030.

Historically, water withdrawal reduction targets have been set at Group level, based on two criteria: first, individual criteria for the biggest water consumers; and second, a geographic criterion for sites in areas of high water stress.

Expected outcomes

The Group's water management program focuses on sites representing 50% of total water withdrawals in order to reduce not only the intensity of water withdrawals, but also the absolute value of water withdrawals. In 2024, the number of sites using groundwater was reduced from 17 to 14. Due to supply constraints and the absence of public networks, 14 wells have been maintained across the Group. In 2024, Valeo confirms the achievement of its 2025 objectives in terms of intensity and reduction in absolute terms. New, more ambitious targets have been set for 2030.

4.2.5.5 Water consumption (DR E3-4)

In 2024, for the first year, the Valeo Group reported a net consumption of 790,451 cu.m. of water, taking into account volumes withdrawn and discharged.

WATER WITHDRAWALS, DISCHARGES AND CONSUMPTION

	Unit	2019	2023	2024	% Y/Y-1	2025 target
TOTAL WATER CONSUMPTION	**cu.m**	**ND**	**ND**	**790,451**		
Total water consumption in areas of water stress, including areas of high-water stress;	cu.m	ND	ND	277,030		
Total water recycled and reused	cu.m	ND	ND	292,220		
Total water stored		ND	ND	NS		
Changes in water storage		ND	ND	NS		
Water consumption intensity ratio	cu.m/€m	ND	ND	37		
Water withdrawal intensity ratio	cu.m/€m	197	148	121	-18%	185
Total water withdrawn	**cu.m**	**3,697,803**	**3,027,288**	**2,609,927**	**-14%**	**< 3,000,000**
Total water discharged	**cu.m**	**ND**	**ND**	**1,819,476**		

The -14% drop in the absolute value of water withdrawals compared with 2023 is the result of the Group's mobilization around a water management program launched in 2019, which aims to control and reduce withdrawals, detect and eliminate leaks and the use of open-loop water, and prohibit groundwater withdrawals for industrial use. Through the quarterly sharing of best practices, on-site water treatment and reuse solutions are promoted and adopted.

The overall water withdrawal intensity ratio decreased by 18% to 121 cu.m./million euros in 2024.

Methodological details and definitions of metrics

The amount of water consumed is determined by the amount of water withdrawn and the amount of water discharged, with or without treatment, in accordance with the expectations of ESRS E3-4.

Water withdrawals include water from the public supply network, groundwater, surface water and rainwater collected on all Valeo Group sites.

The measurement of water discharge was added to the reporting process in 2023 and includes water discharged to third parties or into a natural environment.

Calculations of water consumption, discharges and withdrawals are based on actual data.

Water consumption is calculated by subtracting water discharges from water withdrawals.

To obtain a breakdown of the various metrics for areas of high- and extremely high-water stress, sites were classified using the WRI Aqueduct V4 tool.

The Group records the amount of water treated on-site, recycled and reused in production.

Stored water has been deliberately excluded from metrics as it represents immaterial volumes (firewater).

Water intensity is measured using two numerators:

- water consumption in accordance with ESRS E3-4;
- water withdrawal to provide data comparable with those observed in previous reference periods.

[ESRS E3 § 28]

For withdrawals, 100% of data is from actual measurements.

For water discharges, 40% of data is from actual discharge measurements, and 60% from estimates.

4.2.5.6 Anticipated financial effects from water-related impacts, risks and opportunities (DR E3-5)

The CSRD allows companies to omit the information prescribed by ESRS E3-5 for the first year of preparation of its sustainability statement. For its first year of publication, Valeo has elected to activate the phase-in clause and not to report data on its anticipated financial effects from water-related impacts, risks and opportunities.

To date, the Group's water-related operating expenses and capital expenditure are not automatically identifiable in its accounting systems. Valeo is therefore unable to report this information in respect of 2024. However, a process for identifying these OpEx and CapEx will be implemented in 2025.

4.2.6 Biodiversity (ESRS E4)

4.2.6.1 Transition plan and consideration of biodiversity and ecosystems in strategy and business model (DR E4-1)

[ESRS E4 § 13]

At this stage, the Group has not conducted a resilience analysis of its strategy and economic model in relation to biodiversity and ecosystems, as it does not have a direct dependence on natural resources that could be affected by systemic, physical and transition risks related to biodiversity and ecosystems.

[ESRS 2 MDR – A§69]

Initiatives related to IROs of the ESRS E4 topical standards are often integrated into broader action plans. However, Valeo does not always have the data granularity required to track current and future resources allocated to each action (BP 2).

4.2.6.2 Material impacts, risks and opportunities and their interaction with strategy and business model (DR SBM 3)

	IRO				Position in the value chain			Time horizon		
	Negative impact	Positive impact	Risks	Opportunities	Upstream	Own activities	Downstream	Short term	Medium term	Long term
ESRS E4 – BIODIVERSITY AND ECOSYSTEMS										
Biodiversity and ecosystems Limited negative impact on biodiversity due to the Group's activities and value chain operations.	✓				✓	✓	✓		✓	
Biodiversity and ecosystems The financial and reputational impact of an event on biodiversity resulting from the Group's activities and value chain operations is considered to be limited.			✓		✓	✓	✓		✓	

[ESRS E4 § 16]

To more accurately understand its potential impacts, the Group conducts an annual biodiversity inventory at plants located in or near (within 10 km) protected areas using the database made available by the Key Biodiversity Areas Programme.

Fifteen production sites and R&D centers out of Valeo's consolidated sites have been identified as being located within 10 km of an area where an IUCN (International Union for Conservation of Nature) Red List "endangered" or "critically endangered" species has its natural habitat: seven in Asia, five in Africa, two in Europe and one in Central America. Five of these sites are located within one kilometer of such an area: three in Africa, one in Asia and one in Europe.

However, the activities of these Valeo sites are not likely to significantly alter ecological processes: there is no impact in terms of land degradation, desertification, deforestation or soil sealing, nor do their operations have a direct impact on threatened species.

The upstream value chain has been analyzed using the ENCORE tool. Few of the Group's products are currently biosourced. However, with the growing demand for recyclability, Valeo will be vigilant about the supply of biosourced materials.

To conduct these analyses, Valeo used the LEAP approach, which is described in detail in section 4.2.6.5 "Actions and resources related to biodiversity and ecosystems".

4.2.6.3 Identification and assessment of material impacts, risks, dependencies and opportunities relating to biodiversity (DR related to ESRS 2 IRO-1)

[ESRS E4 § 17]

Impacts, risks and opportunities were assessed during workshops organized jointly by the Risk Management Department and the Sustainable Development Department, as described in section 4.1.3.3 "Material impacts, risks and opportunities and their interaction with strategy and business model", page 200. During these workshops, internal contributors identified and assessed impacts, risks and opportunities (IROs) according to the methodology described in section 4.1.4.1 "Processes to identify and assess material impacts, risks and opportunities", page 201.

The identification and assessment of actual and potential impacts on biodiversity and ecosystems for the Group's sites was performed using the LEAP methodology (as described in section 4.2.6.5 "Actions and resources dedicated to biodiversity", page 250). The analysis of actual and potential impacts in the upstream and downstream value chain is included in the actions to be taken.

Dependencies on biodiversity, ecosystems and ecosystem services were identified and assessed using the LEAP methodology (see section 4.2.6.5 "Actions and resources dedicated to biodiversity", page 250).

The identification and assessment of transition risks, physical risks and opportunities are included in the list of actions to be taken following analyses initiated in 2024.

In 2024, the Group established a biodiversity governance structure and carried out an initial analysis with an external firm based on public data in order to understand the materiality of the subject. A more detailed and substantiated analysis will be carried out in 2025 with an external expert in the field.

No consultation with local communities affected by Valeo's activities has taken place at this stage.

[ESRS E4 § 19]

The Group has begun analyzing the impacts, risks, dependencies and opportunities for its own operations and for its value chain, using the LEAP approach (see section 4.2.6.5 "Actions and resources dedicated to biodiversity and ecosystems", page 250). Several tools are used for this analysis:

- the KBA and IUCN databases which make it possible to identify sites located in or near (within 10 km) protected areas;
- the ENCORE tool for value chain analysis.

To date, it has not been deemed necessary to implement biodiversity impact mitigation measures such as those defined in Directive 2009/147/EC of the European Parliament and of the Council on the conservation of wild birds.

For more details on sites located in or near biodiversity-sensitive areas, see section 4.2.6.2 "Material impacts, risks and opportunities related to biodiversity and their interaction with strategy and business model", page 249).

4.2.6.4 Policies related to biodiversity (DR E4-2)

[ESRS E4 § 23]

At this stage of the analysis initiated in 2024, described in section 4.2.6.5 "Actions and resources dedicated to biodiversity", page 250), the Group is not aware of:

- significant impacts on biodiversity and shared ecosystems resulting from its activities:
- material impacts on biodiversity and shared ecosystems resulting from its activities,
- social consequences of biodiversity and ecosystem-related impacts caused directly by its activities.

A more detailed and substantiated analysis will be carried out in 2025 with an external expert in the field.

[ESRS E4 § 24]

Almost all of the sites occupied by Valeo, i.e., nearly 90% of its production sites, are located in urban areas or areas zoned for industrial use, and the remaining 10% are located in agricultural or natural areas. In any event, its activities are not liable to significantly alter ecological processes (no extraction or spraying, for instance). However, to gain a more accurate understanding of its potential impacts, the Group conducts an annual inventory of sites located in or near (within 10 km) protected areas, and has carried out an analysis of the impacts and dependencies, and the resulting risks and dependencies, within the value chain.

As part of their ISO 14001 environmental management system and the Group "Biodiversity" directive, which sets out guidelines for biodiversity protection practices during the selection, development and closure phases of plants, all plants and R&D centers implement preventive measures, notably to address the issues of land-use change and pollution, as well as material direct impacts on biodiversity, which may be identified where appropriate through due diligence audits at site level.

Prior to the acquisition or leasing of land or buildings, a study is conducted to identify and list protected areas and species in order to maintain ecosystem conditions. Under no circumstances should a site development or expansion project be directly responsible for the disappearance of a forest or wetland, or for the disappearance of a protected species or its habitat. All such projects must therefore be sited away from protected areas. Measures are taken from the site design stage to preserve local biodiversity. During the operational phase, the site takes measures to maintain or improve arrangements made to maintain or improve biodiversity when the site was developed. Valeo is also committed to promoting sites' biodiversity initiatives with a view to extend them to all sites:

- recovery and reuse of food waste to make compost and supply neighboring farms;
- elimination of the use of phytosanitary products;
- tightened audit of the storage of chemical products;
- reduction in the consumption and discharge of heavy metals.

Finally, site closures must not result in biodiversity loss.

With respect to its value chain, the Group has been assessing its main suppliers as regards their biodiversity practices since 2023 (see section 4.4.4 "Responsible purchasing", page 293).

The Group aims to progressively strengthen its biodiversity and ecosystem protection policy with respect to upstream players in its value chain. Valeo has used the ENCORE tool to identify its key upstream raw materials. This analysis takes into account the five major pressures on biodiversity. The Group addresses indirect policies that may affect biodiversity in the sections dedicated to ESRS E1, E2, E3 and E5.

Most direct suppliers are not highly material. Valeo is in the process of constructing a plan aimed at improving the maturity of Tier N suppliers in the value chain in terms of their understanding of their impacts.

In addition, as part of the CAP 50 transition plan, the share of biosourced materials is set to increase, particularly bioplastics. Valeo therefore aims to include measures to manage the impacts and dependencies related to the supply of natural resources in its duty-of-care plan, notably to ensure that biosourced materials do not put pressure on biomes, by changing land use for instance.

Valeo also aims to involve actors in its ecosystem, particularly in the areas of mineral extraction and electronics (see section 4.4.4 "Responsible purchasing", page 293).

4.2.6.5 Actions and resources dedicated to biodiversity (DR E4-3)

[ESRS E4 § 25] - [ESRS E4 § 27] - [ESRS E4 § 28]

To assess its impact on biodiversity, Valeo has implemented the LEAP approach recommended by the TNFD [(1)].

Locate

The Group has begun an inventory of sites located near (within 10 km) protected areas using the database made available by the Key Biodiversity Areas (KBA) program. For each site identified, the IUCN classification of the species present within the perimeter was analyzed, and sites in the vicinity of "endangered" or "critically endangered" species were included in a list of "Sites of interest for biodiversity".

From this list, five sites with a listed species within a perimeter of less than 1 km were identified as "Biodiversity priority sites".

The inventory is updated annually to take account of changes in locations, and in KBA and IUCN data.

At the same time, Valeo is looking to identify the areas of its value chain that interface with biodiversity, highlighting the most affected raw materials. A more detailed and substantiated analysis will be carried out in 2025 with an external expert in the field.

Evaluate

Valeo's activities are not likely to significantly alter ecological processes, nor are they dependent on biodiversity.

The Group has assessed the impacts of its priority sites against the five IPBES pressures and the WWF Biodiversity Risk Filter, using data from the ENCORE database for the Auto Parts & Equipment activity. The "Pressure on biodiversity" impact was found to be of low materiality for all sites of interest for biodiversity.

For all the Group's activities, the dependencies assessed by the WWF Biodiversity Risk Filter are either immaterial or covered by an existing policy (water, pollution, waste).

(1) TNFD: Taskforce on Nature-related Financial Disclosures, a working group created by the Financial Stability Board to promote financial transparency with regard to the risks and opportunities related to biodiversity and companies' dependence on nature

In 2024, Valeo carried out a more in-depth qualitative analysis at a priority pilot site (Martos), which confirmed the initial overall assessments.

In the value chain, Valeo assessed the biodiversity-related impacts and dependencies of the raw materials identified in the previous step, based on the ENCORE database and the five IPBES pressures, using the WWF *Biodiversity Risk Filter.*

Assess

In 2024, the Group carried out the following actions:

- on operations: launch of a pilot project at the Martos site. Based on the impacts assessed in the previous step, Valeo estimated the physical, reputational and financial risks and opportunities. The materiality of these risks was assessed as low;
- on the value chain:
  - development of analysis questionnaires for suppliers;
  - on the aluminum raw material pilot: materiality and maturity assessment of the main suppliers based on their reporting;
  - contact of a sample of the highest-risk suppliers and conduct of a pilot interview with a Tier N supplier.

Prepare

Valeo is planning the following actions:

- On sites identified as being of interest for biodiversity, the Group plans to mobilize the HSE network to confirm the impact and dependency assessment and to conduct a risk analysis based on that carried out at the Martos pilot site. Sites will be progressively included in the process in 2025 and 2026.
- On sites identified as priorities, the Group will also provide a toolkit to raise awareness of biodiversity challenges and the presence of threatened species in the area, as well as a system for reporting the presence of a member of one of these species near the site. Actions taken and reports received will be monitored annually.
- Valeo plans to develop an action plan for priority sites by 2027.
- With regard to the value chain, the Group will continue to assess the materiality and maturity of its suppliers on this issue through questions on biodiversity in its annual questionnaire. In addition, pilots will be launched in 2025 with a sample of suppliers of the most vulnerable raw materials, in line with the 2024 actions.

To date, the Group has not used biodiversity offsets in its action plans.

The EU Deforestation Regulation

With a view to the application of European regulation 2023/1115 on deforestation-free products (EUDR[1]), the Group identified the projects concerned in 2024 and prepared to implement a due diligence process to ensure compliance with this regulation. Valeo's activities are only marginally affected. Valeo sells a small number of original rubber equipment spares in the aftermarket, some of which may be made of natural rubber, and imports small quantities of natural rubber for certain complex products that are not subject to the regulation. The Group has taken steps with its suppliers to ensure that these materials do not contribute to deforestation in order to comply with the regulation.

4.2.6.6 Targets related to biodiversity (DR E4-4)

[ESRS E4 § 29] - [ESRS E4 § 32]

The Group is currently analyzing its impacts using the LEAP approach. Valeo has identified areas for vigilance, particularly in relation to biosourced products. Targets will be set as soon as the study is sufficiently advanced to identify priority issues and targets to be achieved.

In the meantime, to minimize the environmental impact of its activities by 2027, the Group has set itself the goal of applying the ENCORE tool more widely to the raw materials in its value chain that have been identified as having the greatest impact on biodiversity, based on analyses currently underway and initiated in 2024. The geographic scope of this target is therefore global. Governance of biodiversity matters is currently being established within the Sustainable Development Department, involving HSE and industry networks.

4.2.6.7 Impact metrics tracking biodiversity change (DR E4-5)

[ESRS E4 § 35]

No Valeo site adversely affects biodiversity, as indicated in section 4.2.6.2 "Material biodiversity-related impacts, risks and opportunities and their interaction with strategy and business model", page 249.

4.2.6.8 Anticipated financial effects from material biodiversity-related impacts, risks and opportunities (DR E4-6)

The CSRD allows companies to omit the information prescribed by ESRS E4-6 for the first year of preparation of its sustainability statement. For its first year of publication, Valeo has elected to activate the phase-in clause and not to report data on its anticipated financial effects from biodiversity-related impacts, risks and opportunities.

To date, the Group's biodiversity-related operating expenses and capital expenditure are not automatically identifiable in its accounting systems. Valeo is therefore unable to report this information in respect of 2024. However, a process for identifying these OpEx and CapEx will be implemented in 2025.

(1) *Regulation (EU) 2023/1115 of the European Parliament and of the Council of May 31, 2023 on the making available on the Union market and the export from the Union of certain commodities and products associated with deforestation and forest degradation and repealing Regulation (EU) No 995/2010.*

4.2.7 Resource use and circular economy (ESRS E5)

4.2.7.1 Identification and assessment of material impacts, risks and opportunities related to resource use and circular economy (DR related to ESRS 2 IRO-1)

	IRO				Position in the value chain			Time horizon		
	Negative impact	Positive impact	Risks	Opportunities	Upstream	Own activities	Downstream	Short term	Medium term	Long term
ESRS E5 – CIRCULAR ECONOMY										
Resource inflows/Resource use Opportunity to deploy eco-responsible design and production, reduce consumption of water, energy and raw materials (metal, plastic) and replace traditional materials with greener, lighter, recycled and biosourced substitutes, while involving business partners in this approach, with a positive impact on the environment.		☑		☑	☑	☑	☑			☑
Resource outflows/Circular economy (4R program) Opportunity to implement a strategy dedicated to the circularity of production, and products and services throughout their life cycle. The financial impact for the Group is positive, in terms of both cost control and commercial opportunities.		☑		☑		☑	☑		☑	
Waste Opportunity to avoid, manage and recycle waste from the production process, with a positive impact on the environment and financial savings for the Group.		☑		☑		☑		☑		

[ESRS E5 § 11]

Impacts, risks and opportunities were assessed during workshops organized jointly by the Risk Management Department and the Sustainable Development Department, as described in section 4.1.3.3 "Material impacts, risks and opportunities and their interaction with strategy and business model", page 200. During these workshops, internal contributors identified and assessed impacts, risks and opportunities (IROs) according to the methodology described in section 4.1.4.1 "Processes to identify and assess material impacts, risks and opportunities", page 201.

[ESRS 2 MDR – A§69]

Initiatives related to IROs of the ESRS E5 topical standards are often integrated into broader action plans. However, Valeo does not always have the data granularity required to track current and future resources allocated to each action (BP 2).

4.2.7.2 Circular economy: 4R program

4.2.7.2.1 Policies related to circular economy – 4R program (DR E5-1)

[ESRS E5 § 14] - [ESRS E5 § 15]

The transportation sector accounts for two-thirds of total oil consumption and 13% of steel consumption. With the development of electric mobility, it is expected to account for 80% of battery consumption worldwide in the future[1]. Optimizing resource consumption is therefore a critical challenge for the mobility industry at a time of growing environmental awareness.

The circular economy is a powerful lever for reducing consumption while preserving the value of assembled finished products for as long as possible. The Group's 4R program is the cornerstone of this approach: robust design, remanufacturing, repair, and recycle. Through it, the Group is committed to extending the life of the final assembled product as long as possible to preserve its value as much as possible. The challenges are multiple and include the following three levers:

- Business: repair and remanufacturing to build a more sustainable portfolio for the aftermarket and extend the lifespan of products already in circulation. The Group is proactively working to move beyond existing internal combustion engine offerings. By enriching its portfolio with electronic and mechatronic components, Valeo is responding to the shift of the automotive industry towards electric vehicles and advanced driver assistance systems (ADAS). The aim of the "Business" lever is to extend the useful lives of products already on the market, to repair products that are no longer working so as to give them a second life, and to remanufacture, reusing end-of-life products and rebuilding them identically;
- Design: robust design integrating end-of-life (post-use) management. The idea is to innovate to make future generations of Valeo products more circular. A particular focus is the development of disassembly solutions to facilitate repair. The aim of the Design lever is to integrate the circular economy from the design phase, making the product more robust in order to maximize its life. 80% of a product's environmental impact is determined during the design phase. It is therefore necessary to ensure that it can be disassembled, repaired and remanufactured, or its materials recycled;

[1] *Source: 2023 International Transport Forum.*

- Operations: recycling through an adapted ecosystem (structured collection, circulation and recovery of end-of-life parts) with the appropriate infrastructure, by developing partnerships with the entire value chain, including local communities and other local businesses. The aim of the Operations lever is to preserve natural resources in the automotive manufacturing sector by recycling only as a last resort to generate reusable materials and improve resource management; accordingly, waste is treated as a resource and managed through targeted actions at all sites.

To meet these challenges, the Innovation and Strategy Department appointed a Director of Circular Economy in 2022 to intensify the Group's actions.

Water resource management and waste management are dealt with in more detail in section 4.2.5 "Water resources", page 244, and in section 4.2.7.4 "Waste", page 257.

4.2.7.2.2 Actions and resources related to circular economy – 4R program (DR E5-2)

Worldwide, electrical and electronic equipment generate around 55 million metric tons of waste per year. In addition, the amount of electronics per car is expected to double by 2030 compared with current levels. The automotive industry therefore has a responsibility to lead efforts to reduce waste by giving electronic components a second life. On average, only 1% of repairable electronic components are really defective, meaning that the remaining 99% of their materials are potentially salvageable. Recognizing the sustainability and economic value of the opportunity ahead, Valeo is accelerating its electronics-related circular economy efforts through repair and refurbishment.

Business

Repair

In 2022, Valeo launched a circular electronics laboratory known as the "Lab" at its site in Nevers, France. Its dedicated team works with internal experts to incubate circular electronics projects. The Lab is also:

- a center of excellence capable of performing repairs for external customers and providing turnkey solutions for touch-ups or localized issues;
- a center equipped to manufacture its own testers (e.g., a functional front camera tester) and conduct research eligible for the research tax credit.

Remanufacture

Remanufacturing is an industrial process in which second-life products are restored to their original condition and function.

Starting with clutches for trucks 40 years ago, Valeo very quickly made remanufacturing an integral part of its strategy to reduce CO_2 emissions and optimize resource consumption. The Group has implemented a program for all its brands. Valeo's remanufacturing portfolio includes:

- Rotating Machines for passenger cars: starters, alternators and air conditioning compressors;
- Transmissions & braking systems for passenger cars: torque converters, dual mass flywheels, dual wet clutches and brake calipers;
- Clutches for Trucks.

As the automotive industry transitions to electric and autonomous vehicles, Valeo intends to expand its conventional remanufacturing portfolio in order to be at the forefront of the electrification and ADAS revolution. This will be achieved through the Group's REMAN 2.0 strategy and will include components such as electric motors, inverters, transmissions, onboard chargers, power converters and electric compressors. These complex, costly and material-intensive parts require innovative solutions to conserve resources. To meet this new challenge, Valeo opened a lab dedicated high-voltage prototyping in Czechowice, Poland, in 2023. Today, the Remanufacture activity is a strategic pillar for each of the Group's three Divisions (POWER, BRAIN, LIGHT) and for Valeo Service. Each Division strengthens this business in Europe, bringing a competitive advantage to highly technical parts. In 2024, Valeo won orders for three new programs: Display, High Voltage Inverter and Headlamp.

Design

Valeo's 4R product design process factors in a product's environmental impact. Based on the "Design for Disassembly" approach, teams integrate this concept from the earliest project stages to optimize the disassembly process. In this way, the 4R program complements the Group's CAP 50 carbon neutrality plan by leveraging R&D.

Robust design

This process involves optimizing disassembly steps and identifying breakable, costly and CO_2-intensive parts. Design for Disassembly (DfD[1]) and Design for and from Recycling (DfR[2]) are two circularity concepts that form the cornerstones of Valeo's Design for the Environment (DfE[3]) initiative and contribute to the definition of and compliance with internal disassembly standards. In 2024, Valeo defined robust circular design standards and is currently working to apply this approach to eligible projects and product development.

Operations

Recycling is the last resort in the circular economy. It turns products back into raw materials and requires energy to transform them into new products. But it is an unavoidable part of the cycle in some cases. However, to develop recycling, the automotive and waste management industries need to work hand in hand to structure collection circuits and recovery systems.

Recycle

European regulations will require certain percentages of recycled content in several materials (aluminum, steel, plastics, rare earths), including a certain portion from the closed loop (automotive industry waste). In partnership with its customers and suppliers, Valeo is developing ecosystems to promote the production of recycled materials from automotive post-consumer waste that meet the sector's technical requirements.

(1) DfD: Design for Disassembly.
(2) DfR: Design for Recycling.
(3) DfE: Design for Environment.

Partnerships

At the Paris Motor Show 2024, Valeo presented an HVAC unit (providing heating, ventilation and air conditioning of the vehicle) made from 100% recycled polymer materials. The system was developed for a Renault Group model, in partnership with TotalEnergies (Synova). The quality of the final product was validated after comparing the fully recycled material with the original material. Various material validation tests have shown that the recycled material retains the same properties as those specified for the original material. Valeo is also involved in MAGNOLIA, a French program bringing together material collectors and recyclers around the critical ecosystem of permanent magnets.

Valeo continues to evaluate a variety of solutions, including post-industrial regrind (PIR) and post-consumer regrind (PCR) sources, with a focus on maintaining product integrity and quality.

The Divisions and circular design in 2024

In 2024, Valeo implemented circular activities and integrated circular design in its Divisions as follows:

BRAIN

- **Business:** BRAIN has opened its first electronics repair laboratory in Nevers (France) to supply Stellantis (front camera) and Smovengo (eBike battery). The Lab has received the *L'Usine Nouvelle* "Coup de Cœur" award. Nevers continues to expand its catalog by adding displays for electric cars and bikes.
- **Design:**
  - Implementation of circular features in automotive architecture for software-defined vehicles, to address issues such as product durability, price competitiveness and material scarcity.
  - Adoption of a modular mainframe computer (MCC) with upgradeable cartridges to improve vehicle life and durability.

LIGHT

- **Business:** Opening of a headlight module recovery hub in Chrzanow (Poland) to meet new demand in Europe. This parent plant will supply all the Group's European production sites responsible for final assembly, starting with Angers (France).
- **Design:** Design of sustainable headlights based on the Design for the Environment (DfE) framework, taking into account the three phases of their life cycle: pre-use, use and post-use. This will enable decarbonization through the use of lightweight and efficient materials, and reduce resource consumption by extending product life and facilitating recycling.

POWER

- **Business:** Strengthening the competence center in Czechowice (Poland) by operating a circular innovation plant for small mobility and preparing the remanufacture of electric vehicle parts in Veszprem (Hungary). As part of its activities in Veszprem, Valeo has signed a partnership with Renault to remanufacture EV inverters. Production is scheduled to start in 2025.
- **Design:** Implementation of circular design in the development of an electronic axle for a light commercial vehicle (LCV) platform. The goal is to maintain the value of the product throughout its life cycle. To this end, ease of maintenance and remanufacturing were explicit requirements.

The actions described above have been implemented since the launch of the 4R program in early 2023, and a first series of practical results will be available in the coming years.

4.2.7.2.3 Targets related to circular economy – 4R program (DR E5-3)

Business

The goal is to increase Group-wide production of reconditioned and repaired parts from 1 million a year in 2021 to 2 million a year by 2030. The Group aims to achieve this target by:

- strengthening the current portfolio in response to the increasing electrification of vehicles, driven in particular by the intensifying trend towards electrification and ADAS;
- expanding this portfolio to cover other forms of mobility including motors and batteries for electric bike fleets.

These objectives were developed using the Medium-Term Plan process, taking into account market demands and the various stakeholders (customers, etc.), and were validated by General Management.

Design

Valeo is committed to continuous improvement:

Actions in 2024

- Definition of relevant standards and models, including a training module to ensure effective application in standard project platforms and customer projects under development;
- Definition of activities and deliverables for eligible projects and product development;
- Pilot phase underway in the Divisions.

2025 forecasts

Implement circular design rules for eligible projects and product development.

Operations

Targets are monitored at quarterly meetings of the 4R Committee chaired by the Chief Technology Officer and the Vice-President, Sustainable Development and External Affairs.

4.2.7.2.4 Circular economy metrics (DR E5-5)

[ESRS E5 § 35]

Valeo's circular economy strategy under the 4R program includes the following two components:

i. extension of the life of products currently on the market through repair and remanufacturing; and

ii. continuous innovation to improve the circularity of future generations of products by implementing circular design. Valeo's partnerships with Smovengo and Stellantis reinforce the Group's commitment to leading by example in product life cycle management.

SMOVENGO AND VALEO

Since 2020, Smovengo, operator of Vélib' Métropole, a large-scale public bicycle sharing system in Paris and 64 of its suburbs, has spawned a comprehensive industrial recycling channel for spare parts, complemented by teams dedicated to parts testing and repairing. All maintenance parts are prepared for a second life or recycled. To meet the logistical and environmental challenges of this extensive bicycle network, reduce bicycle repair times and as well as its dependence on Asian suppliers, Smovengo has strengthened its commitment to the circular economy by joining forces with Valeo. Valeo's partnership with Smovengo will enable the remanufacture of motors and batteries for 8,000 Vélib' electric bikes. Two Valeo sites specialized in remanufacturing have been selected for the partnership:

- the Laboratoire d'Électronique Circulaire (Circular Electronics Laboratory) in Nevers (France) for batteries; and
- the Circular Innovation Factory in Czechowice (Poland) for engines.

STELLANTIS AND VALEO

Remanufacturing is a key driver of Stellantis' circular economy strategy to achieve carbon neutrality by 2038. Valeo and Stellantis kicked off their circular economy collaboration with the launch of the first remanufactured windshield-mounted video camera at Valeo's Circular Electronics Laboratory in Nevers. Built in less than a year, the remanufactured video camera saves up to 99% of natural resources compared with new cameras and offers a two-year warranty with performance comparable to new parts. Stellantis and Valeo intend to continue expanding their product portfolio, placing remanufacturing innovation at the forefront of the electrification and ADAS revolution.

For more details on circular economy activities, see section 4.2.7.2.2 "Policies related to resource use and circular economy", page 253.

[ESRS E5 § 36]

Valeo measures the reliability and durability of its products using two key metrics: probability of failure and average expected product life (15 years/300,000 km).

Valeo has already achieved high reliability rates in low-power electronics and aims to replicate this success in high-power electronics.

Valeo measures reliability via:

1. Physical tests: accelerated life and aggravated life tests.
2. Virtual tests: thermal/mechanical simulations and digital twin technology.

In addition to partnerships with Smovengo and Stellantis, Valeo teams are involved in:

- internal knowledge-sharing projects between the Divisions and R&D teams with a view to continuously improving repair standards and processes across all product portfolios;
- skills improvements for production operators;
- complex electronic repair projects;
- projects requested by external customers, focused on the repairability of hardware, software and components.

Several Valeo customers have expressed a desire to purchase products with higher percentages of recycled content. The gradual increase in recycled content is therefore a key pillar of Valeo's circular economy approach; its implementation strategy focuses mainly on aluminum, steel and plastics.

In partnership with its suppliers, the Group is developing technological innovations to increase the percentage of recycled material in its inputs, while meeting the specific technical and styling requirements of automotive products. Valeo has an ongoing process for validating recycled and biosourced materials and integrating them into its products. In 2024, Valeo validated 34 new biosourced and recycled resins and 9 recycled aluminum materials. In total, the Group now offers 73 recycled plastics, 7 biosourced plastics and 16 aluminum alloys compatible with its products.

Valeo is also exploring a remanufacturing initiative with an Indian supplier (Gemini).

4.2.7.3 Resource inflows

4.2.7.3.1 Policies related to resource use (DR E5-1)

The Group is committed to the sustainable use of resources, with policies and action plans to reduce the consumption of raw materials and improve the efficiency of their use.

As part of its responsible purchasing policy, Valeo aims to source sustainable components and materials and to use renewable resources.

Through its segment purchasing strategies, Valeo also encourages its Tier 1 suppliers to source sustainable materials from suppliers identified upstream in the supply chain.

Packaging also plays a key role in product handling. It allows products to be transported and stored, while protecting and promoting them, particularly aftermarket products. Cardboard and wood alone account for more than 85% of packaging materials.

For several years, Valeo has been working to reduce its packaging materials consumption in two main ways:

- using reusable packaging or pallets to minimize waste;
- improving packaging fill rates to optimize space and reduce the amount of materials used. This work is carried out in collaboration with Valeo's suppliers and customers in a search for the most efficient and sustainable solutions.

Each quarter, the Director of Circular Economy organizes committee meetings with the Sustainable Development and External Affairs Vice-President, the Health, Safety and Environment (HSE) Vice-President, the Group Vice-President, Purchasing, the Group Vice-President, Research and Development and the Group Industrial Director to share and promote best practices for reducing consumption of critical resources.

The requirements of the resource use policy (materials, components, etc.) are taken into account in the purchasing strategies implemented under the responsibility of the Purchasing Director.

Valeo applies this policy throughout the Group.

4.2.7.3.2 Actions and resources related to resource use and circular economy (DR E5-2)

Since 2020 and the adoption of the "CAP 50" Carbon Neutrality Contribution Plan, significant work has been dedicated to supporting suppliers impacting upstream Scope 3. The Group has continued work initiated in 2020 to assess its suppliers' carbon sources based on the raw materials or components used, such as aluminum, steel, plastic resins and electronic components.

As part of this process, Valeo carries out an annual awareness-raising campaign for its supplier panel on carbon and environmental impact criteria and requires them to set impact reduction targets for their own operations and those of their suppliers.

During the reporting period, Valeo carried out the following actions, among others:

- introduction of recycled polypropylene in HVAC (heating, ventilation and air conditioning);
- implementation of panel design rules and tools to optimize printed circuit board surface area and reduce the associated waste;
- reduction of aluminum foil thickness in BTM (battery thermal management) products.

The implementation of these actions has resulted in a reduction in material weight and associated GHG emissions, contributing notably to the Scope 3 GHG emissions reduction plan.

The Group plans to continue its improvement initiatives:

- or the systematic application of rules and tools to optimize printed circuit boards;
- introduction of bio-phenol polycarbonate (of European origin) for headlight lenses.

The above actions are given as examples to illustrate their practical nature; Valeo does not wish to disclose the corresponding financial data for confidentiality reasons.

These actions contribute to the responsible purchasing policy. They will be implemented within the same timeframe as the Scope 3 GHG emissions reduction targets, i.e., by 2030 at the latest. However, the implementation of these actions will be constrained by customers' acceptance of the relative additional costs, if any.

Work on them will be spearheaded by the Group's various production and development units involved in the relevant materials or products.

4.2.7.3.3 Targets related to resource inflows (DR E5-3)

The implementation of the actions described above is monitored each year as part of the assessment of the Group's objective of reducing its upstream Scope 3 carbon footprint by 15% in absolute terms by 2030, under the responsibility of the External Affairs and Sustainable Development Vice-President.

Valeo has not set any other targets for resource inflow at this stage.

4.2.7.3.4 Consumption of materials and packaging (DR E5-4)

[ESRS E5 § 31] -a)

THE OVERALL TOTAL WEIGHT OF PRODUCTS AND TECHNICAL AND BIOLOGICAL MATERIALS USED DURING THE REPORTING PERIOD

Mass *(kt)*	**2023**	**2024**
Metals	1,232	1,145
Resins	329	330
Packaging[(1)]	108	106
Other	71	74
TOTAL	**1,739**	**1,656**

(1) 2023 packaging weight has been recalculated in line with the CSRD definition.

[ESRS E5 § 31] - b) c) - [ESRS E5 § 32]

The slowdown in growth in electric and hybrid vehicle production worldwide in 2024 contributed strongly to the drop in metal consumption (around 100 kt), while the consumption of other categories of materials only changed by a few thousand metric tons.

The Group cannot provide reliable data concerning the percentage of biological materials and the weight of secondary materials and components for 2024. The lack of clear terminology and a harmonized calculation method makes stable and comparable estimates impossible.

The automotive industry is nevertheless taking action to meet these requirements. In 2024, the IMDS material traceability system was upgraded to allow the declaration of the percentage of secondary materials. However, providing this information will require alignment with calculation methods and a verification system.

Valeo does not yet have an exhaustive tracking system for recycled materials. An estimate on a restricted scope was carried out using internal data, supplier information and benchmark studies:

- recycled steels: 263 kt, corresponding to 32% of supplies;
- non-ferrous metals: 69 kt, or 22% of supplies;
- plastic resins: 7 kt, or 2% of supplies. This percentage is explained by the high performance required for finished products.

The weights of incoming resources are calculated by multiplying the material weights of finished products as per the IMDS database by the quantities sold and applying adjustment factors. The weight of packaging is collected on a site-by-site basis. Controls and methodological improvements will be implemented to reduce estimates and improve the quality of reported data.

4.2.7.4 Waste

[ESRS E5 § 16]

4.2.7.4.1 Policies related to waste (DR E5-1)

Resource scarcity and pressure on raw material supplies are leading industry to rethink the way it uses waste. Waste is no longer seen as a problem to be eliminated, but as a resource to be exploited.

The Group remains vigilant about containing the quantity of its waste during phases of growth. As part of its ISO 14001 certification process, Valeo has set itself two main objectives: to prevent waste generation and to improve the prioritization of waste treatment.

This involves extracting synergies between the Purchasing, Industrial, Research and Development, and Quality Departments.

Avoidance

With a view to avoidance and minimization, the Group is committed to prioritizing the following preventive actions:

- implement industrial processes that generate less waste;
- consider the recyclability of final waste products from the design stage;
- establish monthly monitoring of the main waste-generating sites;
- collaborate with the Purchasing, Industrial, Research and Development, and Quality networks to minimize waste-generating inputs.

Treatment prioritization

As part of this policy, the Group is committed to prioritizing waste treatment, i.e., reuse as part of the 4R program (see section 4.2.7.2.1 "Policies related to circular economy", page 252), notably by eliminating waste status to facilitate the reuse of the material.

If this is not possible, waste is treated in the following order of priority:

- material recovery;
- energy recovery;
- incineration;
- landfill as a last resort.

Landfill should only ever be an exception: the Group's objective is to eliminate it within the limits of available channels and local regulations. On-site landfills and waste incineration are strictly prohibited. The Group authorizes the export of waste if the treatment hierarchy is improved, in accordance with the regulations in force.

To guarantee this order of priorities, the Group is committed to developing a continuous improvement approach with recognized partners. These commitments apply to all types of waste, whether hazardous or not.

To ensure that the above points are properly implemented, Valeo pays particular attention to the control and monitoring of treatment channels.

This policy is applied throughout the Group, under the responsibility of the Health, Safety and Environment Director.

Application of the policy is monitored by:

- quarterly data collection via an internal reporting tool and communication to all internal stakeholders via a visualization tool;
- the inclusion of waste in the site management reviews of ISO 14001-certified sites;
- the quarterly 4R Committee.

The program uses the following references:

- ISO 14001;
- CIFREP (Commission interfilière de responsabilité élargie des producteurs – Intersectoral Commission for Extended Producer Responsibility).

The main stakeholders involved in this policy are:

- national and local organizations;
- waste management companies;
- site employees;
- actors in the value chain

4.2.7.4.2 Actions and resources related to waste (DR E5-2)

To ensure the policy's effectiveness, each Group site is responsible for:

- minimizing the generation of waste by reducing the weight of packaging, substituting raw materials or changing its procedures or processes;
- collecting and storing waste in conditions that minimize risks to the health and safety of people and the environment:
- controlling and monitoring waste storage areas;
- identifying and labeling the type of waste and the hazard characteristics (e.g., flammability);

- ensuring systematic monitoring of waste by establishing a "waste production and disposal register" for each site;
- prioritizing waste treatment through recycling channels or otherwise through recovery channels;
- ensuring that elimination channels comply with local regulations and guarantee safe waste treatment.

Whatever the channel:

- waste must be transported in optimal safety conditions by selected service providers,
- each shipment must be accompanied by a document summarizing the characteristics of the waste shipped, the company in charge of transportation and the company in charge of disposal and treatment, in accordance with local regulations;
- the site must ensure the quality of the hazardous waste treatment supplier through due diligence;
- the site must ensure that the waste is disposed of safely and in accordance with regulations.
- the site must recover the final waste treatment channel.

For waste hazardous to humans or the environment, the site must obtain a description of disposal procedures from the disposal company. If doubt persists, an audit must be conducted. In the absence of a safe channel in one country, Valeo may be required to export its waste to safer treatment channels in another country, in accordance with applicable regulations. The environmental metric reporting tool tracks the amount of waste involved.

Valeo is working on the development of generic specifications to encourage waste managers to improve recycling rates and treatment channels, based on the model used in France.

Valeo plans to intensify its 4R approach (see section 4.2.7.2 "Circular economy: 4R program", page 252), which involves reducing waste volumes and recovering unavoidable waste:

- reducing liquid waste by reducing water consumption;
- recycling liquid waste through on-site treatment (e.g., filtration, evaporation, etc.);
- collecting, sorting and disassembling metal scrap for recycling;
- disassembly of parts for reuse or recycling of waste;
- innovation in waste management;
- new recycling channels to improve recovery;
- search for more virtuous suppliers.

These cost-saving actions contribute to policy objectives in the following ways:

- reduction in inputs;
- reduction or reuse of production waste;
- improvement in sorting at source;
- increase in the proportion of materials recovered.

All plants and R&D centers are covered by these actions.

4.2.7.4.3 Targets related to waste (DR E5-3)

[ESRS E5 § 21]

The overall strategy is developed through the 4R program, notably through the prioritization of waste treatment. This strategy involves the collaboration of all internal stakeholders (Industry, Purchasing, HSE, etc.) to define the Group's waste reduction targets.

[ESRS E5 § 23] – [ESRS E5 § 24]

Increasing circular product design (see section 4.2.7.2 "Circular economy: 4R program", page 252), minimization of primary materials, and sustainable sourcing and use (see section 4.2.7.3 "Resource inflows", page 256) contribute to achieving the Group's waste reduction targets.

The waste target for 2025 is as follows:

- 15 metric tons/million euros of sales;

By 2030, new targets will be set to direct waste towards recovery channels based on the following indicators, taking 2025 as the new base year:

- Waste recycling or recovery rate;
- Landfill rate.

[ESRS E5 § 25]

The waste production target (metric tons/million euros) relates to the entire waste scope, factoring in all treatment hierarchies.

The waste treatment target (recyclability rate) includes recycling as well as material and energy recovery.

[ESRS E5 § 26]

The Group did not consider ecological thresholds or allocations by entity when setting the targets.

[ESRS E5 § 27]

The two targets presented above are optional.

4.2.7.4.4 Waste-related metrics (DR E5-5)

[ESRS E5 § 37]

	Unit	2024	
		Hazardous waste	Non-hazardous waste
Waste recovered	**t**	**16,576**	**220,771**
By preparation for reuse	t	0	2,449
By recycling	t	9,996	204,999
By other recovery operations	t	6,580	13,324

	Unit	2024	
		Hazardous waste	Non-hazardous waste
Waste disposed of	**t**	**7,794**	**19,105**
By incineration	t	5,839	6,302
By landfill	t	1,955	12,803
By other disposal operations	t	0	0

	Unit	2023	2024	% Y/Y-1
Total amount of waste	t	259,780	264,247	2%
Non-recycled waste	t	24,519	26,899	10%
Percentage of non-recycled waste	%	9%	10%	
Total quantity of hazardous waste	t	28,249	24,371	-14%

- The quantity of waste generated (hazardous and non-hazardous) as a proportion of sales is 12.3 t/million euros in 2024 (vs. 11.8 t/million euros in 2023), including 1.1 t/million euros for hazardous waste and 11.2 t/million euros for non-hazardous waste;
- 10% of waste was not recycled in 2024, of which 5.6% was landfilled.

[ESRS E5 § 38]

As an automotive supplier, the Group has established specific segregation, traceability and recovery loops for the management of electronic component waste.

The waste generated by the Group is classified by major families, namely plastics, cardboard, household waste and metals (divided into steel, copper, aluminum and other metal waste).

On site, all metal waste from production scraps or offcuts is sorted as far as possible to ensure the best possible recovery channel. Studies on the extraction of noble metals from electronic board scrap have begun with Weecycling. At the BRAIN Division site in Wemding (Germany) and the POWER Division site in Sablé-sur-Sarthe (France), more than 10 metric tons of electronic production waste were collected for noble metal recycling.

Valeo's activities generate plastic waste. Some of this waste can be reused directly in production after shredding.

Plastic waste is also sorted as far as possible to ensure that it is sent to the best possible recovery channel. Separating different plastics at source is a guarantee of environmental and economic success.

[ESRS E5 § 40]

Waste streams are tracked at the site level through the waste register and reported using the environmental reporting tool.

As part of this reporting process, sites provide information on the volumes of hazardous and non-hazardous waste generated. For non-hazardous waste, a breakdown by material is provided.

Reporting covers not only waste generation, but also waste treatment to determine volumes by treatment channel (reuse, recycling, energy recovery, thermal destruction, landfill).

These two reports are combined to produce the metrics.

4.2.7.5 Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities (DR E5-6)

The CSRD allows companies to omit the information prescribed by ESRS E5-6 for the first year of preparation of its sustainability statement. For its first year of publication, Valeo has elected to activate the phase-in clause and not to report data on its anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities.

To date, the Group's circular economy-related operating expenses and capital expenditure are not automatically identifiable in its accounting systems. Valeo is therefore unable to report this information in respect of 2024. However, a process for identifying these OpEx and CapEx will be implemented in 2025. 2024 CapEx and OpEx amounts relating to the Taxonomy's transition to a circular economy objective are presented on page 206.

4.3 Social information

Contribution of Valeo's strategy to the Sustainable Development Goals

SOCIAL MATTERS

4 QUALITY EDUCATION

COMMITMENTS AND TARGETS

Training for Valeo teams at all levels of the organization (see section 4.3.1.15).

Local partnerships between Valeo and local education and training structures.

Continuous education and access to quality technical training for all, supporting the career goals of each Valeo employee.

5 GENDER EQUALITY

COMMITMENTS AND TARGETS

Extensive program to promote gender diversity introduced in 2011 (see section 4.3.1.3).

Encouraging women's access to manager and professional positions, and to positions of operational and management responsibility.

Valeo has set itself the goal of having 32% women on the Group's various management committees by 2030 (see section 4.3.1.7).

8 DECENT WORK AND ECONOMIC GROWTH

COMMITMENTS AND TARGETS

Comprehensive program to promote respect for fundamental rights, protect against forced labor, and prohibit child labor.

Valeo requires all suppliers to adhere to the Valeo Business Partners Code of Business Ethics, which includes provisions for the elimination of forced labor (see section 4.3.2.5).

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

COMMITMENTS AND TARGETS

Valeo is a major industrial and technological player in the automotive and mobility sectors. Thanks to its global footprint, the Group is continuing its development efforts in the areas of manufacturing, technology and training in various countries.

11 SUSTAINABLE CITIES AND COMMUNITIES

COMMITMENTS AND TARGETS

Development of cleaner, safer and smarter mobility solutions.

Valeo's social policy is the cornerstone of its strategy. The Group maintains close ties with its employees, recognizing the importance of these ties for the company's overall success. This social policy is reflected in the many management standards applied throughout the organization, in the many initiatives for ongoing dialogue and cooperation, and in the management of medium- and long-term plans to anticipate developments on the skills front, with the constant aim of maintaining competitiveness while safeguarding employment.

After many years of workforce growth, and in a period of uncertainty and massive technological change in the automotive sector, with questions related to competitiveness, inflation and pressure on volumes taking on increasing importance, the Group was forced to carry out major reorganizations in 2024, some of which have had an impact on employment. For example, the merger of the PTS and THS Business Groups to form the new POWER Division resulted in the loss of 1,150 jobs, mainly in administrative and managerial functions in France and Germany. In this context, people are more than ever at the heart of the Group's priorities:

- The Group's ambitious social policy is implemented through robust management processes and "Employee Engagement" standards against which sites are audited each year.
- Maintaining high-quality social dialogue is a priority for Valeo. Collective bargaining with employee representatives and trade unions ensures that employees' rights are respected and taken into account in the company's strategic decisions, particularly in the context of ongoing reorganizations. Against this backdrop, Valeo also attaches great importance to offering social measures that go beyond the strict legal requirements, so that every effort is made to promote internal mobility and outplacement. Respecting the dignity of employees and supporting them as they are redeployed and throughout the reorganization process is a priority for Valeo.
- Various means have been implemented to support and listen to employees, and an annual engagement survey is conducted to gather employees' opinions on a range of topics (see section 4.3.1.5, "Processes to remediate negative impacts and channels for own workforce to raise concerns", page 269).

Through its social policy, Valeo constantly aims to strengthen team cohesion and align the Company's strategies with the expectations and needs of its employees, thus promoting both a respectful and inclusive working environment and real efficiency in collective alignment and the management of situations of change.

Through these efforts, Valeo demonstrates its commitment to deploying a corporate culture based on transparency, respect and employee fulfillment, which are essential assets for the Company's sustainable development.

4.3.1 Policies and commitments related to Valeo's own workforce (ESRS S1)

4.3.1.1 Strong employee relations (DR related to ESRS 2 SBM 2)

[ESRS S1 § 12]

Valeo maintains strong relations with its employees and recognizes the importance of these ties for the Company's overall success, notably through several ongoing dialogue and collaboration initiatives.

First, an annual engagement and satisfaction survey known as Pulse is conducted to gather employees' opinions on a range of topics including diversity and well-being at work (see section 4.3.1.5 "Processes to remediate negative impacts and channels for own workforce to raise concerns", page 269).

Second, collective bargaining with employee representatives and trade unions ensures that own employees' rights are respected and taken into account in the Company's strategic decisions.

This ongoing dialogue not only helps to improve the working environment but also ensures that close attention is paid to employees' concerns. By taking their feedback into account, Valeo aims to strengthen team cohesion and align the Company's strategies with the expectations and needs of its employees, thus promoting both a respectful and inclusive working environment and real efficiency in collective alignment and the management of situations of change.

Through these efforts, Valeo demonstrates its commitment to building a corporate culture based on transparency, respect and employee fulfillment, which are essential assets for the Company's sustainable development.

4.3.1.2 Material impacts, risks and opportunities and their interaction with strategy and business model (DR related to ESRS 2 SBM 3)

	IRO				Position in the value chain			Time horizon		
	Negative impact	Positive impact	Risks	Opportunities	Upstream	Own activities	Downstream	Short term	Medium term	Long term
ESRS S1 – OWN WORKFORCE										
Secure employment Risk of not being able to continuously adapt production capacity to changing customer demand in a cyclical automotive market or to supplier and supply chain failures, with negative impacts on people and negative financial consequences for the Group.	☑		☑		☑	☑	☑	☑		
Working time Risk of non-compliance with regulations on working time, breaks, overtime, compensation, vacation and parental leave, with negative impacts on people and financial and reputational consequences for the Group.	☑		☑			☑		☑		
Adequate wages Risk of non-compliance with regulations and failure to pay adequate wages to employees, with negative impacts on people and reputational consequences for the Group.	☑		☑			☑		☑		
Social dialogue Opportunity of promoting working relations that provide an opportunity for dialogue, thus fostering mutual understanding and a search for appropriate solutions in the event of conflicts between the interests of stakeholders, with positive impacts on the Group's reputation.		☑		☑		☑		☑		
Freedom of association Opportunity of providing employees with access to representatives and/or guaranteeing them freedom of association, training or membership in a union or professional association and/or specific bodies in accordance with local laws and regulations, with positive impacts on people and positive impacts on the Group's reputation.		☑		☑		☑		☑		
Collective bargaining Opportunity of developing active and constructive negotiations with formal employee representative bodies and trade unions at different levels of the organization, with positive impacts on people and positive impacts on the Group's reputation.		☑		☑		☑		☑		
Work-life balance Opportunity of allowing employees to benefit from family leave, with positive impacts on their work-life balance and positive impacts on the Group's reputation.		☑		☑		☑		☑		

	IRO				Position in the value chain			Time horizon		
	Negative impact	Positive impact	Risks	Opportunities	Upstream	Own activities	Downstream	Short term	Medium term	Long term
Health and safety Risk of failing to provide a healthy and safe working environment, with negative impacts on people and negative reputational and financial consequences for the Group.	☑		☑			☑		☑		
Gender equality and equal pay Risk for the Group of failing to meet targets in terms of the number of women in top management, failing to retain female employees, being prosecuted for discrimination, and being excluded from bidding for contracts, with a negative impact on the female population in the countries where Valeo operates, and financial and reputational risks for the Group.	☑		☑			☑		☑		
Employment and inclusion of people with disabilities Risk of failing to attract and retain people with disabilities in a competitive environment, with a negative impact on the disabled population and financial and reputational risks for the Group.	☑		☑			☑		☑		
Diversity Risk of discriminating against an employee or job applicant on the basis of gender, culture, disability, age, race, sexual orientation, opinions or religion, with negative impacts on people and financial and reputational risks for the Group.	☑		☑			☑		☑		
Measures against violence and harassment in the workplace Risk of failing to detect acts of violence and/or harassment in the workplace, with negative impacts on people and financial and reputational risks for the Group.	☑		☑			☑		☑		
Training and skills development Risk related to difficulties in retaining talent, adapting and acquiring new skills, in accordance with the Company's strategy, with negative impacts on people and financial and reputational consequences for the Group.	☑		☑			☑		☑	☑	
Training and skills development Opportunity of developing or maintaining the skills of employees, with positive impacts on these people and impacts on the Group's business and reputation.		☑		☑		☑		☑	☑	
Other work-related/human rights Risk of human rights violations (including child labor and forced labor) due to lack of prevention and/or poor risk management, with possible financial sanctions and reputational impacts on Valeo.	☑		☑		☑	☑		☑		
Other work-related/human rights Opportunity for employees to work in an environment that guarantees their rights and safety, thanks to the Group's specific human rights policies.		☑		☑		☑		☑		

[ESRS S1 § 13] – [ESRS S1 § 14] – [ESRS S1 § 15] – [ESRS S1 § 16]

Impacts, risks and opportunities were assessed during workshops jointly organized by the Risk Management Department and the Sustainable Development Department, as described in section 4.1.3.3 "Material impacts, risks and opportunities and their interaction with strategy and business model", page 200. During these workshops, internal contributors identified and assessed impacts, risks and opportunities (IROs) according to the methodology described in section 4.1.4.1 "Processes to identify and assess material impacts, risks and opportunities", page 201.

The analysis of impacts, risks and opportunities covers all employees of the Group without distinction.

Employees hold a key place in Valeo's strategy by helping to build a common corporate culture rooted in strong values such as teamwork, transparency, empowerment, professionalism and ethics, and key behaviors including courage, agility and solidarity. These principles serve the Group's industrial and commercial objectives.

The Human Resources teams therefore have multiple objectives to address primordial challenges (see section 4.3.1.3 "Policy related to Valeo's own workforce", page 263):

- ensuring employee health, safety and well-being at work, by making sure workplaces are free of accident risks and offering a good work-life balance for each employee;
- attracting and developing top talent to strengthen the Group's market share and support innovation and business growth;
- promoting diversity, equality and inclusion across all teams worldwide;
- promoting labor relations and guaranteeing the dignity of individuals and fundamental labor rights.

The Group relies on its employees to support its growth and maintain relationships with its customers worldwide. To this end, Valeo is committed to recognizing and valuing talent, while retaining talented employees thanks to a tailored compensation, professional development, training and internal mobility policy. The objective of this policy is to empower each employee in their career and their skills to ensure their operational excellence.

Developing and retaining talent is a critical challenge for Valeo. At Group, country and site level, Human Resources managers, training teams, and compensation and benefits managers work together to develop ambitious policies that meet employee demands and match Valeo's strategy. Together they focus on four essential levers:

- training;
- skills development;
- compensation and benefits;
- development of the network of experts.

During the workshops mentioned above, risks related to human rights violations such as child labor and forced labor were assessed as material in the Asia region. The Group is taking the necessary steps to mitigate these risks (see section 4.3.1.6 "Actions related to Valeo's own workforce", page 270). As an international industrial company, Valeo may be exposed to risks related to forced labor and child labor due to its activities and location, particularly in the geographical areas where its plants are located in Asia.

In 2024, the Group's policy related to its own workforce focused primarily on supporting internal reorganizations aimed at increasing the Company's efficiency and agility in a context of ongoing transformation. Implementing these reorganizations required constant dialogue with employees, as well as transparency and explanation of the context. This was achieved by providing employee representatives with significant resources to help them understand the context, in terms of both numbers (budgets, medium-term business plan, outcomes, etc.) and resources (time available to representatives, dedicated experts, etc.).

In addition, changes in the market and consumer demand, as well as the Group's commitment to carbon neutrality, may give rise to risks related to the employability of people (skills requirements and changes in headcount). Valeo takes these factors into account in its policy related to its own workforce.

For information on the types of employees and non-employees, see section 4.3.1.8 "Change in Valeo's headcount", page 278.

[ESRS 2 MDR A§69]

Initiatives related to IROs of the ESRS S1 topical standards are often integrated into broader action plans. However, Valeo does not always have the granularity of data required to track the current and future resources allocated to each action (BP 2).

4.3.1.3 Policy related to Valeo's own workforce (DR S1-1)

[ESRS S1 § 17]

The Human Resources Department's priorities are shown in the results of the double materiality assessment (see section 4.3.1.2 "Material impacts, risks and opportunities and their interaction with strategy and business model", page 261). They form the foundations of the Group's actions in respect of:

- safety and working conditions;
- attracting and retaining talent;
- promoting diversity, equity and inclusion;
- respecting and promoting fundamental rights.

In this context, the Group promotes the bond between the nation and the armed forces and supports enlistment in the army reserves.

The material sustainability matters identified above are covered by several policies within Valeo. In general, the policies described below apply to all employees of all entities. In some cases, other stakeholders such as customers, NGOs, civil society or governmental bodies may also be involved and/or affected by the implementation of these policies.

All policies apply to all employees, regardless of where they work or their status, under the responsibility of the Group Chief Human Resources Officer.

Employee Engagement (EE) roadmaps

Most sustainability matters are covered in the "Employee Engagement" (EE) axis of Valeo's internal "5 Axes" Total Quality methodology, the Group's DNA shared by all its entities. The 5 Axes system is based on the combined requirements of IATF 16949 and ISO 9001 quality management standards, and customer-specific requirements. It emphasizes a process-based approach and risk-based thinking in accordance with IATF 16949.

Employees are the Group's central concern, and each Valeo site provides them with the right conditions and an optimal experience to engage and perform at their best. This fosters adherence to the Group's objectives and values, motivation to contribute to its success, and a greater sense of well-being and belonging.

This commitment, part of the 5 Axes operational excellence model, applies to all employees and non-employees at Valeo sites. It is overseen by the Group Chief Human Resources Officer, while each site manager is responsible for setting targets within his or her unit and monitoring the effective implementation of the plan through the 5 Axes Committee and monthly self-assessments. Regular quality network visits facilitate the plan's implementation. An annual audit is carried out by VAQ (Valeo Audit Quality) and the results of the self-assessments and audits are used to rank the units and demonstrate continuous improvement. Continuous improvement is driven by a Group 5 Axes Improvement Committee and a Group 5 Axes Steering Committee, and meetings can be organized at different levels, such as Product Groups, Regional Operations or Divisions.

The effectiveness of the roadmap is measured notably by objective indicators from the "Employee Engagement" axis monitored by the entities and reported in the internal reporting tool, namely:

- accident frequency rate (FR1);
- absenteeism rate;
- direct employee turnover;
- resignation rate for Managers and Professionals, and for technicians.

Valeo has set targets to monitor the effectiveness of the policy. They can be found in the roadmaps covering each aspect of the "Employee Engagement" (EE) axis, namely:

- EE01 – My safety: Create a safe and ergonomic working environment;
- EE02 – Our vision: Ensure that Valeo's vision and objectives are adhered to at all levels of the organization;
- EE03 – My well-being: Prioritize work-life balance;
- EE04 – Management and leadership: Reinforce the key role of managers in guiding, supporting and inspiring talent;
- EE05 – My empowerment: Encourage employees to take initiative and assume responsibilities
- EE06 – My competences and career development: Provide opportunities for skills development and career progression;
- EE07 – Our collaborative projects: Foster team commitment to shared goals.

Each Chief Executive Officer of a Valeo entity is responsible for defining a 5 Axes objective for the coming year and a detailed implementation plan in line with the roadmap. This plan must include an action plan for each roadmap, the target set by the Division, the results of the monthly assessments, and the main actions defined to close gaps, specifying the person responsible and deadlines.

Thus, the roadmap covers the following matters related to Valeo's own workforce:

- secure employment;
- working time;
- work-life balance;
- health and safety, and working conditions;
- diversity;
- gender equality and equal pay for work of equal value;
- employment and inclusion of people with disabilities;
- training and skills development.

Secure employment

This sustainability matter falls under the "Employee Engagement" (EE) axis, but more specifically EE03 "My well-being", EE04 "Management and leadership" and EE06 "My competences and career development" and the Group's internal roadmaps.

EE03. My well-being

Well-being is a prerequisite for creating a stimulating working environment, which is essential for improving performance.

It is promoted through the following initiatives:

1. pleasant working environment;
2. work-life balance;
3. good mental and physical health.

EE04. Management and leadership

Managers play a fundamental role in leading teams and creating a positive working environment. To this end, a specific management training course known as the SEED (Sustain Employees Engagement & Development) Box has been designed and is available to acquire skills related to Valeo's talent development approach.

During the recruitment process, managers represent Valeo and are key players throughout the employee life cycle (from their first interview to their departure). Each step is important:

1. recruitment, through the applicant's experience;
2. integration, through a prepared onboarding program;
3. the learning and development phase, through talent management processes and continuous feedback;
4. retention, with rewards, recognition and improved well-being.

EE06. My competences and career development

Creating and maintaining a career development culture is essential for employees. It enables them to acquire the knowledge and skills they need to perform. Acquiring new skills goes beyond training to include new development solutions such as continuous learning and peer-to-peer coaching.

Having sufficient information about the next steps in their future career gives employees the necessary sense of direction and a clear vision of their professional development. The employee is the main driver of his or her career development. Managers and Human Resources have an important role to play in providing all the necessary information, such as process explanations, career tools and support for employees in making their own decisions. This roadmap is divided into two main themes: learning and career development.

By reinforcing employee well-being, management efficiency and skills development, these three roadmaps contribute to job security by enabling continuous adaptation of production capacity to market fluctuations and supply chain disruptions.

Working time

Valeo is committed to strict compliance with all applicable laws and regulations regarding working hours. This sustainability matter falls under Employee Engagement 03 "My well-being" and the Group's internal roadmaps (see paragraph "Secure employment" of this section, page 264).

Valeo's goal is to ensure decent working and living conditions for all its employees.

This goal is monitored annually through the Corporate Social Responsibility Questionnaire, an official questionnaire sent to Human Resources managers at all Valeo sites at the end of each year. It covers 11 topics: "General information", "Health, safety and well-being", "Culture and sports", "Attracting talent", "Diversity", "Social dialogue and promotion of human rights", "Campus relations", "Public relations", "Involvement of sites in the local R&D ecosystem" and "Donations". As the information collected is declarative, it may fail to reflect reality accurately. Actions will be taken in the coming years to improve the reliability of the data collected through this questionnaire.

The CSR questionnaire allows Valeo to monitor the CSR activities of all its sites regularly and continuously, with great precision. The number of sites with working time agreements and the percentage of employees who have received and signed the Group's Code of Business Ethics are key indicators of this monitoring.

This policy is based on the rules of the International Labour Organization (ILO).

Adequate wages

Valeo's goal is to pay its employees a wage that complies with regulations and is competitive in relation to the local market and the cost of living.

The compensation policy also reflects the Group's resolute commitment to offering a comprehensive compensation package comprising both financial and non-financial components, such as social protection, health support and other well-being initiatives.

Valeo's goal is to ensure that its compensation and benefits policy is fair, objective and transparent. Valeo ensures that the compensation paid to its employees is at least equal to the minimum conditions laid down by national legislation or collective bargaining agreements. Valeo also ensures that wages paid are appropriate and fair, in line with market practices in each country and for each business segment.

The process of monitoring information on the local legal or contractual minimum wage is carried out by each country, thus ensuring that it is updated and included in wage reviews. Additionally, each site is monitored annually by means of the Corporate Social Responsibility Questionnaire. This process ensures that Valeo's wage practices comply with the legal and contractual standards in force.

Social dialogue

The Group engages in social dialogue through employee representation at each level of the Company (site, legal entity, country). Constructive social dialogue between employers and employee representatives must be the primary means of addressing issues affecting the interests of the Company and its employees, preventing conflicts, ensuring the quality of the working environment and implementing this agreement. The Group's management and employee representatives are committed to fostering constructive dialogue, taking into account the different cultures that enrich the Group's businesses, and are responsible for the appropriate dissemination of information in accordance with national practices and legislation.

Valeo's goal is to maintain:

- ongoing dialogue with employees;
- ongoing dialogue with the leaders of the various trade unions and professional organizations.

This goal is monitored annually through the Corporate Social Responsibility Questionnaire, which asks key questions to ensure commitment to compliance and representation.

These questions allow Valeo to regularly monitor implementation and compliance with ethical practices, and trade union representation at all its sites.

The policy is based on ILO Conventions 87 and 98, and the United Nations Global Compact.

Freedom of association, the existence of works councils and the information, consultation and participation rights of workers

The Group respects the autonomy and independence of trade unions in accordance with applicable legislation and the ILO conventions. All Valeo employees must have the right to join a trade union, works council or any other body of their choice, to elect or be elected as representatives, and to exercise recognized trade union rights, in accordance with applicable laws and regulations, without suffering adverse career consequences as a result of their trade union activities or representation, such as the creation and leadership of professional organizations independent of employer control. The Group recognizes the official trade unions representing its employees as stakeholders and partners, particularly in collective bargaining, in accordance with national and international rules. Valeo respects the trade union rights of its employees and protects them in particular from any form of discrimination that could undermine their freedom of association.

The Group monitors this matter annually via the Corporate Social Responsibility Questionnaire, which asks key questions to assess compliance and union representation at Valeo sites.

The policy is based on ILO Conventions 87 and 98, and the United Nations Global Compact.

Collective bargaining, including rate of workers covered by collective bargaining agreements

The Group recognizes the official trade unions representing its employees as stakeholders and partners, particularly in collective bargaining, in accordance with national and international rules.

Valeo's goal is to promote active and constructive negotiations at all levels of the organization.

This goal is monitored annually through the Corporate Social Responsibility Questionnaire, which collects key information on compliance and collective bargaining at Valeo sites.

This regular monitoring ensures effective and compliant management of labor relations and ethical practices at all the Group's sites.

This policy is based on ILO Conventions 87 and 98, and the United Nations Global Compact.

Work-life balance

This sustainability matter falls under Employee Engagement 03 "My well-being" and the Group's internal roadmaps (see paragraph "Secure employment" of this section, page 265).

More specifically, Valeo encourages flexible working hours, and respect for work-life balance in accordance with local market practices. The Group is committed to promoting the development and motivation of its employees in a healthy working environment. It also promotes the right to disconnect. Valeo also aims to protect parenthood by guaranteeing new parents worldwide at least 14 weeks of paid maternity or adoption leave and six days of leave for fathers or partners after the birth of a child.

Health and safety

This sustainability matter falls under Employee Engagement 01 “My safety” and the Group’s internal roadmaps. Health and safety management relies on the mobilization of dedicated resources, with each site or entity required to appoint HSE and ergonomics managers to ensure that its workforce is aligned with the site’s purpose. However, site managers and employees are all individually responsible for reducing risks and preventing incidents in their day-to-day work. The development of health and safety awareness and skills is ensured through specific training courses such as the "Safety First" program, which aims to improve employees’ safety awareness, and the "Safety Dojo", a training room dedicated to reinforcing knowledge and skills in safety and ergonomics, allowing interaction and the use of collective cognitive memory. These training courses are backed up by collective risk-hunting activities. The commitment of managers is essential to promote a culture of safety and to consolidate preventive routines. Finally, the autonomy of each employee is encouraged to give them an active role in their own safety. Risk reduction involves the continuous evaluation of all activities through a single Risk Assessment Document and a detailed plan covering technical, organizational and human factors.

Safety is the responsibility of everyone on site, whether employees, visitors or subcontractors. They must all comply with safety, emergency and environmental regulations. Finally, learning from incidents is an essential lever for raising awareness, sharing best practices, reducing risks and guaranteeing ever safer and more efficient working conditions.

Equal treatment and opportunities for all

In a competitive environment and diverse society, Valeo firmly believes that encouraging diversity among employees and ensuring their inclusion is an important part of talent attraction, performance and retention. The Group commits to providing equal employment opportunities for all, regardless of gender, national or ethnic origin, marital status, sexual orientation, age, mental or physical ability, or religion. Valeo works for diversity, equity and inclusion-a key element of its culture- on four themes: gender equality, cohesion between generations, cultural diversity and the inclusion of people with disabilities.

A specific procedure for the prevention of harassment and discrimination provides for the initiation of an investigation as soon as the facts, proven or not, are reported.

This section on equal treatment and opportunities for all covers the following matters related to Valeo's own workforce:

- diversity;
- gender equality and equal pay for work of equal value;
- employment and inclusion of people with disabilities;
- training and skills development;
- measures against violence and harassment in the workplace;
- other work-related rights.

Diversity

This sustainability matter falls under Employee Engagement 02 “Our vision” and the Group’s internal roadmaps.

Valeo’s vision, shared at all levels of the organization, is based on its five fundamental behaviors: ethics, transparency, empowerment, professionalism and teamwork. This vision also covers Diversity, Equity and Inclusion (DEI) by:

- valuing diversity of profiles and affirming zero tolerance for discrimination of any kind, whether related to race, color, ethnic origin, gender or gender identity, sexual orientation, age, religion, disability or health status, etc.;
- guaranteeing fair and equitable processes for everyone, regardless of their profile; and
- ensuring that everyone feels fully respected and valued for who they are. Awareness-raising and training activities focus on inclusive leadership, fair recruitment and an inclusive working environment.

Diversity is therefore a key sustainability factor and is deeply rooted in the Company’s culture. It is not only a social responsibility, but also a performance lever that contributes to the Group’s attractiveness and efficiency through the sharing of varying perspectives, both for customers and partners, and for employees wishing to work with a responsible and innovative company.

This diversity policy is the responsibility of the Group Diversity, Equity & Inclusion & Social Responsibility Director.

This policy is based on the ILO conventions and the United Nations Global Compact. It involves all managers and employees, shareholders and institutional investors, public authorities and schools.

It is managed as follows:

- The Diversity Committee or, by default, the Engagement Committee is responsible for defining an annual action plan and addressing DEI issues at each site.
- The Group’s Chief Human Resources Officer and the Group Diversity, Equity & Inclusion & Social Responsibility Director monitor key DEI metrics on an annual basis. These include the number of employees by gender, category, contract type and age, as well as the breakdown between local and expatriate employees and the number of people with disabilities. An annual human resources report on employee hiring, retention and development is prepared to allow the Group Chief Human Resources Officer to analyze workforce numbers, hirings, dismissals, turnover and training efforts, with a special focus on diversity.
- To raise awareness among employees, several information campaigns are organized each year to coincide with special events such as Diversity Week, International Women’s Day and the International Day of Persons with Disabilities. Finally, to make the principle of non-discrimination a reality, the existence of the Whistleblowing Line is regularly recalled as a means of reporting any cases of discrimination or harassment, and the Group Chief Human Resources Officer asks the site Human Resources managers to report each year the number of cases of harassment or discrimination encountered and the sanctions imposed (see section 4.3.1.5 “Processes to remediate negative impacts and channels for own workforce to raise concerns”, page 269).

Gender equality and equal pay for work of equal value

This sustainability matter falls under Employee Engagement 02 “Our vision” and the Group’s internal roadmaps (see paragraph “Diversity” of this section, page 266).

Valeo is committed to ensuring gender equality and promoting equal representation of men and women. The Group is working on several aspects of this matter:

- increasing the presence of women in Valeo’s workforce, with the goal of having at least one female candidate on each shortlist for all external recruitments;
- increasing the number of women in management positions at all levels of the organization. To this end, the Group has developed numerous initiatives: training modules for female talents, workshops to strengthen inclusive leadership, women’s networks, etc.;
- ensuring equal pay for men and women is a top priority, with each entity committed to eliminating any pay gaps through strict monitoring of its Gender Equity Index.

More generally, Valeo aims to ensure that men and women have the same opportunities and that there is no gender discrimination in the workplace.

The policy is monitored by the Human Resources Business Partners (HRBP), who are responsible for informing the Group Chief Human Resources Officer and each diversity leader of relevant actions taken and/or potential difficulties encountered in implementing the diversity policy.

This policy is based on the ILO conventions and the United Nations Global Compact.

Employment and inclusion of people with disabilities

This sustainability matter falls under Employee Engagement 02 “Our vision” and the Group’s internal roadmaps (see paragraph “Diversity” of this section, page 266).

Valeo is committed to promoting and respecting the rights of people with disabilities, including those with long-term physical, mental, intellectual or sensory impairments that may hinder their full and effective participation in the workplace. The Group promotes the employment of people with disabilities, ensuring equal access to jobs while encouraging open-mindedness, team spirit and efficiency.

Valeo aims to ensure the inclusion of people with disabilities by recruiting them and recognizing their disability.

This matter is monitored through the Corporate Social Responsibility Questionnaire, which asks key questions to assess and promote the integration of people with disabilities at Valeo sites.

This policy is based on the ILO conventions and the United Nations Global Compact.

Training and skills development

The Group encourages its employees to develop their skills continuously by offering them annual and individual training, updated each year.

This sustainability matter falls under Employee Engagement 06 “My competences and career development” and the Group’s internal roadmaps (see paragraph “Secure employment” of this section, page 264).

Measures against violence and harassment in the workplace

In accordance with its Code of Business Ethics, Valeo prohibits all forms of harassment, discrimination and violence in the workplace and is organized to ensure the safety and respect of all its employees. Harassment and discrimination can have serious consequences, for employees and the company alike. All employees have the right to work in a positive environment free from harassment and discrimination.

Valeo is committed to respecting and promoting the fundamental rights of everyone as defined in the Universal Declaration of Human Rights.

To this end, all employees are subject to the Code of Business Ethics; all new employees receive a copy, and all managers are required to complete at least one dedicated e-learning module.

In addition, a Social Responsibility Questionnaire includes specific questions on the risks of violence and harassment. The monitoring process includes an annual review by the Group Chief Human Resources Officer. A key indicator is for all managers to have completed the Valeo Code of Business Ethics e-learning module. The Group Chief Human Resources Officer also carries out an annual review through the whistleblowing line, analyzing several indicators including the number of complaints of discrimination/harassment received on site, the number of complaints recognized as discrimination/harassment and the type of sanctions imposed. The review covers all Valeo sites without exception.

This policy is based on ILO Conventions 100 and 111, and the United Nations Global Compact.

Other work-related rights

Valeo supports the Universal Declaration of Human Rights and the United Nations Global Compact, to which the Group has been a signatory since 2004. Respect for and promotion of human rights are part of Valeo’s core values and constitute an essential pillar of its Code of Business Ethics and its Human Rights Policy.

In addition, particular attention was paid to the duty of care during interviews and various information reviews conducted as part of Valeo’s extensive work to map non-financial risks following the transposition of the 2014 European Directive on the disclosure of non-financial information. Gathering information served to improve the identification and definition of risks, classified based on their criticality and their possible existence prior to the introduction of the duty of care law, in the risk map. On the basis of this analysis, Valeo provides a condensed review of its provisions relating to:

- fundamental rights and freedoms: harassment and discrimination, child labor, forced labor;
- health and safety;
- serious environmental breaches.

(see section 4.1.2.4 “Statement on due diligence”, page 194).

The Group also aims to comply with the ILO Conventions on Fundamental Principles and Rights at Work:

- elimination of discrimination in employment and occupation (Conventions 100 and 111);
- prohibition of child labor (Conventions 138 and 182);

- elimination of forced and compulsory labor (Conventions 29 and 105);
- occupational safety and health (Convention 155);
- respect for weekly rest periods (Conventions 14 and 106);
- freedom of association and collective bargaining (Conventions 87 and 98);
- protection of workers' representatives and union members (Convention 135);
- equal rights and opportunities for workers with family responsibilities (Convention 156);
- safety in the use of chemicals at work (Convention 170).

Many of Valeo's established policies and procedures contribute to the Group's respect for human rights (see policies, actions and outcomes described below). Regulations are changing and the demands of stakeholders (customers, NGOs, civil society) in terms of respect for fundamental rights are mounting.

As a result, the Group regularly reviews the content of its human resources procedures and policies regarding respect for and promotion of fundamental rights. These efforts include the prevention of harassment and discrimination, the fight against child and forced labor, and the promotion of social dialogue (see section 4.3.1.5 "Processes to remediate negative impacts and channels for own workforce to raise concerns", page 269).

Valeo aims to ensure that managers and employees are committed to promoting and respecting the values of Ethics, Transparency, Empowerment, Professionalism and Teamwork that are essential to the Group's culture of excellence and integrity.

The Group's sustainability initiatives reflect the spirit of the United Nations Sustainable Development Goals (SDGs), in particular Target 8.7 "Take immediate and effective measures to eradicate forced labor, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labor, including recruitment and use of child soldiers, and by 2025 end child labor in all its forms".

Valeo commits not to employ children under the age of 16 and to comply with ILO conventions on the employment of children. To combat child labor, the Group verifies that none of its employees meets the cumulative criteria for child labor by reviewing payroll records. Valeo combats forced labor and human trafficking.

Indicators relating to freedom of expression and the right to join or form trade unions in accordance with local laws are also taken into account (see paragraph "Freedom of association, the existence of works councils and the information, consultation and participation rights of workers" of this section, page 265).

This process is based on ILO Conventions 29, 138, 182 and 105, and the United Nations Global Compact.

As work cannot be performed in degrading, humiliating, dirty or dangerous conditions, Valeo is committed to ensuring decent working and living conditions. This applies to working conditions, dormitories and sanitary facilities.

Lastly, decent working and living conditions are monitored through random visits to the entity.

Valeo collects and stores certain personal data, both for its operational needs and to comply with its legal obligations.

Valeo is committed to protecting the privacy of its employees and the integrity of their personal data.

Valeo strives to ensure adequate protection of the personal data of its employees and that entrusted to it by its customers, suppliers and contacts, in accordance with its data protection program, including the Valeo Data Protection Principles (VDPP).

Valeo has appointed a data protection officer (DPO) to support its efforts to protect personal data. The DPO can be contacted at dpo.external@valeo.com or at dpo.internal@valeo.com for any requests, questions or complaints.

[ESRS S1 § 20]

The Code of Business Ethics is regularly updated to take into account regulatory and legislative developments and/or to adapt it to the Group's risk maps. Inappropriate behavior or breaches of the provisions of the Code of Business Ethics or Human Resources procedures are grounds for disciplinary action, including dismissal.

To promote and ensure respect for fundamental rights, Valeo's goal is to ensure that all of its employees have received the Code of Business Ethics and signed the relevant statements, and that they have received training on its content. In addition, the training program for new hires includes a module devoted to the Code of Business Ethics so as to share Valeo's fundamental values and principles with new employees on their arrival.

It is also noted that the Code of Ethics recommends the use of a secure, anonymous whistleblowing system, in strict compliance with whistleblower protection regulations, to report any proven or suspected violation of a regulation or a Group policy. This system is open to all Valeo employees, external and occasional employees, suppliers and subcontractors, as well as third parties authorized by laws or regulations.

4.3.1.4 Commitments related to Valeo's own workforce (DR S1-2)

[ESRS S1 § 25] – [ESRS S1 § 27]

It further believes that the unions are a key extension of management for explaining, discussing and adjusting the Company's action plans. The involvement of all employees through social dialogue is a guarantee of success for all the policies undertaken by Valeo.

Consequently, in 1999, Valeo concluded an agreement to set up a European Works Council. It was renegotiated and renewed when the Group adopted its new status of European company in March 2021. The European Company Works Council provides a forum for exchanging points of view and establishing dialogue between management, represented by the Company's Chief Executive Officer, Christophe Périllat, and the 16 employee representatives from each European country in which Valeo has more than 150 employees. A nine-member committee meets quarterly at a European site.

The European Company Works Council includes employees from all relevant countries, representing 40% of the Group's registered headcount in 2024, or 38,508 employees. Each country sets up specific bodies in line with local laws and regulations.

In 2024, 75% of Valeo plants had formal bodies representing employees and unions. This representation at different levels of the organization has allowed Valeo to develop an active bargaining policy with the unions. The Group must continue promoting high-quality labor relations that provide a platform for exchanging points of view, fostering mutual understanding and finding well-balanced solutions that are in the interests of all stakeholders. In 2024, 100% of the Group's employees worked in accordance with the working organization and salary condition rules provided for in collective bargaining agreements or commitments formalized at Group level. In addition, 69% of employees are covered by collective bargaining agreements.

In addition, since 2021, Valeo has been conducting an annual global survey known as Pulse, focusing on employee engagement and satisfaction so as to better understand their needs and perceptions. Valeo is aware of the importance of maintaining constant dialogue with its teams, and this initiative is essential to encourage employee involvement in the Company's strategic decisions. The 2023 Pulse survey introduced a new evaluation method that incorporates an innovative tool to more accurately assess the level of employee engagement. It also takes into account crucial aspects such as diversity inclusion, health and well-being at work, and transformation and change. This tool is designed to fine-tune analyses and guide strategic decisions, thereby contributing to the continuous improvement of the Company's performance. The 2024 Pulse survey featured additional questions relating to diversity, inclusion, health and well-being at work.

4.3.1.5 Processes to remediate negative impacts and channels for own workforce to raise concerns (DR S1-3)

[ESRS S1 § 32]

Valeo's Code of Business Ethics embodies the Group's commitments to its employees and sets out the prevention and report mechanisms made available to them in accordance with the Group's Whistleblowing Policy.

For more details on Valeo's general approach to and processes for providing or contributing to remedy where the Group has potentially caused or contributed to a material negative impact on people in its own workforce, see sections 4.3.1.3 "Policy related to Valeo's own workforce" and 4.3.1.6 "Actions related to Valeo's own workforce", in the following paragraphs: "Secure employment", "Working time", "Adequate wages", "Health and safety", "Gender equality and equal pay for work of equal value", "Employment and inclusion of people with disabilities", "Diversity, Equity, Inclusion", "Measures against violence and harassment in the workplace" and "Training and skills development", pages 263 and 270.

[ESRS S1 § 33]

Respect by employees for these ethical principles is essential for the accomplishment of the Group's objectives. Valeo has introduced a number of internal procedures to ensure that the commitments made by the Group are rigorously respected and that its policy on promoting and respecting fundamental rights is properly applied. The Group regularly reviews the content of its human resources policies, in particular with regard to respecting and promoting the following policies:

- prevention of harassment and discrimination;
- fight against child labor;
- fight against forced labor;
- social dialogue.

These policies apply to all of the Group's employees. Each of them sets out Valeo's approach and commitments, specifies the roles of the various stakeholders and determines the follow-up methods implemented by the Group, which are based on specific, quantifiable and auditable criteria.

Valeo believes that employee progress is inseparable from financial performance. As employee trust is essential to its business and development, Valeo has undertaken to respect fundamental rights, and promotes open communication between employers and unions.

To ensure that Valeo employees all understand the Group's principles of integrity and regulatory compliance, they systematically receive the Code of Business Ethics when joining the Group. They are required to sign a declaration acknowledging receipt of it and pledging to uphold it. In 2023, the Code of Ethics was updated and replaced by the Code of Business Ethics. The change was accompanied by a major communication campaign to inform all employees. Over 99% of the employees present formally acknowledged receipt.

To ensure the proper application of its policies on child labor, the Group's Internal Audit Department carries out a specific procedure to assess whether the risks associated with the hiring of employees under the legal working age have been addressed and mitigated by Valeo's rules and overall policies. In 2024, 24 sites were audited.

Finally, the Whistleblowing Policy was updated in October 2023, following the publication of Decree No. 2022-1284 of October 3, 2022 on the procedures for collecting and processing whistleblower concerns and establishing the list of external authorities instituted by Law No. 2022-401 of March 21, 2022 aimed at improving whistleblower protection. The updated Whistleblowing Policy was circulated and explained to the countries in 2023, and was implemented in 2024.

Inappropriate behavior or breaches of the provisions of the Code of Business Ethics or Human Resources procedures are grounds for disciplinary action, including dismissal. The Whistleblowing Policy provides for an investigation whenever allegations of harassment, discrimination or other violations, whether proven or not, are made.

The system includes an anonymous, multilingual whistleblowing line, available free of charge to all stakeholders since January 2014. Access to the system is provided by a European operator. It is available on a PC, smartphone and tablet via a QR code or the following link: https://valeo.whistleblowernetwork.net/frontpage.

Initially confined to anti-corruption and antitrust reports, the system was extended at the end of 2017 to cover a wider range of topics, in line with the Sapin II law and the duty of care law. The system has enabled whistleblowers inside or outside the Group to raise concerns relating to suspected or proven acts linked to Valeo's activities or those of its subcontractors and suppliers, in accordance with the Whistleblowing Policy, such as:

- a crime or offense;
- a threat or serious harm to the public interest;
- a violation of an international commitment duly ratified or approved by a country in which Valeo operates, of a unilateral act of an international organization taken on the basis of such an undertaking, of European Union law, or of legal or regulatory provisions;
- serious violations of human rights and fundamental freedoms, personal health and safety, or the environment;
- a violation of European Union law falling within the scope of Article 2 of the European Directive on the protection of persons who report breaches of EU law;
- a violation of Valeo's Code of Business Ethics, Valeo's Business Partners Code of Conduct and/or its compliance programs.

Concerns raised are systematically processed and analyzed, then investigated when they are deemed admissible. Chaired by the Chief Ethics, Compliance and Personal Data Protection Officer, the Alerts Committee is responsible for allocating resources to investigate concerns raised as well as for approving action plans, including disciplinary measures if necessary, depending on the severity of the concern. The committee is composed of the Group Internal Audit and Control Director, the Group General Counsel and General Secretary, the Group Chief Human Resources Officer, the Vice-President, Employee Relations, the Chief Financial Officer and the Vice-President, Group Purchasing. Depending on the severity of the concern, the committee may be extended to include the Chief Executive Officer and the Senior Vice-President, Group Corporate Communications & Investor Relations.

Reports are handled with a constant concern for respecting the anonymity of both the whistleblower and the third parties mentioned in the alert, including the persons reported, and where applicable, the data collected in the course of the investigation by a trained and dedicated team.

After being updated, the whistleblowing system was presented to Valeo's European Works Council in 2023, as well as to all other works councils concerned, in accordance with the applicable industrial relations law.

Given the importance that Valeo attaches to compliance with the Code of Business Ethics and the protection of whistleblowers, management decided to add a new question to the Pulse survey of all employees in 2024 to assess their confidence in the whistleblowing system.

4.3.1.6 Actions related to Valeo's own workforce (DR S1-4)

[ESRS S1 § 35] – [ESRS S1 § 37] – [ESRS S1 § 38] – [ESRS S1 § 39] – [ESRS S1 § 40]

For more details on the processes by which Valeo identifies the necessary and appropriate actions in response to an actual or potential negative impact on its own workforce, see sections 4.3.1.1 "Strong employee relations", page 261, and 4.3.1.4 "Commitments related to Valeo's own workforce", page 268.

[ESRS S1 § 41]

For more details on how Valeo ensures that its data sourcing, sale and use practices do not have a material negative impact on its own workforce, see sections 4.3.1.3 Policy related to Valeo's own workforce, page 263 and 4.3.3.4 "Impacts related to consumer and/or end-user safety", page 288.

[ESRS S1 § 42] – [ESRS S1 § 43] – [ESRS S1 § 45 - AR 43]

All actions concern all employees, regardless of where they work or their status. For sustainability matters corresponding to the 5 Axes, support measures are put in place for people affected by actual material impacts, in strict compliance with the rules of the 5 Axes framework in all circumstances.

The resources allocated to managing material impacts are the Human Resources teams described in Chapter 1, section 1.6.9 "Human Resources Department", page 79.

Secure employment

To anticipate technological, commercial and organizational developments, Valeo each year draws up a medium-term plan (MTP) for the subsequent five years, in which the strategic factors for job security are examined from various perspectives and action plans are drawn up by analyzing indicators such as headcount, turnover, recruitment, etc.

Attract talent by:

- managing relationships with schools and building strong and close partnerships;
- running #VERY Valeo recruitment campaigns to inspire new talent, and retain and motivate employees around the world;
- reaching a candidate satisfaction rate of 87.6% by 2024: the survey serves to evaluate and improve their experience, and the initial target of 85% was exceeded;
- managing recruitment via an IT solution;
- regularly conducting wage benchmarking in the main markets where Valeo competes for job applicants (mainly automotive and high-tech);
- rolling out "Hiring4me", an online training module for managers created by recruitment teams from different countries, which provides tools to conduct exemplary recruitment, free of discrimination.

In 2024, 54% of Valeo plants maintained official relations with higher education institutions such as universities, engineering schools and business schools, and 52% of sites maintained partnerships with primary and secondary schools. The Group continues to support young people through apprenticeships and work-study programs. This commitment is particularly strong in France, where the number of work-study students and apprentices was 810 on December 31, 2024, of which 779 apprentices and 31 people on professional training contracts.

The number of Managers and Professionals hired decreased to 3,389 in 2024, from 6,905 in 2023[(1)]. This reduction in hiring is attributable to the major reorganization and restructuring work carried out in 2024, a period during which vacancies were filled mainly through increased internal mobility.

However, the Group's strategic investments in innovation mean that it needs to carry out targeted recruitment of skilled Managers and Professionals. The scarcity of labor in certain employment areas makes it difficult to hire the employees needed to increase production. Going forward, the Group aims to further strengthen and develop the measures already implemented by 2025.

Retaining and engaging talent, notably by:

- implementing the Employee Engagement Roadmap to provide employees with working conditions that promote their engagement, performance, motivation and well-being (see section 4.3.1.3 "Policy related to Valeo's own workforce", paragraph "Employee roadmaps", page 263);
- monitoring voluntary turnover and reasons for departure on a monthly basis for Managers and Professionals, as well as for direct employees, to ensure operational excellence and talent retention. Since the beginning of 2023, Valeo has included the voluntary turnover rate for the entire Group structure in its "5 Axes" monitoring indicators, tracking voluntary turnover rates monthly for Managers and professionals, and technicians;
- internal training and skills development (see paragraph "Training and skills development" of this section, page 275);
- conducting the annual Pulse global employee engagement and satisfaction survey (see 4.3.1.4, section "Commitments related to Valeo's own workforce", page 268).

In 2024, 17,435 employees left the Group, compared with 19,660 in 2023. The employee turnover rate increased from 7.8% to 8.1% between 2023 and 2024.

(1) *The 2023 figure reported in the 2023 Universal Registration Document excluded rehires, as well as work-study students, interns and international volunteers (VIEs) hired on permanent or fixed-term contracts. The 2024 figure includes all Managers and Professionals hired, regardless of their status at the time of hire.*

In 2024, the turnover rate for Managers and Professionals in the Group was 6.9%, a stable level compared with 2023, when it was 7.2%.

Valeo expects these actions to help attract new talent by increasing the efficiency of the recruitment process, reducing its cost and duration, improving quality and follow-up, and increasing the visibility of job opportunities. The Group also retains talent through actions that recognize and value employees.

The results of the 2024 edition of the Pulse survey gave Valeo an overall engagement score of 7.2 on a scale of 10, with scores of 7.0 for Managers and Professionals, and technicians, and 7.4 for operators. The participation rate remained at a high level compared with the last survey (81%). The gap with the external benchmark (manufacturing) in terms of engagement score narrowed from -0.4 to -0.2 between 2023 and 2024. The data provide a solid basis for the development of targeted action plans within each Division, country and site, with the aim of further improving the company's performance in 2025. The action plans thus defined are also subject to specific monitoring at all levels of the organization.

Working time

Valeo provides flexible working hours wherever possible.

All employees must respect the opportunity to disconnect, for themselves and their colleagues, outside of normal working hours:

- outside the daily working hours applicable in each country;
- on weekends and public holidays;
- whenever their contract is suspended (e.g., during periods of sick leave).

In 2024, 64% of sites had a collective agreement covering issues related to working time and competitiveness.

The Group is committed to strengthening and developing the measures already in place. Valeo ensures that employees enjoy a satisfying personal life outside work by promoting a healthy work-life balance in keeping with the Company's values. This approach improves employee satisfaction and productivity, while strengthening the employer brand.

Adequate wages

Valeo implements local wage and benefit agreements reached through collective bargaining, taking into account market practices and efforts to attract or retain employees. As a result, all employees in all countries are paid at or above the minimum provided for by local law or collective bargaining agreements. The Group also conducts regular benchmarking to ensure that its wages are competitive, and adjusts them in line with inflation, market forecasts and local conditions. For Managers and Professionals in particular, the job grading system ensures fair compensation in line with market requirements. For more details, see section 4.3.1.12 "Adequate wages", page 280.

Going forward, Valeo will continue to monitor the compensation paid to its employees in relation to minimum wages, based on country-specific legal requirements or collective bargaining agreements. By aligning wages and benefits with local market practices, Valeo aims to attract and retain the best talent while ensuring competitive wages.

Social dialogue

Valeo has implemented several internal procedures to ensure that the Group's commitments are strictly adhered to and that its policy of promoting and respecting fundamental rights is correctly applied. Social dialogue is an essential lever for implementing these commitments, in particular by ensuring freedom of association and the right to collective bargaining, in accordance with the ILO conventions.

In 2020, the Group reviewed its human resources procedures and policies regarding respect for and promotion of fundamental rights, including the promotion of social dialogue (see section 4.3.1.5 "Processes to remediate negative impacts and channels for own workforce to raise concerns", page 269).

Valeo's Code of Business Ethics promotes active social dialogue and the right of employees to join trade unions.

As part of the new Valeo Group agreement on corporate social responsibility and sustainable development signed in 2024, the Group also reaffirmed its commitment to guaranteeing and strengthening social dialogue within Valeo.

Freedom of association, the existence of works councils and the information, consultation and participation rights of workers

Valeo signed the UN Global Compact in 2004. The Group complies with the ILO conventions on fundamental principles and rights at work, including freedom of association and collective bargaining (Conventions 87 and 98). These values are brought to the attention of employees through the Code of Business Ethics (see paragraph "Social dialogue" of this section, page 271).

In 2024, 75% of Valeo sites had formal structures representing employees and trade unions. This representation at various levels of the organization has enabled Valeo to develop an active negotiation policy with the unions.

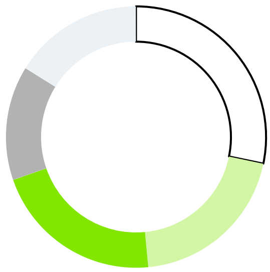
Valeo continues to promote high-quality working relations that provide a platform for exchanging views, promoting mutual understanding and finding balanced solutions in the interests of all stakeholders.

Collective bargaining, including rate of workers covered by collective bargaining agreements

To promote active and constructive negotiations, the same measures are implemented as under "Freedom of association, the existence of works councils and the information, consultation and participation rights of workers".

In accordance with the Valeo Group agreement on corporate social responsibility and sustainable development, renewed and signed by all countries in 2024, all Group employees worked in accordance with the rules on work organization and wage conditions laid down in collective agreements. Several collective bargaining agreements were in force locally and nationally at Valeo's various sites worldwide, covering topics such as wages and other compensation, working time and competitiveness, health, safety and well-being at work, diversity and reorganization.

BREAKDOWN OF LOCAL AGREEMENTS IN FORCE BY CATEGORY IN 2024



In 2024, the main topics covered were wages and other components of compensation (28%), working time and site competitiveness (20%), health, safety and quality of life at work (21%), and reorganization (16%).

Valeo continues to promote high-quality working relations that provide a platform for exchanging views, promoting mutual understanding and finding balanced solutions in the interests of all stakeholders.

Work-life balance

Valeo promotes work-life balance through initiatives such as the possibility of working remotely for up to two days a week and flexible working hours, including early retirement for personal reasons. The Group's IT policy supports reasonable use and disconnection outside working hours, in compliance with local regulations.

In 2024, Valeo continued its actions in terms of quality of life at work:

- working from home has become an option for eligible employees: 53% of Managers and Professionals, and technicians worked from home in 2024;
- 87% of sites have implemented at least one action to promote quality of life at work;
- 10,425 employees attended training/awareness raising on quality of life at work amongst 30 training modules;
- 40% of sites have set up a fund to help employees facing financial hardship;
- 78% of sites promote physical and sporting activities, and 63% help finance them.

Particularly attentive to the quality of life at work, 77% of plants have introduced specific measures for pregnant women and new mothers, such as adjustments to workstations, flexible hours and the availability of breastfeeding rooms. In addition, the new Group CSR agreement signed in 2024 reaffirms the Group's commitment to guaranteeing and strengthening well-being at work and work-life balance, including specific provisions to support parenting and quality of life at work.

In January 2023, the "Involvement of Personnel" axis was renamed "Employee Engagement" and the "My well-being" roadmap was incorporated into the new axis.

Going forward, the Group plans to take steps to ensure that each country recommends benchmark rules on when to hold meetings, in line with local market practices, except when working in specific teams or in exceptional emergencies. The expected outcomes are aimed at ensuring the sustainable well-being of employees in the workplace and achieving the targets of the "My well-being" roadmap (see section 4.3.1.3 Policy related to Valeo's own workforce, paragraph "Work-life balance", page 265).

Health and safety

In accordance with the Employee Engagement *01* roadmap (see page 266), the Group implemented a number of measures during the year:

- Through its Risk Management Manual, Valeo rolls out policies and directives on various topics such as building and facility safety, employee health and safety, data security and the environment.
- To promote security, Valeo ensures that its sites have ISO 45001 certification and that its risk management policies are properly applied through self-assessments, annual internal audits and external verification audits conducted every three years.
- Ongoing improvement in on-site risk management is governed by the Quick Response Quality Control (QRQC[1]) methodology. All employees are trained in this approach as soon as they arrive at Valeo, in particular through the mandatory training modules such as "Plan, Do, Check, Act", "Safety Induction" and "Safety First".
- Since 2018, the Group's Divisions have set up Safety Committees to review accidents and support sites with analysis and feedback.
- To prevent accidents during machine maintenance, the Company has developed guidelines and training on the Lock-Out Tag-Out (LOTO) process for shutting down and locking out power to machines, thereby improving the understanding of risks and safety standards.
- In 2019, to prevent accidents related to machine safety, Valeo worked with third-party experts to develop new directives and training modules on securing new equipment on delivery. In addition, an internal audit campaign was launched in 2024 to verify the compliance of existing equipment.
- To strengthen its emphasis on preventing major accidents, the Group has adopted five golden safety rules on certain topics: protective equipment; energy Lock-Out Tag-Out operations; working at heights; vigilance at work; and traffic.

(1) *See sustainable development glossary, page 341.*

This has enabled Valeo to make significant progress in terms of workplace safety, maintaining, as in 2023, a frequency rate of lost-time injuries (FR1) stable at 0.8 in 2024. This rate is also one of the criteria for the variable compensation of the Chief Executive Officer (see Chapter 3, 3.3.1 "Compensation policies for corporate officers", paragraph "Overview of the compensation policy for the Chief Executive Officer in respect of the 2024 financial year", page 152).

In addition, the absenteeism rate has fallen significantly, from 3.16 in 2023 to 2.8 in 2024, a decrease of 11%. By the end of 2024, 78,210 employees, or 78% of the target population, had completed Safety First training, including 18,893 employees in 2024. The volume of training hours devoted to safety decreased to 136,424 in 2024, compared with 334,114 in 2023.

Actions planned for the future include the monitoring of work-related ill health from 2025 and the implementation of the new edition of the Employee Engagement 01 roadmap from 2025. Expected outcomes and contribution to policy objectives are linked to Axis 1 of Valeo's 5 Axes policy and the five pillars of Valeo's commitments.

Significant operating expenses (OpEx) and/or capital expenditure (CapEx) include Health, Safety and Environment (HSE) management, which requires specialized expertise.

The ZERO accident objective requires each Division and entity to establish policies and targets, and to report progress on a monthly basis. Site managers are responsible for reducing risks and preventing incidents as part of their duties.

Diversity, Equity, Inclusion

Firmly believing in the importance of diversity in non-financial and financial results, the Group decided in 2018 to incorporate the criterion of diversity into the compensation of its Chief Executive Officer. Since 2021, the Gender Equity Index (see paragraph "Gender equality and equal pay for work of equal value" of this section, page 274) has been integrated into the calculation of the variable compensation not only of the Chief Executive Officer, but of all managers eligible for variable compensation overseen by the Group (around 1,700 people). The aim of this approach is to send a strong signal to the teams to encourage them to continue their actions in favor of diversity. In 2023, the Group also created the position of Group Diversity, Equity and Inclusion Director to promote diversity policies throughout the Group and ensure the achievement of objectives in this area. In 2024, Diversity Week saw the organization of the first Diversity Challenge. The event was structured around four DEI pillars: Gender, Health & Ability, Generation and Culture. To mark the occasion, Diversity Challenges were organized by continent, with a total of 141 employees from different countries and departments working together to find creative solutions to DEI-related challenges within the Group. At the same time, some 91% of sites have also carried out their own actions to promote DEI locally.

Valeo continues to promote cultural and social diversity: 74% of the plants implemented at least one initiative in favor of cultural diversity, such as the celebration of World Day for Cultural Diversity, and paired employees from different countries. Demonstrating its inclusion policy, in 2024, 6% of new employees in France came from priority neighborhoods in urban policy.

The Group takes care to create an environment in which four generations can work together as the retirement age increases and members of generation Z arrive on the labor market. This generational diversity enriches the Group on a human level and encourages it to keep improving its corporate and management culture. In 2024, 56% of the plants implemented at least one initiative in favor of generational diversity, such as activities, workshops and open days for middle and high school students. In addition, the extension of strategic partnerships with higher education institutions aims to promote the integration of young people into the Group. Thanks to these efforts, Valeo welcomed a total of 1,813 interns, 1,894 apprentices and 259 Volontariat International en Entreprise (VIE) program applicants in 2024. In 2024, Business France awarded Valeo the prize for the Company with the best VIE growth. The prize, which was presented in Paris in October 2024, rewards the Company's commitment to increasing the number of VIEs, which currently stands at almost 260 in 18 countries. It strengthens the Company's employer brand and international profile, while helping to create a future talent pool.

People aged under 25 accounted for 31% of all new hires.

Details of the Group's actions to promote gender diversity can be found in this section under "Gender equality and equal pay for work of equal value" (see page 274). In addition, initiatives for the employment and integration of people with disabilities are described in detail in this section under "Employment and inclusion of people with disabilities" (see page 274).

Actions planned for the future include the launch of various targeted training programs to further strengthen DEI within the Group.

Support measures will be implemented for people affected by actual material impacts, in strict compliance with the 5 Axes guidelines in all circumstances. Employees can report incidents through the Pulse survey or the internal whistleblowing system (see section 4.3.1.5 "Processes to remediate negative impacts and channels for own workforce to raise concerns", page 269), and can also receive support from their line manager or the on-site Human Resources team.

Gender equality and equal pay for work of equal value

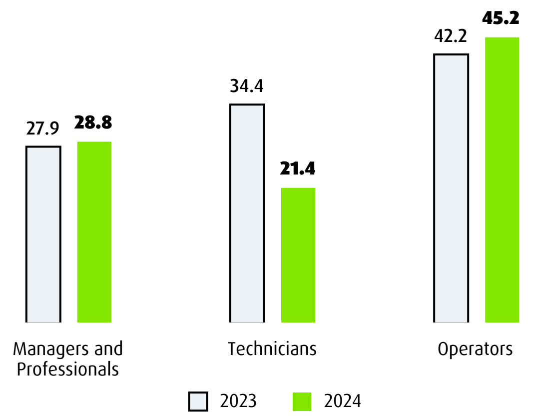
As part of the actions taken by Valeo in favor of DEI, and more specifically to promote gender equality, the Group decided, in March 2019, to extend the Gender Equity Index, which is mandatory in France, to all countries where it operates. The overall score currently stands at 89 across the Group as a whole. The Gender Equity Index includes all sites located in countries with at least 150 Managers and Professionals worldwide. This index is based on the evaluation of five criteria: the pay gap between men and women; the gap in the distribution of individual pay rises between men and women; the gap in the distribution of promotions; the percentage of female employees who received a pay rise after returning from maternity leave; and the percentage of women in the ten highest paid positions. In addition, the Group ensures equal pay for men and women with similar responsibilities and performance through annual reviews; this commitment now covers all employees.

In 2024, 85% of the Group's sites implemented awareness-raising and training initiatives in favor of gender equality.

Several training programs have been introduced to promote DEI. A training program, known as "Rock the Talk", has been created specifically to support young female talent. Additionally, a new program called "Diversity for Success: Leading Performing Teams" was created and tested in 2024 to raise managers' awareness of gender bias and promote inclusive management practices, particularly at the time of recruitment, performance appraisals and internal mobility. The test phase will now be evaluated to determine how to roll the program out more extensively in 2025. Valeo has also taken initiatives to increase the presence of women in leadership roles and teams, such as the "Grow Together" mentoring program and individual development initiatives. As a result of the actions implemented in 2024, women now account for 25.6% within management committees across the Group.

Recruitment programs on higher education campuses (interns, apprentices and VIEs) are considered key pipelines for attracting women. In 2024, women represented 40.7% of new hires, an increase of 4 points from 37.1% in 2023.

PERCENTAGE OF WOMEN AMONG NEW HIRES



The Group firmly believes that a wide diversity of profiles strengthens team performance. For the past two years, at least one qualified female profile has been put forward for each vacancy, thus reinforcing the representation of women in recruitment. This approach led to an increase in the recruitment rate of female Managers, Professionals and operators compared with the previous year. By contrast, a relative decline was observed for technicians, mainly due to concentrated recruitment in 2024 in the areas of maintenance, logistics and research and development, where the proportion of women in the market is significantly lower.

Valeo is also continuing its partnership with "Elles Bougent", having mobilized 137 female sponsors in 2024 to encourage greater representation of women in a historically male-dominated sector.

Looking ahead, Valeo is planning several initiatives to promote gender equality and diversity. They include the introduction of specialized leadership training programs to prepare women for executive and senior management positions. In addition, comprehensive diversity and inclusion training modules will be implemented for all managers, with a particular focus on gender stereotypes. Valeo is also developing clear career planning programs outlining potential career paths for women to help them build the skills and experience needed to achieve their professional goals. These actions are intended to enhance Valeo's performance and attractiveness, reflecting the Company's diversity and contributing to its sustainability in line with the Group's social responsibility and innovation policy objectives.

Support measures will be implemented for people affected by actual material impacts, in the same way as initiatives are taken to promote diversity (see paragraph "Diversity, Equity, Inclusion" of this section, page 273).

Employment and inclusion of people with disabilities

In 2021, Valeo implemented a Disability Management Approach aligned with the local regulatory framework and based on the United Nations definition of disability. A network of disability liaison officers has been set up to provide support and advice to employees with disabilities, ensuring that their needs are met while promoting an inclusive working environment.

In 2024, Valeo held various training and awareness-raising sessions on disability, open to all employees. Led by each site's disability liaison officer, the sessions helped to provide participants with a better understanding of different types of disabilities, as well as the relevant regulations and internal policies. Many sites around the world also organize their own events during Diversity Week each year, some with disability-related activities or educational programs.

The results of these initiatives show that 62% of sites have organized specific actions to promote disability-related diversity. In addition, 32% of sites work with companies specializing in the recruitment of people with disabilities. In 2024, Valeo employed 1,908 people with disabilities across the Group, or 2% of its workforce. This increase testifies to the Group's commitment to its diversity, equity and inclusion policies, and demonstrates its ongoing commitment to an inclusive workforce. More specifically, in France, Valeo signed a collective agreement in favor of workers with disabilities in 2012. Since 2022, the rate of direct employment of people with disabilities has been maintained at more than 6% of the workforce, thus complying with the obligation to employ people with disabilities.

Looking ahead, Valeo is planning several initiatives to strengthen its commitment to diversity and inclusion. They will include communication campaigns aimed at employees to raise awareness of these matters. Increased collaboration with occupational physicians is also planned to anticipate and better manage individual situations. Partnerships with specialist organizations will be strengthened to provide additional support. In addition, special attention will be paid to ergonomics so as to improve working conditions for all employees.

These actions are intended to enhance Valeo's performance and attractiveness, reflecting the Company's diversity and contributing to its sustainability in line with the Group's social responsibility and innovation policy objectives.

Support measures will be implemented for people affected by actual material impacts, in the same way as initiatives are taken to promote diversity (see paragraph "Diversity, Equity, Inclusion" of this section, page 273).

Training and skills development

As employee training is a tool for developing and retaining talent, Valeo is continuing its internal training efforts. In 2024, 97,163 all employees took at least one training course during the year, i.e., 99.5% of the workforce (the workforce considered in this calculation differs from the workforce considered in section 4.3.1.8 "Change in Valeo's headcount", page 278, as it includes other categories of employees, such as those on leave).

To develop distance learning, the Group has introduced continuous in-house technical training for its technicians, engineers and operators, thus fostering innovation at all levels.

The Group has also highlighted training through a broad network of experts, designed to provide advanced training on Valeo products, technologies and manufacturing processes. In 2024, Valeo had 1,880 experts in 24 countries, breaking down as 1,373 product experts and 507 process experts. These experts play a vital role in the transmission of knowledge and skills at all levels of the organization.

To promote the development of its talent, Valeo uses the Job Grading system to reinforce Individual Development Plans and career interviews. This system has enabled the Group to update the catalog of jobs and the list of skills expected for each of them, to develop training paths by network and by job, and to support the decision to build internal employee mobility for all positions throughout the organization. The "Career Path" intranet application, which features Job Mapping for each network, gives all employees access to a range of existing roles, future positions and job descriptions. The goal is to empower each employee in his or her own career development.

Each year, a succession and development plan is drawn up to identify the next stages in the career path of all Managers and Professionals. It is implemented by each entity through an internal candidate selection committee for vacant positions. Each country and site organize annual Career Days to present the different professions in the Company and promote internal mobility. In 2024, 19% of Managers and Professionals benefited from career development opportunities. The average seniority of Valeo Managers and Professionals is 7.3 years in each position.

In addition, all Managers, Professionals and operators have a qualitative discussion on their career development with their manager or the human resources team during their annual appraisal. This performance review not only takes professional performance into account but also compliance with Valeo's behavioral objectives: we are agile, we stand together, and we act with courage. In addition, regular exchanges known as check-ins between managers and employees provide an opportunity to discuss goals, well-being and other matters of concern to employees, thereby promoting their development. The Group also encourages all employees to provide ongoing feedback to their colleagues to help them grow and succeed.

In the future, Valeo plans to offer more attractive and diversified training programs to increase employee participation. By reinforcing the Group's commitment through more attractive training programs, Valeo can promote skills development and talent acquisition.

Measures against violence and harassment in the workplace

To ensure that Valeo employees fully understand the Group's principles of integrity and regulatory compliance, all new employees are given the regularly updated Code of Business Ethics upon their arrival. They are required to sign a statement acknowledging receipt and undertaking to comply with the Code. The training program for new hires includes a module devoted to the Code of Business Ethics so as to share Valeo's fundamental values and principles with new employees. In January 2014, Valeo launched an anonymous, multilingual whistleblowing system, accessible free of charge to all employees, which allows whistleblowers inside and outside the Group to report any concern, including risks or serious violations of human rights and fundamental freedoms, in accordance with the Whistleblowing Policy. More than 99% of employees have formally acknowledged receipt of the Code of Business Ethics.

Going forward, the Code of Business Ethics will be regularly updated to take into account regulatory and legislative developments and/or to adapt it to the Group's risk maps. The aim is to increase compliance with internal policies and continuously improve the working environment in line with the Group's social responsibility and sustainability objectives.

These policies apply to all employees, regardless of where they work or their status.

In the event of actual material impacts affecting employees, support measures will be implemented. Employees can report incidents through the internal whistleblowing system (see section 4.3.1.5 "Processes to remediate negative impacts and channels for own workforce to raise concerns", page 269) or the Pulse survey, and can also receive support from their line manager or the on-site Human Resources team.

Other work-related rights

In addition to the Code of Business Ethics (see paragraph "Measures against violence and harassment in the workplace" of this section, page 275), the Group's Internal Audit Department has established a specific procedure to ensure the proper application of the human rights policy, in particular concerning child labor. This procedure assesses whether the risks associated with hiring employees under the legal working age are adequately addressed and mitigated by Valeo's rules and policies.

A Group-wide agreement on Corporate Social Responsibility and Sustainable Development, initially signed on July 10, 2012, and renewed on July 1, 2024, between the Group's management and labor unions aims to ensure an appropriate labor framework in line with Valeo's principles of responsibility, Code of Business Ethics and sustainability policy. The agreement promotes labor and environmental practices that go beyond legal and regulatory obligations. The procedures and principles defined in the agreement are being phased in by the subsidiaries at the national and local levels.

As a result of these actions, more than 99% of employees had formally acknowledged receipt of the Code of Business Ethics. In 2024, 24 sites were audited.

Actions planned for the future are in line with those described in section 4.3.1.3 Policy related to Valeo's own workforce, paragraph "Measures against violence and harassment in the workplace" (see page 275).

Support measures will be implemented for people affected by actual material impacts, in the same way as measures against violence and harassment in the workplace.

4.3.1.7 Targets related to material impacts, risks, and opportunities (DR S1-5)

[ESRS S1 § 44] – [ESRS S1 § 45] – [ESRS S1 § 46] – [ESRS S1 § 47]

Each sustainability matter is monitored continuously by the person in charge within the Group, who analyzes progress and identifies areas for improvement. Surveys such as Pulse or the Corporate Social Responsibility Questionnaire are used to gather relevant feedback from sites and individuals. Major developments in each matter are shared at monthly meetings of the Human Resources Executive Committee, allowing targets to be set and adjusted.

In addition, certain strategic indicators are defined in agreement with the Group's Board of Directors and are the subject of a five-year commitment.

For more details on monitoring Valeo's performance against the targets of its "5 Axes" roadmap, see section 4.3.1.3 "Policy related to Valeo's own workforce", page 263.

The targets described below apply to all Valeo sites worldwide and are to be achieved by 2025.

Working conditions

Secure employment

Valeo's recruitment targets are based on internal policies that leverage a strong employer brand, increasing the Group's visibility and attractiveness to future talent. As part of its strategy to attract young talent, Valeo has set itself the goal of having 35% of new hires aged under 25 by 2025. In addition, 85% of Valeo sites will have organized initiatives and events in collaboration with educational and vocational training institutions by 2025; the target has been raised to 95% by 2030.

With regard to talent development and retention, the aim is to stabilize the voluntary turnover rate of Managers and Professionals at 7% by 2025.

The methods and assumptions used include a monthly report on recruitment and turnover, which is reviewed by the Group Chief Human Resources Officer. In addition, CSR targets are monitored and reviewed quarterly by the Group Diversity, Equity & Inclusion & Social Responsibility Director.

Working time

Valeo is committed to ensuring decent work for all employees by respecting legal working hours and promoting work-life balance. The aim is to continually improve work-life balance and employee well-being.

The evaluation is based on annual monitoring through the Social Responsibility Questionnaire. In addition, the "My well-being" roadmap is monitored through a Pulse survey, and the Employee Engagement roadmap is monitored regularly by the 5 Axes Reference Committees at the plants and on a monthly basis in the consolidated entities.

Adequate wages

The Group ensures that 100% of its employees receive adequate wages. This includes annual wage increases based on inflation, market forecasts and local economic conditions. Each year, the Human Resources Directors in each country analyze the legal or contractual minimum wages and identify any gaps to ensure that all employees receive fair compensation. This analysis is supported by the annual Social Responsibility Questionnaire, which identifies the number of employees at all sites worldwide receiving less than an adequate wage.

Freedom of association, collective bargaining and social dialogue

Valeo respects freedom of association, the right to collective bargaining and social dialogue. The Group encourages active social dialogue and supports employees' right to express their opinions and join trade unions. Valeo's goal is to ensure that all employees receive the Code of Business Ethics, sign the relevant statements and receive training on its contents.

In particular, the chapter entitled "Ethics & Human Rights throughout our operations" states that Valeo encourages active social dialogue and defends the right to free expression and the right to join trade unions.

This is monitored annually via the Social Responsibility Questionnaire (see section 4.3.1.3 Policy related to Valeo's own workforce, paragraph "Social dialogue", page 265).

Work-life balance

The Employee Engagement 03 "My well-being" roadmap underscores Valeo's determination to contribute to overall performance by creating an engaging working environment. It comprises four requirements: training managers and employees, creating and reinforcing a positive work environment, leveraging resources to improve work-life balance, and promoting initiatives related to physical and mental well-being. The Group is targeting an achievement rate of over 64% for the EE03 "My well-being" roadmap by 2025. The 2025 target of reaching over 75% in the achievement rate for the "Building a well-being environment" roadmap, set in 2018, was reached in 2023. In January 2023, the "Involvement of Personnel" axis, with its "Building a well-being environment" roadmap, was transformed into the "Employee Engagement" axis, with the "My well-being" roadmap integrated as part of this transformation.

Until 2025, Valeo will use two different processes to monitor its "Quality of life at work" policy and evaluate the actions implemented on the ground: annual data collection through the Corporate Social Responsibility Questionnaire and the EE03 "My well-being" roadmap, tracked through the annual Pulse survey. The EE03 "My well-being" roadmap is regularly monitored by the 5 Axes Reference Committees at the plants and monthly at the consolidated entities.

Health and safety

To ensure an accident-free working environment for its employees, Valeo aims to achieve ISO 45001 certification for 100% of its sites worldwide.

The Group's goal is zero fatal accidents. In 2019, the frequency rate (FR1) was 1.9, and continuous improvement since 2020 has made it possible to adjust the 2025 target from <1.7 to <1. In 2023, Valeo actually achieved a frequency rate of 0.8, thereby meeting its 2025 target.

To ensure full coverage of all recordable accidents, reporting is based primarily on the FR2 frequency rate, which includes both accidents with lost time (FR1) and accidents without lost time requiring external medical treatment. The frequency rate is monitored by measuring the cumulative number of recordable workplace accidents per million hours worked, while ISO 45001 certification of sites is verified on an ongoing basis. The Employee Engagement 01 “My safety” roadmap is also regularly monitored by the 5 Axes Reference Committees at the plants and monthly at the consolidated entities.

Equal treatment and opportunities for all

Diversity, gender equality, equal pay for work of equal value, and employment and inclusion of people with disabilities

To create a more diverse and inclusive workplace, Valeo has set ambitious targets for the main themes of its DEI policy. By 2030, the Group aims for women to represent 32% of members of the management committees of its operational entities.

Valeo has also set itself targets for 2025:

- gender: reach 90 points worldwide for the gender equality index (see section 4.3.1.6 “Actions related to Valeo’s own workforce”, paragraph “Gender equality and equal pay for work of equal value”, page 274) and 24% female representation on management committees;
- disability: increase the number of employees with disabilities to 2.5% of the headcount;

In 2019, the percentage of women on the Group’s Management Committees was 16% and the Gender Equity Index was 82. The percentage of employees with disabilities was 1.8% in 2020.

DEI indicators are reviewed at Group level and monitored by the Group Diversity, Equity & Inclusion & Social Responsibility Director, in constant contact with regional managers. More specifically, Group Human Resources monitors the indicator for women Managers and Professionals on a monthly basis via a human resources management tool. The gender equity index is calculated automatically via the Gender Equity Index report in this tool. It is monitored at the national level by the Human Resources team, which is also responsible for calculating the indicator of the percentage of employees receiving a salary increase after maternity leave, which is not included in the tool. The Group Index is consolidated monthly by the CSR Manager. The percentage of employees with disabilities is monitored annually through the Corporate Social Responsibility questionnaire and the Group’s internal “Legal disability target by country” file.

Training and skills development

Valeo contributes to accelerating talent development, reinforcing corporate values and preparing future leaders through training and skills development initiatives. In 2019, the average number of training hours per employee was 23.4. The targets set for 2025 are 32 hours for Managers and Professionals, and 10 hours for Operators. The skills development management system (@MyLearning) allows precise and reliable monitoring of the implementation of the annual training plan.

Measures against violence and harassment in the workplace

The aim is to promote and ensure respect for fundamental rights through communication and training actions:

- on the policy for the promotion and protection of human rights, as reflected in the Code of Business Ethics, the Human Rights Policy, the CSR agreements signed by the Group and the Business Partners Code of Conduct;
- the whistleblowing line, one of the purposes of which is to enable internal or external employees to report actual, potential or suspected cases of harassment in the workplace.

To this end, Valeo conducts publicity campaigns for all these policies to remind all employees of the Group’s commitments and values and of the possibility of using the whistleblowing system.

Valeo’s goal is for 100% of employees to receive the Code of Business Ethics, sign the relevant statements and receive training on its contents. This policy applies to all employees, regardless of where they work or their status.

The principles of respect for fundamental rights are set out in the "We do not tolerate discrimination, harassment or bullying" section of the Code of Business Ethics.

Note that any report filed by an employee through the whistleblowing system will be treated in a neutral, objective and confidential manner in accordance with the Whistleblowing Policy (see corresponding section) (see section 4.3.1.3 Policy related to Valeo’s own workforce, paragraph “Measures against violence and harassment in the workplace”, page 267).

Other work-related rights

To promote and ensure respect for the fundamental rights of all new employees, Valeo is committed to ensuring that they all receive and sign the Code of Business Ethics and receive training on its contents. Several paragraphs of the Code of Business Ethics are dedicated to other labor rights in the chapter entitled "Ethics & Human Rights throughout our operations". The goal is to achieve 100% compliance on an annual basis. To combat child labor, the Internal Audit department monitors the “minimum age” indicator, verifying that Valeo’s workforce does not include anyone under the age of 16 who has signed an employment or internship contract and has worked for the Company for more than one month. This is verified annually by Internal Audit at a sample of sites and is fully covered by the Social Responsibility Questionnaire. To combat forced labor, the number of rest days per seven-day period is verified once a year via the Corporate Social Responsibility Questionnaire, covering all Valeo sites.

Indicators related to freedom of expression and the right to join or form trade unions, in accordance with local legislation, are also monitored. Decent working and living conditions are monitored through random site visits by entity Vice-Presidents and/or Chief Executive Officers during business trips.

4.3.1.8 Change in Valeo's headcount (DR S1-6)

[ESRS S1 § 50]

Valeo distinguishes two main categories within its own workforce: "employees" and "non-employees". "Employees" are people who have a direct employment relationship with Valeo, whether permanent or temporary. This specifically includes Managers and Professionals, technicians and operators. "Non-employees" include temporary or self-employed workers, as well as people provided by undertakings primarily engaged in employment activities. This distinction allows the Group to better understand the specific needs of each category within its own workforce as part of its talent management strategy.

At December 31, 2024, Valeo had 95,284 employees, a decrease of 5% compared with 2023. This trend reflects several factors. Around 17% of this overall decrease is linked to the transfer of employees as part of the sale of the Thermal Bus business. In addition, restructuring and reorganization projects were implemented to improve operational efficiency. These adjustments resulted in the elimination of certain positions and the reassignment of jobs within the organization.

Valeo's total and average workforce, which includes Group employees and the non-employee workforce, as well as the associated expenses, are presented in section 5.4.6 "Notes to the consolidated financial statements", Note 6 "Personnel expenses and employee benefits", page 380.

NUMBER OF EMPLOYEES BY GENDER

Gender	Number of employees (headcount)	Average monthly headcount
Men	64,767	66,803
Women	30,510	31,479
Not reported	7	7
TOTAL	**95,284**	**98,289**

NUMBER OF EMPLOYEES BY COUNTRY

Country	Number of employees (headcount)	Average monthly headcount
China	14,507	14,704
Mexico	12,925	13,080
France	10,854	11,146

* *Only countries where the number of employees represents at least 10% of the total number of Group employees are included in this list.*

NUMBER OF EMPLOYEES BY TYPE OF CONTRACT AND BY GENDER
At December 31, 2024

	Women	Men	Not reported	Total
Number of employees (headcount)	30,510	64,767	7	95,284
Number of permanent employees (headcount)	27,439	58,449	7	85,895
Number of temporary employees (headcount)	3,071	6,318	0	9,389
Number of full-time employees (headcount)	29,304	63,987	7	93,298
Number of part-time employees (headcount)	1,206	780	0	1,986

Gender as reported by employees.
Temporary workers provided by employment-related service companies are included in Valeo's "non-employee" category (see section 4.3.1.9 "Change in non-employee workers in Valeo's own workforce", page 279).

NUMBER OF EMPLOYEES BY TYPE OF CONTRACT AND BY GEOGRAPHIC AREA
At December 31, 2024

	Europe	Asia	North America	Africa	Total
Number of employees (headcount)	40,260	29,612	18,023	7,389	95,284
Number of permanent employees (headcount)	38,988	22,054	18,020	6,833	85,895
Number of temporary employees (headcount)	1,272	7,558	3	556	9,389
Number of full-time employees (headcount)	38,326	29,565	18,020	7,387	93,298
Number of part-time employees (headcount)	1,934	47	3	2	1,986

BREAKDOWN OF EMPLOYEE TURNOVER

Change in the method of calculating the employee turnover rate

In 2023, the turnover rate was calculated solely on the basis of voluntary departures. However, from 2024, in accordance with the requirements of the European Corporate Sustainability Reporting Directive (CSRD), the employee turnover rate will be calculated for all employees who have left Valeo, regardless of the reason for their departure, including resignations, dismissals and retirements.

TOTAL NUMBER OF DEPARTURES	17,435
Resignation	7,709
Dismissal	5,713
Others (end of fixed-term contracts, retirements, early retirements, deaths, etc.)	4,013
Staff turnover	**18.3%**
Voluntary employee turnover rate	**8%**
Voluntary turnover of Managers and Professionals	6.9%

4.3.1.9 Change in non-employee workers in Valeo's own workforce (DR S1-7)

[ESRS S1 § 53]

"Non-employee" means temporary or self-employed workers, as well as people provided by undertakings primarily engaged in employment activities (interim employees). Valeo defines a self-employed worker as a person outside Valeo who has worked full-time for Valeo for at least 100 days during the calendar year. Self-employed workers who have worked fewer than 100 days are not included in this definition, to ensure a representative measure of significant contributions to the Company's activity during the year.

[ESRS S1 § 55]

	2023 (FTE)	2024 (FTE)
Self-employed workers	Not reported	170
People provided by undertakings primarily engaged in employment activities	12,008	10,646
TOTAL NUMBER OF NON-EMPLOYEES		10,816

4.3.1.10 Collective bargaining and social dialogue (DR S1-8)

[ESRS S1 § 60] – [ESRS S1 § 63]

COLLECTIVE BARGAINING COVERAGE AND SOCIAL DIALOGUE

	Collective agreement coverage		Social dialogue
	Employees – European Economic Area (EEA)	Employees – non-EEA regions	Workplace representation (EEA countries only)
0-19%			
20-39%	Ireland	Africa	
40-59%		Asia, America	
60-79%		Europe – excluding EEA	
80-100%	All EEA member countries except Ireland		All EEA member countries

* *Countries and regions with more than 50 employees.*

4.3.1.11 Diversity (DR S1-9)

[ESRS S1 § 65]

GENDER BREAKDOWN OF SENIOR-LEVEL MANAGEMENT*

Gender	Number of members	Percentage
Breakdown of Executive Committee members		
Men	11	85%
Women	2	15%
Breakdown of management committee members**		
Men	186	74.4%
Women	64	25.6%

* *For more details on the definition of senior management, see Chapter 3, section 3.2.1 "Composition of the Board of Directors' diversity policy, page 111.*

** *The Group's various management committees include the Executive Committee, the Management Committee of each Division, the Product Group Management Committees and the Management Committees of the five main countries (China, Germany, Japan, India, United States).*

BREAKDOWN OF EMPLOYEES BY AGE GROUP

Age group	Number of employees (headcount)	Percentage
Under 30 years	20,597	22%
30-50 ans	57,596	60%
More than 50 years	17,091	18%
TOTAL	**95,284**	**100%**

4.3.1.12 Adequate wages (DR S1-10)

[ESRS S1 § 67]

Valeo is committed to providing competitive and fair compensation and benefits to all employees by conducting regular salary reviews, adjusting wages in line with local economic conditions and market practices, and ensuring that all employees receive adequate wages in compliance with local laws.

All employees receive an adequate wage, which is defined as the minimum wage as applicable under local law or the relevant collective bargaining agreement.

4.3.1.13 Social protection (DR S1-11)

[ESRS S1 § 74] – [ESRS S1 § 75]

In all countries where Valeo operates, all employees benefit from social protection, either through public programs or through benefits offered by Valeo, against loss of income due to one of the major life events: illness, unemployment, work-related accidents and acquired disabilities, parental leave and retirement. However, in India, Mexico and Tunisia, this coverage does not include unemployment.

For further details on employee benefits, see Chapter 5, section 5.4.6, Note 6.3.1 "Description of the plans in force within the Group", page 381.

4.3.1.14 Workers with disabilities (DR S1-12)

[ESRS S1 § 79] – [ESRS S1 § 80]

In 2024, Valeo had 1,908 workers with disabilities, or 2% of employees. The proportion of employees with disabilities is stable. This testifies to the Group's commitment to its diversity, equity and inclusion policies, and demonstrates its ongoing commitment to providing opportunities for all employees. 39% of employees with disabilities are women.

4.3.1.15 Training and talent development (DR S1-13)

[ESRS S1 § 81] – [ESRS S1 § 83]

Nineteen hours of training were completed on average by each employee during the year, a decrease of five hours compared with 2023. This difference is due to several factors. First, the observed difference results from the change in the population of employees included in the calculation. In 2023, the training hours of all Valeo employees included interns, trainees and people on the *Volontariat International en Entreprise* (VIE) program. In accordance with the requirements of the European Corporate Sustainability Reporting Directive, only the training of Valeo employees is now taken into account. In addition, the significant restructuring and reorganization carried out throughout 2024 contributed to the reduction in training time. Finally, the increase in online training has also reduced the total number of hours recorded.

By gender, women received an average of 16 hours of training, while men received 20 hours. In January 2024, MyLearning, the Group's training platform, had 69,427 active users. This year, operators and technicians together accounted for almost 37% of training hours completed.

[ESRS S1 § 84]

74% of Managers, Professionals and Technicians participated in regular performance and career development reviews, with the rate at 78% for Managers and Professionals, and 58% for Technicians. Operator data will be available from 2025 thanks to the digitalization of information.

4.3.1.16 Health and safety metrics (DR S1-14)

[ESRS S1 § 88]

100% of Valeo sites are integrated into the Group accident management system.

No work-related fatalities were reported in 2024.

The number of injuries, with and without lost time, was 281, and the work-related injury rate was 1.26. Note that this rate differs from the frequency rate of occupational accidents with lost time (FR1) and the frequency rate (FR2), which include all people working on Valeo sites, not just employees (see section 4.3.1.7 "Targets related to material impacts, risks, and opportunities", paragraph "Health and safety", page 276).

These accidents include all accidents, whether or not they resulted in lost time. They are classified as follows:

- Category 1: Serious accidents (death, amputation, major physical trauma, incapacity or irreversible injury resulting from an accident);
- Category 3: Lost-time accidents other than Category 1;
- Category 4: Accidents requiring off-site medical treatment (hospital or doctor's surgery) without any lost time.

[ESRS S1 § 82] – [ESRS S1 § 88]

The number of days lost by employees due to work-related accidents was 7,062, excluding information on work-related ill health. The management of this information will be centralized thanks to a new tool developed in 2024 and to be rolled out in 2025. Data on work-related ill health will therefore be available from 2025.

[ESRS S1 § 90]

100% of the Group's sites are covered by Valeo's internal health and safety directives and are subject to external audits on average every three years. In addition to these external audits, annual site self-assessments are conducted and documented in an internal tool. These audits are followed by regular monitoring, including site visits, by regional, Division and Group HSE managers. In addition, 85% of sites consolidated in the Group's reporting are now certified to ISO 45001, meaning that 87% of employees are covered by this new international standard.

4.3.1.17 Work-life balance metrics (DR S1-15)

[ESRS S1 § 93]

The percentage of employees entitled to family-related leave was 100%. The percentage of eligible employees taking family-related leave was 11%, 15% of whom are women and 10% are men.

4.3.1.18 Compensation metrics (DR S1-16)

[ESRS S1 § 97]

In 2024, the gender pay gap at Valeo was 7.9%. This figure reflects differences in compensation levels depending on employee category and level of responsibility. As an international company, Valeo has also taken into account the specificities of the countries in which it operates. The calculation includes the weighting of base pay gaps by management level in each country and a weighting by the number of employees in each country. Note that a significant proportion of Valeo employees classified as operators work in countries with a relatively low cost of living, which may tend to widen the pay gap.

In 2024, Valeo's annual compensation ratio was 100.3. This is the ratio of the Chief Executive Officer's compensation to the median compensation of employees. The scope used for this calculation includes all employees in France, China and Mexico with an employment contract who were with the Group continuously throughout 2024. These three countries represent the largest employee bases of the Group, accounting for 40% of the total population. The ratio takes into account all components of compensation, including fixed and short-term variable compensation, performance shares and benefits in kind. Furthermore, the calculation adjusts salaries according to the Cost of Living Index to reflect the differences in living standards between these three countries.

4.3.1.19 Incidents, complaints and severe human rights impacts (DR S1-17)

[ESRS S1 § 100] – [ESRS S1 § 102] – [ESRS S1 § 103] – [ESRS S1 § 104]

In 2024, a total of 2 complaints and incidents of discrimination, including harassment (as defined in Annex II – Acronyms and Glossary of Commission Delegated Regulation (EU) 2023/2772), were reported to the Valeo Group. This figure includes reports made through Valeo's internal whistleblowing system. In accordance with the Group's Whistleblowing Policy, each report, complaint or incident leads to an investigation that allows the allegations to be assessed and, if necessary, an action plan to be defined and implemented, including corrective and/or disciplinary measures.

In 2024, no fines, penalties or damages were paid in relation to incidents and complaints of discrimination or harassment.

As an OECD multinational enterprise, Valeo is not aware of any complaints filed with the national contact points.

There were no serious human rights incidents at any Valeo Group entity in 2024. No fines, penalties or damages were paid for serious human rights incidents in 2024.

4.3.2 Suppliers' sustainability practices (ESRS S2)

4.3.2.1 Interests and views of stakeholders (DR related to ESRS 2 SBM 2)

[ESRS S2 § 9]

Valeo pays particular attention to value chain workers upstream of its own operations.

For more details on how value chain workers could be materially impacted by the Company, see section 4.3.2.2 "Material impacts, risks and opportunities and their interaction with strategy and business model", page 282.

For more details on how Valeo integrates these considerations into its strategy and business model, see section 4.3.2.3 "Policies related to value chain workers", page 283, and 4.3.2.5 "Processes to remediate negative impacts and channels for value chain workers to raise concerns", page 284.

4.3.2.2 Material impacts, risks and opportunities and their interaction with strategy and business model (DR related to ESRS 2 SBM 3)

	IRO				Position in the value chain			Time horizon		
	Negative impact	Positive impact	Risks	Opportunities	Upstream	Own activities	Downstream	Short term	Medium term	Long term
ESRS S2 – WORKERS IN THE VALUE CHAIN										
Working conditions Risk of failing to detect non-compliant working conditions for workers in the value chain, with negative impacts on people and negative impacts on Valeo's reputation.	☑		☑		☑	☑			☑	
Working conditions Opportunity of involving business partners in the Group's overall sustainability approach by raising their awareness of working conditions and helping them become more mature, generating positive impacts on people and resilience, and preserving the Group's reputation.		☑		☑	☑	☑			☑	
Other work-related/human rights Risk of failing to detect work-related rights/human rights violations affecting value chain workers, with negative impacts on people and negative financial and reputational consequences for Valeo.	☑		☑		☑			☑		
Other work-related/human rights Opportunity of involving business partners in Valeo's overall sustainability approach by raising their awareness of other work-related/human rights and helping them become more mature, generating positive impacts on people and resilience, and preserving the Group's reputation.		☑		☑	☑			☑		

[ESRS S2 § 10] - [ESRS S2 § 12] - [ESRS S2 § 13]

The analysis of impacts, risks and opportunities focuses without distinction on upstream value chain workers, i.e., workers of tier-one suppliers or below, who may be directly or indirectly affected by the activities of Valeo or its suppliers. The same applies to the analysis of Valeo's dependencies on its value chain and in particular on workers.

To optimize logistics costs, reduce supply chain risks and greenhouse gas emissions, Valeo's purchasing strategy favors sourcing from a panel of suppliers located in the same regional group. The requirements in terms of respect for human rights and working conditions vary according to the different regional groups and could expose Valeo's value chain. As a result, the Group has implemented an approach to raise awareness of sustainability criteria throughout its supplier panel and complies with the conflict minerals provisions of the Dodd-Frank Act (see section 4.3.2.6 "Taking action on material impacts, risks and opportunities related to value chain workers", page 284).

[ESRS S2 § 11]

Impacts, risks and opportunities were assessed during workshops jointly organized by the Risk Management Department and the Sustainable Development Department, as described in section 4.1.3.3 "Material impacts, risks and opportunities and their interaction with strategy and business model", page 200. During these workshops, internal contributors identified and assessed impacts, risks and opportunities (IROs) according to the methodology described in section 4.1.4.1 "Processes to identify and assess material impacts, risks and opportunities", page 201. For further details on impacts and dependencies on value chain workers, see section 4.3.2.6 "Taking action on material impacts, risks and opportunities related to value chain workers", page 284.

4.3.2.3 Policies related to value chain workers (DR S2-1)

[ESRS S2 § 16] – [ESRS S2 § 17] – [ESRS S2 § 18] – [ESRS S2 § 19]

As part of its responsible purchasing policy (see section 4.4.4 “Responsible purchasing”, page 293), Valeo aims to ensure that the Group’s human rights commitments are respected throughout its value chain.

Valeo has participated in the UN Global Compact since 2004, the Code of Performance and Best Practices for Customer-Supplier Relations in the Automotive Industry since 2020, and the Charter of Intercompany Relations in France since 2011.

The Group also aims to comply with the ILO conventions on fundamental principles and rights at work, and requires its suppliers to do the same:

- elimination of discrimination in employment and occupation (Conventions 100 and 111);
- prohibition of child labor (Conventions 138 and 182);
- elimination of forced and compulsory labor (Conventions 29 and 105);
- occupational safety and health (Convention 155);
- respect for weekly rest periods (Conventions 14 and 106);
- freedom of association and collective bargaining (Conventions 87 and 98);
- protection of workers’ representatives and union members (Convention 135);
- equal rights and opportunities for workers with family responsibilities (Convention 156);
- safety in the use of chemicals at work (Convention 170).

The Code of Business Ethics sets forth the Group’s commitments with respect to human rights (see section 4.3.1.3 Policy related to Valeo’s own workforce, paragraph "Other work-related rights", page 267), as also laid out in the Valeo Business Partners Code of Conduct and in the associated manual.

Business Partners Code of Conduct (BPCC)

To be included in the supplier panel, suppliers must meet Valeo’s ethics, integrity and sustainability requirements. In 2015, these requirements were brought together under the Valeo Business Partners Code of Conduct (BPCC). This document, which was updated in 2024, incorporates the fundamental principles of the UN Global Compact, the Valeo Code of Business Ethics and a set of fundamental rights including the freedom of association, the elimination of forced labor, the fight against corruption and workplace health and safety. Suppliers are also asked to cascade the various procedures included in the Business Partners Code of Conduct within their own value chain.

Any supplier that fails to respect these rules of conduct is liable to receive sanctions, ranging from temporary suspension from new Valeo projects to definitive exclusion from the supplier base.

In the event of critical performance or non-compliance with Valeo requirements, a supplier can be placed on "probation" for one year and be required to implement an action plan. If the probation period is not successful, the supplier may be excluded from the supplier base. New suppliers are also placed on probation for at least two years. During this period, the number of projects assigned remains under strict supervision to protect the supplier against the risk of becoming overly dependent on Valeo. With this system, the Group aims to better control its supply chain while building trusting relationships with its suppliers through cooperation on remedial action or improvement programs that are aimed at preventing or limiting operating risks.

The self-assessment questionnaire (SAQ) prioritizes commitments with respect to human rights, labor rights, human trafficking and slavery throughout the upstream value chain, through a trickle-down effect.

The responsible purchasing policy is described in section 4.4.4 “Responsible purchasing” page 293.

In addition, Valeo engages subcontractors to perform specific services at its many sites. As a result, the Group ensures that its subsidiaries comply with the provisions of national labor law and ILO conventions in their dealings with subcontractors, requiring them to sign and accept the provisions of the Valeo Business Partners Code of Conduct, and in particular the articles concerning employees’ fundamental rights.

Integrity towards all stakeholders

The Group expects its business partners to promote the same values, to respect the sustainability principles of the Global Compact and all related laws and to combat inappropriate or illegal behavior.

Respect for human rights and the rights of the child

Valeo combats forced labor and child labor and does not employ children under the age of 16. More generally, the Group respects the ILO convention on the employment of children between the ages of 15 and 18, and expects its suppliers and partners to make the same commitment and to comply strictly with all relevant laws.

Similarly, Valeo expects them to ensure that their employment practices are free from forced labor and that workers are compensated in accordance with applicable wage laws, including minimum wage, overtime and mandatory benefits, and are treated equally and fairly.

The Business Partners Code of Conduct sets out the Group’s requirements with respect to fundamental rights (minimum working age, prohibition of forced labor, respect for freedom of association, etc.), workplace health and safety and respect for the environment. In addition to Valeo’s suppliers’ obligation to comply with the Valeo Business Partners Code of Conduct, the Group has included a section related to these topics in the sustainable development practices questionnaire it sends each year to a representative sample of its suppliers.

For further details on remedial actions in the event of human rights impacts, see section 4.3.2.6 “Taking action on material impacts, risks and opportunities related to value chain workers”, page 284.

4.3.2.4 Engaging with value chain workers (DR S2-2)

[ESRS S2 § 22] – [ESRS S2 § 23]

Valeo has not formalized a systematic approach for direct engagement with value chain workers. However, a process audit is conducted at the start of production for each new supplier contract, with oversight by a Valeo Product Quality Process Assurance (PQPA) manager who is able to identify irregularities related to labor and human rights and report them to his or her superiors, in this case the Quality and/or Purchasing Departments of the sites or even the Division/Group, depending on the seriousness of the irregularities reported. Corrective actions are defined with the support of the Vice-President, Sustainable Development and External Affairs, in accordance with the principles in force at Valeo (see "Group agreement on corporate social responsibility and sustainable development", section 4.3.1.6 "Social actions", paragraphs "Social dialogue", "Collective bargaining, including rate of workers covered by collective bargaining agreements" and "Other work-related rights") and in accordance with international conventions (UN Global Compact, etc.).

Suppliers are added to the Valeo panel after an evaluation process that includes a review of sustainability criteria and formal acceptance of the BPCC rules.

This ensures compliance with Valeo's requirements in terms of labor law and human rights.

Subsequently, the supplier panel is subject to an annual self-assessment questionnaire covering all sustainability matters so as to maintain the same high standards.

The analysis of a representative sample of self-assessment questionnaires was initiated in 2024 and will be completed in 2025 in order to indirectly validate the effectiveness of the commitment to and respect for the human rights of value chain workers through their company's practices.

In addition, where applicable, any concerns raised by suppliers or their employees through the whistleblowing line are handled in accordance with Valeo's Whistleblowing Policy (see section 4.3.2.5 "Processes to remediate negative impacts and channels for value chain workers to raise concerns", page 284).

For information on global framework agreements or for agreements the Company has with global union federations related to respect of human rights of workers in the value chain, see sections 4.3.2.3 "Policies related to value chain workers", page 283, and 4.3.2.6 " Taking action on material impacts, risks and opportunities related to value chain workers", page 284.

4.3.2.5 Processes to remediate negative impacts and channels for value chain workers to raise concerns (DR S2-3)

[ESRS S2 § 27]

The assessment of the sustainability practices of suppliers and critical suppliers is described in section 4.4.4 "Responsible purchasing", page 293.

[ESRS S2 § 28]

The Business Partners Code of Conduct (see section 4.3.2.3 "Policies related to value chain workers", page 283) sets out not only Valeo's expectations of its business partners and their employees in terms of integrity and ethics (hereinafter referred to as value chain workers), but also the specific channels set up by the Group for value chain workers to express their concerns or needs directly to the Group.

Indeed, Valeo gives value chain workers the opportunity to speak up and ask for help if they have any doubts about a possible compliance issue, especially if they witness suspicious behavior or suspect that an activity may violate the Code of Conduct or other applicable regulations.

Additionally, they are encouraged to immediately contact their Valeo representative, the Valeo Ethics and Compliance Office (compliance@valeo.com) or the Data Protection Officer for concerns regarding the protection of personal data at dpo.external@valeo.com.

They can also express their concerns confidentially via Valeo's whistleblowing platform at https://valeo.whistleblowernetwork.net. Value chain workers can be assured that any concerns raised will be considered, promptly addressed and, where appropriate, investigated (see section 4.3.1.5 "Processes to remediate negative impacts and channels for own workforce to raise concerns", page 269).

The Valeo Business Partners Code of Conduct applies to all business partners and their employees, including suppliers, service providers, subcontractors, brokers, customers, distributors, professional organizations, universities, research institutes, and all agents and intermediaries acting for or on behalf of Valeo, regardless of what they do or where in the world they operate. Business partners are responsible for ensuring that the Code is correctly distributed, known, understood and complied with throughout their operations and supply chain (in particular by employees, subcontractors or other agents assigned to a business, contract or assignment related to Valeo).

It is also available in 16 languages on Valeo's website (www.valeo.com).

4.3.2.6 Taking action on material impacts, risks and opportunities related to value chain workers (DR S2-4)

[ESRS S2 § 32] – [ESRS S2 § 33] – [ESRS S2 § 33] AR 43

Further details on the Company's process for identifying necessary and appropriate actions and its approach to taking action in response to a specific actual or potential negative impact on value chain workers, together with a description of its risk management process related to value chain workers, can be found in section 4.3.2.5 "Processes to remediate negative impacts and channels for value chain workers to raise concerns", page 284.

[ESRS S2 § 30] – [ESRS S2 § 34] – [ESRS S2 § 37] – [ESRS S2 § 38] – [ESRS S2 § 43]

During the reporting period, the Group took the following actions as part of its responsible sourcing policy and in line with its commitments regarding human rights and working conditions for value chain workers:

- as part of its duty of care plan, increased use of the supplier self-assessment questionnaire (SAQ) on sustainability practices to cover 90% of its production supplier panel, including questions on labor rights, human rights, human trafficking and slavery in the value chain (30 questions);
- audits based on a representative sample according to the level of criticality related to the type of industry and region of operation, as well as the size of the company;

- distribution of the updated BPCC to the entire supplier base (over 20,000 suppliers);
- application of the requirements of the Dodd-Frank Act regarding conflict in mining areas and the new Asean Act;
- application of the requirements of North American diversity programs regarding minorities.

Valeo monitors and evaluates the effectiveness of these actions through:

- any reports stemming from the whistleblowing system or the self-assessment questionnaire campaign on suppliers' sustainability practices (see section 4.3.2.4 "Engaging with value chain workers", page 284),
- the response rate to the CMRT/EMRT questionnaires (see "Conflict minerals" below);
- the number of North American WBE/MBE/VBE suppliers (see "Diversity programs applied to North American suppliers" below).

Duty of care plan – Regular assessment of the situation of suppliers

Non-financial risk mapping is used to identify and assess risk factors specific to the duty of care with regard to suppliers' sustainability practices. This work confirmed the relevance of the existing tools and assessment criteria used within the Group.

Supplier onboarding processes, various supplier site audits and supplier self-assessment questionnaires (SAQs) cover matters related to fundamental rights, in particular the fight against harassment and discrimination, child labor and forced labor. These tools provide a regular assessment of suppliers' practices, initiatives and policies regarding duty-of-care challenges, covering a growing proportion of Valeo's supplier panel (in 2024, it covered a panel of suppliers representing 90% of the amount of direct production purchases).

The situation of the Group's activities is assessed regularly by measuring the extent to which the various roadmaps have been rolled out, in particular the "5 Axes" roadmaps and regular internal audits. The results of the monitoring indicators are reported annually in this document, and the indicators are subject to annual review.

Conflict minerals

In 2013, Valeo's Purchasing Department aligned its sourcing processes with the American Dodd-Frank Wall Street Reform and Consumer Protection Act of July 21, 2010 on conflict minerals (title XV) in a joint effort to end the financing of violent conflict in the Democratic Republic of the Congo (DRC) and neighboring countries, which is financed in part by mining and the mineral trade. Valeo requires all its suppliers to comply with the 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act. In addition, a specific initiative introduced in conjunction with the Research and Development Department allows the Group to better identify potential sources of conflict minerals. For example, according to the 2024 report on 2023 data, 87% of the suppliers identified through this process had submitted to the Group the Conflict Mineral Reporting Template (CMRT) or Extended Mineral Reporting Template (EMRT) developed by the Responsible Mineral Initiative (RMI), which promotes responsible behavior throughout the supply chain to reduce social and environmental risks in the mining industry. Value chain players are integrated into the RMI's prevention and audit actions. Valeo ensures compliance with these requirements not only through a dedicated internal team, but also through an external service provider whose expertise is recognized in the market.

Diversity programs applied to North American suppliers

Minority diversity programs in North America (United States and Canada) have added Women's Business Enterprises (WBE), Minority Business Enterprises (MBE), Veteran Business Enterprises (VBE), LGBT Business Enterprises (LGBTBE) and Disability-Owned Business Enterprises (DOBE) to the evaluation criteria for US and Canadian suppliers. Criteria for the integration of women, minority and veteran business enterprises apply to supplier qualification, selection and award processes held during meetings reviewing entities located in North America. In 2024, the Valeo North America legal entity received more than 113 million dollars' worth of components or materials from suppliers identified as Women's Business Enterprises (WBE), Minority Business Enterprises (MBE) and Veteran Business Enterprises (VBE), representing 6% of purchases in North America. This amount represents 50% of the long-term objective in terms of the Valeo Group's supplier diversity strategy for the United States.

Outcome of actions and actions planned for the future

Outcome of actions:

- no known major incidents in the upstream value chain;
- improvement in the consistency of Valeo's responses to customer requests regarding supplier compliance with sustainability criteria through standardized implementation processes.

Actions planned for the future:

- renewal of self-assessment campaigns regarding suppliers' sustainability practices (SAQ);
- continuous improvement of survey content;
- strengthening of supplier audits based on campaign findings (SAQ).

Contribution to policies related to value chain workers:

- improvement in working conditions and human rights throughout Valeo's upstream ecosystem.

For those affected by actual material impacts caused by Valeo's activities, the Group conducts due diligence and takes into account the human rights and working conditions of upstream value chain workers in its sourcing decisions for new companies or resources from existing companies.

Operating expenses (OpEx) relating to the implementation of its responsible purchasing policy can be summarized as the amount of internal and external resources required to carry out annual sustainability assessments and due diligence.

The Purchasing, Sustainable Development and Ethics and Compliance functions are involved in managing the impacts and implementing the measures described above. The Group also allocates funds for this purpose, in particular for the self-assessment questionnaire, which is outsourced to a third party.

4.3.2.7 Targets related to managing material impacts, risks and opportunities related to value chain workers (DR S2-5)

[ESRS S2 § 41]

Due to the difficulty of gaining direct access to the employees of Valeo's suppliers, the Group has not defined a target for the management of material impacts, risks and opportunities relating to value chain workers. However, as described above, the implementation of labor rights principles is fully integrated into the requirements imposed on the managers of the companies in the Panel.

4.3.3 Consumers and end-users (ESRS S4)

4.3.3.1 Interests and views of consumers and end-users (DR related to ESRS 2 SBM 2)

[ESRS S4 § 8]

At the outset, it is important to note that Valeo's position in the value chain makes it a supplier to its direct customers and distributors, which act as intermediaries between Valeo and the end-users of the products it sells. This intermediation limits the Group's direct influence on consumers and end-users, thereby reducing its direct impact on these stakeholders. The following sections should therefore be read in the light of this information.

Valeo's strategy is based on the Strategic Product Plan (SPP), which takes into account changes in consumer (end-user) and customer (OEM) expectations, regulations, the market and competitive benchmarking.

4.3.3.2 Material impacts, risks and opportunities and their interaction with strategy and business model (DR linked to ESRS 2 SBM 3)

	IRO				Position in the value chain			Time horizon		
	Negative impact	Positive impact	Risks	Opportunities	Upstream	Own activities	Downstream	Short term	Medium term	Long term
ESRS S4 – CONSUMERS AND END-USERS										
Inclusion of consumers and end-users Opportunity of offering innovative and affordable technological solutions dedicated to electric mobility for all, generating positive impacts on people and growth potential for Valeo.		☑		☑			☑	☑		
Consumer and end-user information Risk of failing to provide consumers and/or end-users with technologies compliant with privacy regulations, with negative impacts on people and negative financial and reputational impacts for the Group.	☑		☑				☑	☑		
Personal safety of consumers and end-users Risk of potentially compromising the safety of consumers and end-users through the use of potentially hazardous materials and technologies whose long-term risks have not been fully understood/assessed, with negative impacts on people and negative financial and reputational impacts for the Group.	☑		☑		☑	☑	☑	☑		

[ESRS S4 § 9] – [ESRS S4 § 10]

Impacts, risks and opportunities were assessed during workshops jointly organized by the Risk Management Department and the Sustainable Development Department, as described in section 4.1.3.3 "Material impacts, risks and opportunities and their interaction with strategy and business model", page 200. During these workshops, internal contributors identified and assessed impacts, risks and opportunities (IROs) according to the methodology described in section 4.1.4.1 "Processes to identify and assess material impacts, risks and opportunities", page 201.

4.3.3.3 Information-related impacts and social inclusion of consumers and/or end-users

4.3.3.3.1 Policies related to consumer and end-user information and social inclusion (DR S4-1)

[ESRS S4 § 13] – [ESRS S4 § 15]

Valeo operates primarily in a business-to-business (B2B) environment and therefore does not communicate directly with or influence end-users. The interests, needs and requirements of end-users are taken into account in product development, and products are thoroughly tested with end-users during the various stages of development. The results of the Group's studies and tests are disclosed to Valeo's customers (automakers). It is ultimately up to automakers to determine the level of information they wish to share with their own customers, i.e., the end-users who interact with the product.

The Group is committed to developing in-depth knowledge of its products, including their features, functions and applications. By deepening the understanding of the intricacies of its offerings, Valeo effectively communicates its value proposition to customers, stakeholders and internal teams. User experience is prioritized in all aspects of product design and development. The Group is committed to identifying and studying best practices in the industry and related sectors. By benchmarking itself against industry-leading and best-in-class companies and innovators, Valeo seeks to understand emerging trends, innovative strategies and new approaches as a source of inspiration and vision for its own products.

When analyzing consumer/end-user behavior, the Group takes into account all indicators, such as socio-economic status, ethnicity, gender, age and geographic location, that inform product strategy and development. The priority is to understand end-users who may be future car buyers, without discriminating against anyone in any way.

Through this policy, the Group aims to:

- ensure that business objectives are aligned with the Group's vision to facilitate strategic decision-making and improve market performance. This approach is essential for strategic product development and helps to define product development priorities for the subsequent ten years;
- grasp the various factors that influence an individual's choice of eco-friendly products by analyzing consumer/end-user behavior in relation to sustainability;
- understand consumers' lifestyles in relation to climate change and analyze their key sustainability expectations, and then incorporate the findings into strategic product planning.

This policy applies to all products and services sold to automakers. It is overseen by the Vice-President, Research & Development.

The policy's effectiveness is measured through the annual submission of the Strategic Product Plan (SPP) to the Chief Executive Officer, in conjunction with the Medium-Term Plan (MTP) and the Consumer Development Plan (CDP).

Market vehicle volumes are derived from the Standard & Poor's Light Vehicle Production Forecasts database; end-user data is drawn mainly from Sigma sensor data. Product development is driven by regulatory standards.

The Product Marketing Department is the driving force behind the Strategic Product Plan process, working closely with the Sales & Business Development, Strategy and Research & Development Departments at every stage of the process, from preparation to presentation.

The Product Marketing Department contributes to the development of sound product strategies through an in-depth understanding of the automotive ecosystem based on four pillars: regulations, technological and environmental market drivers, automakers, OEMs and consumers (end-users), and the competition (benchmarking and competitive business intelligence).

With a view to continuous improvement, Valeo constantly updates its Strategic Product Plan (SPP) analysis and shares the findings throughout the Group. The effectiveness of the policy will be measured against the Group's growth targets set when preparing the SPP.

4.3.3.3.2 Taking action on material impacts, risks and opportunities related to consumer and end-user information and social inclusion (DR S4-4)

[ESRS S4 § 30]

In 2024, the Group shared studies on changes in consumer behavior, society and the market with its customers. It shares its views on market and technology developments at external conferences, trade and motor shows such as the Society of Automotive Engineers (SAE), the Consumer Electronics Show (CES) and other technology events organized by the Group.

Valeo is committed to continuous improvement in terms of gathering and understanding information, and sharing its vision of the market and consumer behavior.

In each Division, around 20 Research and Development and product marketing staff work part-time throughout the year to align product strategy, culminating in the Strategic Product Plan. To support this product strategy development process with concrete market data, Valeo invests approximately 2.5 million euros each year on the purchase of vehicle databases, market research, consumer studies and benchmarking studies.

4.3.3.3.3 Targets related to managing material impacts, risks and opportunities related to consumer and end-user information and social inclusion (DR S4-5)

[ESRS S4 § 38]

To date, the Group has not set any targets other than those contained in the SPP. Valeo aims to ensure mobility for all and to reach a larger market.

4.3.3.4 Impacts related to consumer and/or end-user safety

4.3.3.4.1 Policies related to consumer and end-user safety (DR S4-1)

Increased end-user safety, innovations in the mobility market and growing product complexity are reflected in regular changes in the regulatory framework. The Group is committed to fully complying with the regulations and standards applicable to its products in order to supply safe products, i.e., products that do not present unreasonable risks.

Valeo's commitment to product safety is an integral part of its corporate culture and is enshrined in its Code of Business Ethics. The product safety management system is implemented in accordance with all applicable requirements and standards, and takes into account best practices given the Group's position in the value chain.

The Group's aim is to ensure, as far as possible and within the limits of Valeo's responsibility given its position in the value chain, a safe product for the end-user.

This policy applies to all of the Group's products and services. Its implementation is the responsibility of the Group Chief Technology Officer and the Divisions' R&D Directors, as well as:

- the R&D network during the development phase;
- the quality network during the use phase;
- the industrial network during the production phase.

The safety management system applies to all of the Group's products and services. Its implementation is the responsibility of the Group Chief Technology Officer and the Divisions' R&D Directors. It is aimed primarily at Valeo's employees and has a direct impact on the Group's relations with its customers and suppliers.

Valeo communicates its policy to all stakeholders through the Code of Business Ethics (Product Integrity Charter) and the Business Partners Code of Conduct (Regulatory and Technology Compliance– Product Safety & Quality) to ensure their awareness and compliance.

To measure the effectiveness of its policy, Valeo has set itself the goal of subjecting 100% of its projects to an independent review process that meets the requirements of the relevant standards (notably ISO 26262) and the development of safety files to verify that the result has been achieved.

Valeo is represented in international standard-setting groups (SAE, ISO, IEEE, etc.) and contributes to the development of new safety standards (notably ISO 26262 Ed3, ISO 21448 Ed2 and PAS 8800).

In compliance with IATF 16949, during volume production, the Purchasing, Industrial and Quality functions, driven by the same total quality approach, seek to ensure that components and materials purchased are appropriate and meet the requisite quality standards, and also ensure that production processes are stable.

Data security includes the protection of personal data. The personal data protection principles set out in Valeo's dedicated compliance program also apply to the products and services that Valeo designs, manufactures and markets, notably with respect to the design of products and systems that involve or require the collection and processing of personal data.

[ESRS S4 § 16]

Valeo supports and respects internationally recognized human rights, notably as set out in the International Bill of Rights and the ILO Conventions. Many of Valeo's established policies and procedures contribute to this commitment and form the basis of the Group's human rights policy. Valeo aims to prevent adverse impacts on human rights stemming directly from its global operations, its products, services or its business relationships. Among other aspects, the policy sets out the Group's expectations of its suppliers. Regulations are changing and the demands of stakeholders (customers, NGOs, civil society) in terms of respect for fundamental rights are mounting (see section 4.4.4 "Responsible purchasing", page 293).

4.3.3.4.2 Action on material impacts, risks and opportunities related to consumer and end-user safety (DR S4-4)

General product safety

[ESRS S4 § 31] In 2024, Valeo implemented a product safety management system that reaffirms the Group's commitment to product safety and is based on four pillars: product safety policy, management of associated risks, safety assurance, and safety culture.

[ESRS S4 § 32] With the exception of Valeo Service, Valeo does not interact directly with end-users, but with automakers. For products under the Group's responsibility, a complaint handling and early-warning procedure is in place at all sites.

[ESRS S4 § 33] The Group has taken out specific insurance policies to cover the risk that products may be recalled and protect itself against civil liability claims. However, it is uncertain whether these policies would be adequate to cover the full financial consequences of any such claims. In any case, criminal liability risk cannot be insured and certain coverage exclusions can be applied.

[ESRS S4 § 36] Following the implementation of the safety management system, training for Research and Development and project networks will be intensified in 2025.

Personal data protection

[ESRS S4 § 31] Valeo has implemented a comprehensive data protection compliance program that includes a large number of policies, procedures, guidelines, forms and contractual clauses, as well as a detailed training and awareness program.

[ESRS S4 § 32] – [ESRS S4 § 34] This program and these tools help to develop and maintain technical, physical, organizational and structural measures including:

- the effective implementation of data protection principles and the incorporation of measures to protect the rights of individuals and meet the requirements of applicable data protection laws (the "privacy by design" principle);
- a strict protocol for the use of data relating to tests and pilot products, audits and controls to ensure the security of personal data;
- a personal data processing register in compliance with applicable regulations, including a module specifically designed by Valeo for data processed in the context of the development of certain products and the related tests ("Products and Tests" module);
- regular targeted training depending on the purpose of processing (HR, purchasing, R&D, etc.), including on the use of the personal data processing register;
- the possibility for any employee or third party to report any non-compliance in the processing of personal data or any violation of the rules on the protection of personal data via the Valeo whistleblowing line or to the Data Protection Officer at the following addresses: dpo.external@valeo.com and dpo.internal@valeo.com;
- the possibility for any data subject to exercise his or her rights with the Data Protection Officer at the above addresses.

When the Group acts as a data processor, it complies with the obligations applicable to this status and with the instructions given by its client.

[ESRS S4 § 33] Action planned or underway to pursue material opportunities for consumers and end-users are described in section 4.3.3.3.1 "Policies related to consumer and end-user information and social inclusion", page 287.

[ESRS S4 § 36] Material risks related to consumers and/or end-users are integrated into the Group's risk management system (see Chapter 2 "Risks and Risk Management" page 81).

[ESRS S4 § 37] The Research and Development, Quality, Ethics and Compliance functions are responsible for managing material impacts.

4.3.3.4.3 Targets related to managing material impacts, risks and opportunities related to consumer and end-user information and social inclusion (DR S4-5)

As Valeo is not in direct contact with consumers and end-users, no target has been set.

4.3.3.5 Engaging with consumers and end-users (DR S4-2)

[ESRS S4 § 20] – [ESRS S4 § 21]

See section 4.3.3.3.1 "Policies related to consumer and end-user information and social inclusion", page 287 for further details.

4.3.3.6 Processes to remediate negative impacts and channels for consumers and end-users to raise concerns (DR S4-3)

General product safety

[ESRS S4 § 25] As Valeo, with the exception of Valeo Service, is not in direct contact with consumers and end-users, there are no specific channels in this area. Such channels are managed directly by automakers. At the time of writing, Valeo Service was in the process of implementing the necessary measures to comply with the General Product Safety Regulation (EU) 2023/988.

Personal data protection

[ESRS S4 § 25] – [ESRS S4 § 26]

As indicated in section 4.3.3.4.2 "Action on material impacts, risks and opportunities related to consumer and end-user safety", page 288, any employee or third party may report any non-compliance in the processing of personal data or any violation of the rules on the protection of personal data through the Valeo whistleblowing line or to the Data Protection Officer at the following addresses: dpo.external@valeo.com and dpo.internal@valeo.com.

The whistleblowing system and the handling of reports are described in section 4.4.3 "Corporate culture and business conduct", page 291.

4.4 Governance information – Business conduct

4.4.1 Administrative, management and supervisory bodies (ESRS 2 GOV-1)

[ESRS G1 § 5]

As an international company, Valeo ensures that its business is conducted in compliance with national and transnational legal, ethical and compliance rules. Governance at different levels of the company contributes to the Group's objective of integrity.

Board of Directors

The primary role of the Board of Directors is to determine the direction of the Company's business strategies, with particular consideration for the social and environmental impacts of its operations. Within this framework, the Group's strategy and operations take into account social and environmental responsibilities.

The role, responsibilities, tasks and achievements of the Board of Directors with regard to business conduct are described in Chapter 3 "Corporate Governance", section 3.2.2 "Preparation and organization of the Board of Directors' work", page 133.

The skills and expertise of the members of the Board of Directors, particularly on business conduct matters, as well as their previous experience in the sector, are described in Chapter 3 "Corporate governance", section 3.2.1 "Composition of the Board of Directors", paragraph "Presentation of directors at December 31, 2024", page 116. Directors also receive training, including on business conduct matters. The training policy for directors is described in Chapter 3 "Corporate governance", section 3.2.2 "Preparation and organization of the Board of Directors' work", paragraph "Training of directors", page 135.

Specialized Board Committees

To facilitate the smooth functioning of the Board and contribute effectively to the preparation of its decisions on business conduct, the Board calls on the Audit & Risks Committee, which is responsible for periodically reviewing the Group's Ethics and Compliance Policy and the related systems and procedures.

The composition, role, tasks and achievements of the Audit & Risks Committee with regard to business conduct are described in Chapter 3 "Corporate governance", section 3.2.2 "Preparation and organization of the Board of Directors' work", page 133.

Chief Executive Officer and Executive Committee

In addition, the Chief Executive Officer has the broadest powers to act in all circumstances in the Company's name, within the limits of the corporate purpose and subject to the law, the Company's articles of association or the Internal Procedures. He represents the Company in its relations with third parties and implements the Group's compliance strategy.

The Chief Executive Officer is assisted in his duties by Valeo's Executive Committee, of which he is Chairman. The Executive Committee is responsible for reviewing the operational management of the Divisions, coordinating project management and contributing to the implementation of the Group's strategy. During its meetings, the Executive Committee addresses several sustainability-related matters, including the carbon neutrality contribution plan, safety at sites, the Group's compliance policy, and diversity and gender balance. Within the Committee, business conduct matters are reviewed by the Chief Ethics, Compliance and Data Protection Officer, a member of the Executive Committee.

Ethics, Compliance and Personal Data Protection Office

The Valeo Group's Ethics, Compliance and Personal Data Protection Office proposes, designs, pilots and coordinates the implementation of programs to detect and prevent risks of corruption and anti-competitive practices, and to ensure compliance with international sanctions and export controls as well as with regulations on data protection and human rights.

The organization of the Ethics, Compliance and Personal Data Protection Office is described in Chapter 1 "Presentation of Valeo", section 1.6.4 "Ethics, Compliance and Personal Data Protection Office", page 75.

4.4.2 Identification and assessment of material impacts, risks and opportunities related to business conduct (ESRS 2 IRO-1)

	IRO				Position in the value chain			Time horizon		
	Negative impact	Positive impact	Risks	Opportunities	Upstream	Own activities	Downstream	Short term	Medium term	Long term
ESRS G1 – BUSINESS CONDUCT										
Corporate culture Opportunity of promoting and respecting a culture of excellence, business ethics and integrity (transparency, accountability, professionalism and teamwork), with a positive impact on people and a positive financial and reputational impact for Valeo.		☑		☑	☑	☑	☑	☑		
Whistleblower protection Opportunity of ensuring strict protection of whistleblowers by maintaining and developing stakeholder confidence in Valeo's whistleblower system, with a positive impact on people and positive reputational and financial effects for Valeo.		☑		☑	☑	☑	☑	☑		
Corruption and bribery Risk of non-compliance with applicable policies, procedures, laws and regulations related to corruption and bribery, with negative impacts on people and negative reputational effects for the Group.	☑		☑		☑	☑	☑	☑		
Supplier relationships Risk of not acting fairly towards suppliers, including (i) avoiding late payment and (ii) improving suppliers' social and environmental performance generating a negative impact on people and negative financial and reputational effects for the Group.	☑		☑		☑			☑		

[ESRS G1 § 6]

Impacts, risks and opportunities were assessed during workshops organized jointly by the Risk Management Department and the Sustainable Development Department, as described in section 4.1.3.3 "Material impacts, risks and opportunities and their interaction with strategy and business model", page 200. During these workshops, internal contributors identified and assessed impacts, risks and opportunities (IROs) according to the methodology described in section 4.1.4.1 "Processes to identify and assess material impacts, risks and opportunities", page 201.

[ESRS 2 MDR – A§69]

The IRO-related initiatives of ESRS G1 are often integrated into broader action plans, for which Valeo does not always have sufficiently granular data needed to track the current and future resources allocated to each action (BP 2).

4.4.3 Corporate culture and business conduct (DR G1-1)

[ESRS G1 § 7]

Key elements of Valeo's corporate culture and business conduct rules

Valeo's values, principles and compliance programs are set forth in the Group's Code of Business Ethics (available on the valeo.com website), which applies to all employees and members of the Board of Directors, subsidiaries and joint ventures throughout the world, as well as to all employees and directors of those entities. The Code of Business Ethics, available in 22 languages, is based on the following four pillars: Respect for human rights, Products, technology and compliance, Business integrity, Responsibility to Valeo.

The same principles and values apply to all of Valeo's business partners and their employees, including suppliers, service providers, subcontractors, brokers, customers, distributors, professional bodies, universities, research institutes, and all agents and intermediaries acting for or on behalf of Valeo, regardless of what they do or where in the world they operate, as defined in a designated code of conduct, the Valeo Business Partners Code of Conduct (BPCC).

These two codes are implemented by the Human Resources and Purchasing Departments respectively, coordinated by the Ethics, Compliance and Personal Data Protection Office.

To monitor the effectiveness of its Ethics and Compliance Policy, Valeo conducts regular audits to ensure compliance with these codes of conduct.

The codes are aligned with the following frameworks and standards:

- United Nations Global Compact;
- Universal Declaration of Human Rights;
- conflict minerals legislation;
- personal data protection laws and regulations;
- export control and economic sanctions laws and regulations;
- anti-corruption and anti-bribery laws and regulations;
- antitrust laws and regulations;
- laws and regulations regarding the prevention of forced labor;
- laws and regulations on artificial intelligence (AI).

Valeo has set the following objectives to measure the effectiveness of its policies:

- distribution of the Code of Business Ethics to 100% of new employees (the Code had already been distributed to all Valeo employees in 2023);
- distribution of the Business Partner Code of Conduct to 100% of Valeo's new suppliers.

[ESRS G1 § 10]

Whistleblowing system

The whistleblowing system is described in section 4.3.1.5 "Processes to remediate negative impacts and channels for own workforce to raise concerns" [ESRS S1 § 33], page 269.

Compliance Programs

Run by General Management and the Ethics, Compliance and Personal Data Protection Office, endorsed by all management teams and relayed worldwide by Compliance Champions, Data Protection Champions and Data Protection Officers, the Group's Compliance Programs are designed to prevent a number of risks and ensure compliance with the applicable regulations.

Designed in line with the highest international standards, including France's Sapin II law, the Foreign Corrupt Practices Act (FCPA) and the General Data Protection Regulation (GDPR), the Compliance Programs break down into different principles, policies, instructions, recommendations, tools and training modules.

They come with a range of awareness and training campaigns aimed at newcomers, as well as Managers and Professionals, along with those people identified as the most exposed in light of the results of risk mapping.

Training courses, whether generic or targeted in light of a particular need or activity, are subject to rigorous and systematic monitoring by the Group's Human Resources Department and the Ethics, Compliance and Personal Data Protection Office, with mandatory catch-up sessions. Awareness-raising involves recurring and regular communication campaigns.

The Compliance Programs are rolled out globally by the Ethics, Compliance and Personal Data Protection Office, with the support of Compliance Champions, Data Protection Champions and Data Protection Officers, who are experienced executives known and acknowledged by their peers and their teams. Drawing on their detailed knowledge of the specificities of their network, country, Division or Activity, they help relay all of the programs to their teams, and guide employees on these challenges, thereby actively supporting their implementation at all levels of the organization.

Actions to reduce the risk of breaches of its corporate culture and business conduct rules

To reinforce its corporate culture and business conduct rules, Valeo implemented the following key actions throughout its operations and value chain during the reporting year:

- implementation of the revised whistleblowing policy;
- implementation of the revised antitrust policy;
- implementation of the revised human rights policy;
- implementation of the revised partner due diligence policy;
- implementation of the revised Business Partners Code of Conduct and associated manuals;
- launch of the online training module on influence peddling;
- update of the new employee training module to integrate the Influence Peddling module and replace the one on the Code of Business Ethics with the revised version;
- launch of risk mapping of anti-competitive practices;
- update of corruption and influence peddling risk mapping;
- anti-corruption action plans;
- evaluations of key suppliers with respect to the human rights policy;
- finalization and implementation of Valeo's new personal data protection management system;
- training of key stakeholders on the whistleblower case management system;
- development of the anti-corruption control self-assessment questionnaire;
- continuous monitoring and management of economic sanctions form the European Union and United States;
- development of the artificial intelligence policy.

During the coming year, the Group plans to take the following new actions, among others:

- implementation of the Antitrust Action Plan, including the Antitrust Self-Assessment Questionnaire;
- implementation of the artificial intelligence policy.

Key elements of the whistleblower protection policy

Valeo is determined to detect, prevent, stop and, where necessary, punish any violation or attempted violation of applicable local and international laws and regulations, and, more generally, any situation that appears to be contrary to its Code of Business Ethics or its Compliance Programs. Valeo has established a secure and effective internal whistleblowing system that complies with the numerous regulations on the protection of whistleblowers and persons concerned.

The policy applies to all stakeholders throughout the Valeo Group who wish to report non-compliance with laws, regulations and/or Valeo policies.

The Chief Ethics, Compliance and Personal Data Officer is responsible for its implementation. Valeo and its subsidiaries are also committed to conducting their business in compliance with the law and with integrity. The Group encourages and expects exemplary behavior from its employees and business partners.

Valeo's whistleblowing system consists of the following elements:

1. The Platform: a dedicated and secure platform, available free of charge 24/7, which allows users to submit detailed, confidential and documented reports by filling in a predefined questionnaire in the language of their choice. The Platform enables whistleblowers to submit a report locally or globally, as they see fit, to specially designated employees known as Liaison Officers. Whistleblowers may remain anonymous if they wish.
2. The Liaison Officers are the designated contacts appointed by Valeo at Group level (Group Liaison Officers) and at local level (Entity Liaison Officers) to receive and/or process reports. They are selected for their ability to perform their duties impartially, objectively and confidentially.
3. Specific technical and organizational measures for the protection of personal data:
   - Technical measures: reports, alerts and all information and documents collected in relation to open cases are stored in an active database that includes a dedicated, secure tool managed by an Administrator and the Liaison Officers. They grant very limited, restricted and controlled temporary access rights to their designated Investigators and certain carefully selected Contributors. Reports, alerts, and all information and documents collected in relation to closed cases are stored in an archive database. Access to archived files is restricted to Group Liaison Officers and the Entity Liaison Officers concerned.
   - Organizational measures:
     i. Liaison Officers, Investigators, Contributors and members of the Alerts Committee are subject to a non-disclosure agreement designed to enforce all confidentiality and protection measures set forth in the Whistleblowing Policy.
     ii. Information identifying the whistleblower, the subject of the report and any other third party mentioned in the report is considered highly confidential. This information is handled accordingly and may only be disclosed to appropriate persons authorized under the whistleblowing policy, by the law or by the whistleblower. It is strictly prohibited to retaliate against, reprimand or otherwise pressure a whistleblower for making a report in good faith, even if the facts later prove to be inaccurate or do not give rise to any action. Any person engaging in retaliation will be subject to disciplinary action.

This policy has been updated in accordance with the following standards and guidelines:

- transposition of the European directive on the protection of whistleblowers[1] in each country of the European Union where Valeo operates;
- whistleblower protection laws and regulations;
- personal data protection laws and regulations and related competent authorities (e.g., GDPR in Europe, etc.) and taking into account the guidelines and recommendations of the competent authorities in the countries where Valeo operates (e.g., *Défenseur des droits* in France, *Autorità nazionale anticorruzione* in Italy, *Autoridad Independiente de Protección del Informante* in Spain, etc.);
- anti-corruption laws and regulations.

The whistleblowing policy is specifically mentioned in the Code of Business Ethics and the Business Partners Code of Conduct. It must therefore be made known to all Valeo employees and business partners.

Actions to reduce the risk of violations of whistleblower protection rules

During the period under review, Valeo worked to deploy its revised whistleblowing policy and to implement the procedure for handling reports and alerts throughout the Valeo Group.

The key players (Liaison Officers) were trained on the report and alert management tool, including the confidentiality system.

The protection of whistleblowers and the prohibition of any retaliatory measures are regularly reiterated.

The implementation of these measures will increase visibility and confidence in the whistleblowing system, in particular with regard to whistleblower protection.

4.4.4 Responsible purchasing (DR G1-2)

[ESRS G1 § 14] – [ESRS G1 § 15]

Supplier relationship management policy

As a tier-one automotive supplier, Valeo is at the heart of the automotive industry supply chain. It is an order-giver to tier-two and lower-tier suppliers and a supplier of technologies and systems to automakers. Valeo conducts its business in compliance with applicable standards, regulations, and laws, as well as with the Group's own sustainability and ethics requirements, as set forth in its Code of Business Ethics and its Business Partners Code of Conduct (see section 4.3.2.3 "Policies relating to value chain workers", page 283).

In dealing with its suppliers, the Group places priority on:

- quality;
- industrial location;
- competitiveness.

Valeo's purchasing policy is built on three directives:

- quality and service, which aims to ensure optimal products, process and service quality;
- competitiveness, one of the key constraints in the automotive sector;
- innovation and advanced technology to support Valeo's strategic choices.

Payment terms policy

The Group's payment terms policy is in strict compliance with applicable local regulations. The general purchasing terms and conditions applicable in each country reflect the same local requirements.

The payment terms policy is described in section 4.4.7 "Payment practices", page 297.

[1] *European Directive 2019/1937 on the protection of whistleblowers who raise breaches of EU law with their employer.*

Sustainable development requirements

Valeo's global presence and customer base, as well as its quest for competitiveness, require the development of a panel of suppliers in the most competitive areas. However, the Group, through its Purchasing and Sustainable Development Departments, pays particular attention to ensuring that its suppliers comply strictly with the Valeo Business Partners Code of Conduct, with special emphasis on respect for labor rights, human dignity and the environment.

The keys to achieving sustainability in purchasing policy involve:

- facilitating an understanding of the risks of a breakdown in the supply chain by taking into account a wider range of risk factors, known as sustainability factors (integrating the governance, social, environmental and fundamental rights dimensions, etc.);
- boosting suppliers' competitiveness by guiding them toward continuous improvement practices in terms of optimizing logistics and environmental costs, reducing energy costs, etc.;
- putting down deep roots in local ecosystems, applying a purchasing location policy at a regional level. As part of Valeo's Carbon Neutrality Contribution Plan, the competitiveness of suppliers is being strengthened by paying greater attention to their ability to manage their overall carbon impact (sourcing, transformation, transport, end-of-life) and to set greenhouse gas emissions reduction targets for their own operations and those of their suppliers.

This policy is implemented by the Purchasing function, which is organized around two main areas:

- a Commodity/Segment priority, focusing on the specific purchasing strategy for commodities. Its global approach allows for a consistent supplier selection policy, run through business allocation committees. The seven commodities, divided into segments, are:
  - steel and processing,
  - plastics and processing,
  - non-ferrous metals and processing,
  - electromechanical components,
  - electronic components and systems,
  - lighting and other components,
  - indirect purchasing of products, equipment and services used in the design of Valeo products or in manufacturing processes;
- an Operation and Projects priority, focused on project release using optimally cost-effective parts and systems, on the achievement of technically efficient productivity, and on re-sourcing for competitive performance, with particular regard to the productivity it has to grant customers during the product life cycle.

The requirements of this policy are implemented through:

- the definition and continuous improvement of the self-assessment questionnaire (SAQ) on sustainable development practices, launched in 2016;
- the annual evaluation, via the SAQ, of the environmental, social and governance (ESG) criteria of a panel of suppliers representing more than 80% of production purchases and approximately 35% of non-production purchases, as well as other suppliers selected on the basis of their criticality;
- monitoring of actions taken to reduce greenhouse gas (GHG) emissions from purchased components through quarterly meetings of the R&D Purchasing Committee and the CAP 50 Committee;
- specific audits of suppliers in purchasing segments and/or located in areas identified as critical or at risk, under the direction of the Sustainable Development Department;

The policy uses the following references:

- Responsible Supplier Relationships Charter applicable in France;
- United Nations Global Compact;
- International Charter of Human Rights and the ILO Conventions.

Internally, the teams involved in implementing this policy are the Purchasing, CAP 50, R&D, 4R, Ethics & Compliance and Sustainable Development teams; externally, the responsibility falls to Valeo's suppliers, subcontractors and, through a trickle-down effect, their own suppliers and subcontractors.

In 2024, the sustainable development practices assessment campaign covered 90% of production purchases.

The policy also refers to upstream Scope 3 CO_2 emission reduction targets (see section 4.2.3.4 "CAP 50: Transition plan for climate change mitigation", page 223) and the 4R Program (see section 4.2.7.2 "Circular economy: 4R program", page 252) with respect to sustainable supply chains.

Integration of suppliers into the Valeo panel

The selection of suppliers and the awarding of contracts are subject to a specific process that allows objective and rigorous analysis of the various award criteria. The criteria for selecting suppliers and awarding bids/contracts include:

- economic factors;
- financial;
- logistics;
- corporate governance;
- environmental factors;
- social factors (respect for fundamental rights, environmental protection, employee health and safety, and quality);
- ethical and compliance risks.

Over 90% of the mandatory items in the supplier qualification questionnaire relate to non-economic criteria. For instance, sustainable development criteria are given a weighting of close to 20% in the supplier's final score, and any failure to meet these criteria automatically disqualifies suppliers from being included in Valeo's supplier base. In 2020, these requirements were reinforced by the inclusion of criteria relating to suppliers' carbon performance and the establishment of objectives for reducing their carbon trajectory over ten years, in line with Valeo's objectives. These requirements are circulated and evaluated annually by suppliers in the Valeo panel. Before any supply agreement is awarded, suppliers must undergo the following qualification process:

- each supplier is required to complete a detailed questionnaire to enable Valeo to identify potential risks and to determine the overall level of risk. Based on these evaluations, Valeo checks the main requirements, highlights potential weaknesses and decides whether it needs to examine certain issues further during a visit to the supplier's plant. If so, an audit team composed of Group buyers, quality specialists and engineers is selected and sent to the site to verify the information given by the supplier. Following the site visit, the team decides whether or not the supplier can be included on the supplier panel, possibly following the implementation of an improvement plan jointly agreed with the supplier;
- when Valeo receives an order from a customer, the components and systems required are requested from a selection of suppliers belonging to the Valeo Panel described above.

The specific requirements of the tender are recorded in the Valeo Requirements File. Once received, bids are reviewed by a selection and award committee, chaired by global segment buyers. It selects one or more suppliers, which are then officially appointed. A Supplier Quality Engineer from the project team monitors the development and industrialization of components and guides the supplier through final component qualification. If necessary, Valeo's laboratories perform interim design reviews, run tests and take any special measures required. In any event, Valeo always performs an on-site audit.

Assessment of suppliers' sustainable development practices

As part of the Group's policy of supporting its suppliers along the entire supply chain, the Sustainable Development and External Affairs, Purchasing and Quality departments evaluate the sustainable development practices of suppliers based on a self-assessment questionnaire.

It covers a representative sample of suppliers representing 90% of the value of the Group's production purchases in 2024. In 2024, Valeo strengthened the scope of this assessment by introducing 12 questionnaires designed, distributed, collected and analyzed with the help of an independent third-party, a major player in the sector.

Depending on the results of the assessment, an audit campaign is then carried out on identified suppliers. Audits have been performed in Europe, Asia (China, Japan, India, Thailand) and North America (United States, Mexico), giving suppliers a new dimension of support in their sustainable development approach. In-depth audits have also been carried out in specific sectors (electronics) and regions such as India (see "Assessment of critical suppliers' sustainable development practices" below).

The variety of the suppliers audited (by commodity, segment, company size, etc.) enabled Valeo to grasp the diversity of sustainable development practices, to learn lessons and to take the necessary corrective actions in the event of failings or inadequacy in respect of the Group's sustainable development standards. For example, Valeo was able to step in to correct the sustainability situation of a supplier whose audits had identified shortcomings on human resources matters. This work was assessed and validated by Valeo's automaker customer and resulted in a corrective plan spread out over more than six months. This example served to define a more efficient way of conducting audits, even in the absence of a "physical" audit. In an effort to constantly improve its approach to supporting suppliers, Valeo also developed specific training courses for suppliers in 2023 to improve their knowledge of sustainability issues, in particular greenhouse gas reduction. These training courses were first rolled out in India, and will be extended to other regions around the world in the future. This methodology has been endorsed by Valeo's customers and acknowledged by non-financial rating agencies.

Assessment of critical suppliers' sustainable development practices

Keen to conduct targeted and specific campaigns with purchasing segments or areas identified as critical or at risk, Valeo set the ball rolling with an audit campaign for electronics suppliers in 2016. Between 2016 and 2018, suppliers representing nearly 30% of purchases of electronic components and systems were audited (semiconductor industry, manufacturers of electronic parts, embedded systems, etc.). A second specific campaign focused on suppliers in India and the Southeast Asian countries, launched in 2022, was intensified and accompanied by training, notably in India, in 2024.

The aim is to spread the culture of environmental, social and societal sustainability among these suppliers. The exercise was accompanied by methodology for verifying data and face--to-face and remote interviews on a broad range of aspects including the environment, health and safety, site energy consumption, human rights, ethics in business relationships, workers' employment conditions, diversity and understanding Valeo's technological roadmaps. The key takeaways from these interviews are as follows:

- an absence of alarming situations or risks in respect of human rights, health and safety, or environmental damage;
- but a need for follow-up actions to bring suppliers to the highest levels of qualification under the Valeo sustainable development standards.

After considerable attention to awareness-raising on decarbonization in 2023, with the aim of providing suppliers with the know-how to reduce their carbon footprint in line with SBTi recommendations, 2024 was dedicated to resource use and the extension to the social and governance dimensions, in particular human rights.

The Group continues to focus on suppliers in South Asian countries and also provides educational follow-ups using various tools made available by Valeo's Purchasing teams.

Targeted audits launched in 2024 are to be followed by action plans to be defined from 2025 onwards to address the negative impacts identified.

Results of assessments of suppliers' sustainable development practices in 2024

As in previous years, Valeo continued its in-depth assessment of its suppliers' work in the field of sustainable development, based on its annual self-assessment questionnaire on sustainable development choices, with a representative sample of suppliers covering 90% of the Group's production purchases. The response rate to the survey was between 60% and 69%, depending on the topics covered, slightly lower than in 2023 (67%) due to the increased scope and number of topics covered. One of the factors that explained this response rate was closer monitoring of the level of supplier maturity relating to the greenhouse gas emissions reduction criteria included in the questionnaire and considered in contract award reviews. For example, the assessment found that:

- more than 90% of suppliers that answered the questionnaire calculate their carbon footprint for at least one scope, and 42% disclose it;
- nearly 70% of suppliers that answered the questionnaire have a waste management program;
- only 6% of suppliers that answered the questionnaire do not have a written labor policy on one of the following topics: discrimination, freedom of association and collective bargaining, health and safety in the workplace, wages and social benefits, working time;
- 72% of suppliers that answered the questionnaire have a written human rights policy.

With this type of questionnaire, Valeo hopes to transmit its CSR experience to its suppliers by communicating quality and responsibility requirements, which are important aspects in risk management, and to set an example to encourage its suppliers to apply the same principles throughout the supply chain.

Actions planned for the future include continuous improvement and increasing the response rate to the supplier self-assessment questionnaire.

To limit or remedy any negative impacts caused by Valeo's activities, the Group is committed to limiting the risks of interdependence by maintaining a limited volume of business in relation to the supplier's total sales.

This applies to the entire Purchasing function as well as to the operating entities.

2024 highlights

In 2024, Valeo continued to strengthen measures to ensure the continuity and performance of its supplier base with the following programs, tools and questionnaires:

- the supplier insurance program, put together with one of the leading players in the market. Suppliers signing up to the program reduce their exposure to risk of a vehicle recall in the event of defects in the delivered product;
- the Supply Chain Finance program, a reverse factoring program that enables suppliers to obtain favorable finance conditions;
- the Restore Supplier Quality (RSQ) program, for suppliers that show signs of possible quality failings. Valeo liaises closely with the supplier's management to reduce the number of incidents impacting end-product quality;
- self-assessment questionnaire on sustainable development, submitted to more than 90% of the supplier panel. The questionnaire develops suppliers' maturity on sustainable development matters and on requirements on the reduction of greenhouse gas emissions;
- internal tools to evaluate financial risk and the supplier's transparent business allocation process. This reflects Valeo's commitment to supporting its suppliers in their own quality initiatives, and to integrating them into Group projects.

2024 saw a sharp rise in interest rates due to persistent inflation and an uncertain international environment, which has weighed on the strength of the supplier panel. Despite this, the Group's purchasing organization as a whole showed excellent resilience, ensuring uninterrupted deliveries to all Valeo customers.

4.4.5 Prevention and detection of corruption and bribery (DR G1-3)

[ESRS G1 § 16]

Valeo's Anti-Corruption Program, which is backed by the governing body and management teams, steered by the Ethics, Compliance and Personal Data Protection Office, sets out prohibited practices and defines the conditions and prerequisites applicable to certain business relationships or cooperation arrangements. Its main components are:

- Valeo's Code of Business Ethics;
- the Business Partner Code of Conduct;
- corruption and influence peddling risk mapping;
- anti-corruption control self-assessment questionnaire;
- the commitment of the governing body;
- the policy governing gifts, invitations and donations;
- the conflict of interest management policy;
- the business partner due diligence policy;
- the selection policy for agents and intermediaries;
- a multilingual, secure and confidential (or even anonymous) whistleblowing system accessible to employees and third parties;
- a policy of generic and specific training, illustrated by numerous examples and practical cases, for employees exposed to risks of corruption in the course of their work.

It is complemented by a set of instructions and decision-making tools designed to prevent corrupt behavior and practices.

Valeo's anti-corruption program, which reflects its commitments and values, is designed to protect the Group's employees, preserve its integrity and avoid risks of corruption and influence peddling.

The policies set out Valeo's position on the fight against corruption and influence peddling and aim to ensure that:

- no employee, manager or member of the Executive Committee of Valeo or any of its subsidiaries, nor any of its agents or distributors, engages directly or indirectly in any corrupt practice;
- all gifts, meals, entertainment, hospitality and donations are legal and offered/received in a transparent and lawful manner and for an appropriate purpose;
- all employees and business partners act ethically and in compliance with anti-corruption laws;
- Valeo's stakeholders can report any violations and/or irregularities to Valeo in a confidential and secure manner.

This program is intended for the Group's stakeholders, and notably all employees, including those of majority-owned and/or controlled entities, as well as business partners and subcontractors.

The anti-corruption program is based notably on the following regulations: the United States Foreign Corrupt Practices Act (FCPA), United Kingdom Bribery Act (UKBA), French law 2016-1691 of December 9, 2016, relating to transparency, the fight against corruption and the modernization of economic life (known as Sapin II), as well as local regulations in the countries where Valeo operates.

Valeo implements the following measures to verify the effectiveness of its anti-corruption program:

- training for the most exposed employees;
- anti-corruption accounting controls;
- anti-corruption control self-assessment questionnaire;
- third-party due diligence to inform decisions on whether or not to enter into business relationships;
- follow-up of alerts and related disciplinary measures.

During the reporting period, Valeo implemented the following measures at Group level:

- update and implementation of the Business Partners Code of Conduct and associated manuals;
- update of corruption and influence peddling risk mapping;
- deployment of the revised whistleblowing policy and implementation of the internal procedure for collecting and handling reports and alerts.

The results were as follows:

- update of the main risks of corruption and influence peddling to which the Group may be exposed;
- development and implementation of the corresponding anti-corruption action plan.

Valeo intends to continue its anti-corruption efforts, particularly in terms of employee training.

[ESRS G1 § 18]

Valeo's internal whistleblowing system covers, among other things, reports of suspected, actual or proven acts that may constitute a felony or misdemeanor resulting directly or indirectly from Valeo's activities. Thus, as described in section 4.4.3 "Corporate culture and business conduct", page 291, allegations and/or incidents of corruption and influence peddling are systematically analyzed and investigated as soon as the Group is directly or indirectly involved.

The operation of Valeo's internal whistleblowing system, the processing of alerts and the process of communicating the results to the management bodies are described in section 4.3.1.5 "Processes to remediate negative impacts and channels for own workforce to raise concerns", page 269.

Any inappropriate behavior or breaches of the Code of Business Ethics brought to light by an investigation into allegations and/or incidents of corruption and influence peddling give rise to an action plan including disciplinary sanctions, up to and including dismissal, where appropriate.

Valeo also has a corruption risk management program for certain third parties, consisting of:

- a policy for assessing and selecting third parties and agents;
- the Business Partners Code of Conduct and its complementary anti-corruption manual;
- specific mandatory training for certain third parties;
- introductory training on the Code of Business Ethics and anti-corruption.

Anti-corruption training

[ESRS G1 § 21]

To ensure an understanding of internal and external anti-corruption policies, tools and behaviors, Valeo has developed compulsory e-learning modules for new hires (people hired during the year), in particular Valeo's Managers and Professionals. In 2024, 95% of the year's new hires, including Managers and Professionals across all networks, completed and validated the Induction to Compliance Program, which includes a module dedicated to the anti-corruption program.

In 2023, 99.75% of the target population attended annual anti-corruption training. The next annual campaign will be launched in 2025, drawing on the results of the corruption and influence peddling risk mapping updated during the reporting period.

4.4.6 Confirmed incidents of corruption or bribery (DR G1-4)

[ESRS G1 § 24]

Valeo has not been convicted of any violation of anti-bribery or anti-corruption laws.

4.4.7 Payment practices (DR G1-6)

[ESRS G1 § 33]

Valeo is not in a position to provide 2024 data on the average time taken to pay an invoice from the date on which the contractual or legal payment period begins, in number of days. The Group does not currently have the appropriate tools to produce data relating to past due payments in all of its operating regions.

However, Valeo's payment policy complies with the regulations in force in the various countries in which the Group operates.

Notably, in France, Valeo signed the Charter of Intercompany Relations, now known as the Responsible Supplier Relations Charter, on January 10, 2012. The aim is to build balanced long-term relationships between large corporations and their suppliers, with the parties acknowledging and respecting each other's rights and obligations. The charter requires that each signatory appoint a supplier representative to act as an internal mediator to facilitate the settlement of any disputes with suppliers and to help develop healthy long-term relationships. The internal mediator was appointed on March 13, 2012 and is still in place.

In addition, the Supply Chain Finance program, implemented by the Finance network in collaboration with the Purchasing network, is based on the principle of reverse factoring, enabling suppliers to obtain favorable financing conditions.

As of December 31, 2024, the Group was involved in three legal proceedings for late payment, including two in the Americas and one in Asia. These disputes represent a total amount of approximately 30,000 euros and the Group is committed to resolving them as quickly as possible. In addition, two late payment lawsuits were settled in Europe for a total amount of 700 euros in 2024.

4.5 Appendices

Appendix 1 – Cross-reference table (DR related to ESRS 2 § 15 and § 56)

Disclosure Requirement	Data points		SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Section	Page
ESRS 2 BP-1		**General basis for preparation of the sustainability statements**					**4.1.1.1 4.1.1.2**	**187**
ESRS 2 BP-2		**Disclosures in relation to specific circumstances**					**4.1.1.3**	**190**
ESRS 2 GOV-1		**The role of the administrative, management and supervisory bodies**					**4.1.2.1**	**191**
ESRS 2 GOV-1	21 (d)	The Board's gender diversity	X		X		4.1.2.1	**191**
ESRS 2 GOV-2		**Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies**					**4.1.2.2**	**193**
ESRS 2 GOV-2	21 (e)	Percentage of independent board members			X		4.1.2.2	**193**
ESRS 2 GOV-3		**Integration of sustainability-related performance in incentive schemes**					**4.1.2.3**	**194**
ESRS 2 GOV-4		**Statement on due diligence**					**4.1.2.4**	**194**
ESRS 2 GOV-4	30	Statement on due diligence	X				4.1.2.4	**194**
ESRS 2 GOV-5		**Risk management and internal controls over sustainability reporting**					**4.1.2.5**	**195**
ESRS 2 SBM-1		**Strategy, business model and value chain**					**4.1.3.1**	**195**
ESRS 2 SBM-1	40 (d) i	Involvement in activities related to fossil fuel activities	X	X	X		Not applicable	
ESRS 2 SBM-1	40 (d) ii	Involvement in activities related to chemical production	X		X		Not applicable	
ESRS 2 SBM-1	40 (d) iii	Involvement in activities related to controversial weapons	X		X		Not applicable	
ESRS 2 SBM-1	40 (d) iv	Involvement in activities related to cultivation and production of tobacco			X		Not applicable	
ESRS 2 SBM-2		**Interests and views of stakeholders**					**4.1.3.2**	**195**
ESRS 2 SBM-3		**Material impacts, risks and opportunities and their interaction with strategy and business model**					**4.1.3.3**	**200**
ESRS 2 IRO-1		**Description of the processes to identify and assess material impacts, risks and opportunities**					**4.1.4.1**	**201**
ESRS 2 IRO-2		**Disclosure requirements in ESRS covered by the undertaking's sustainability statement**					**4.1.4.2**	**203**
ESRS 2 GOV-3 E1		**Integration of sustainability-related performance in incentive schemes**					**4.2.3.1**	**217**

Disclosure Requirement	Data points		SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Section	Page
ESRS E1-1		**Transition plan for climate change mitigation**					**4.2.3.4**	**223**
ESRS E1-1	14	Transition plan to reach climate neutrality by 2050				x	4.2.3.4	**223**
ESRS E1-1	16 (g)	Undertakings excluded from Paris-aligned benchmarks		x	x		Not applicable	
ESRS 2 SBM-3 E1		**Material impacts, risks and opportunities and their interaction with strategy and business model**					**4.2.3.2**	**218**
ESRS 2 IRO-1 E1		**Description of the processes to identify and assess material climate-related impacts, risks and opportunities**					**4.2.3.3**	**219**
ESRS E1-2		**Policies related to climate change mitigation and adaptation**					**4.2.3.5**	**227**
ESRS E1-3		**Actions and resources in relation to climate change policies**					**4.2.3.6**	**228**
ESRS E1-4		**Targets related to climate change mitigation and adaptation**					**4.2.3.7**	**229**
ESRS E1-4	34	GHG emission reduction targets	x	x	x		4.2.3.7	**230**
ESRS E1-5		**Energy consumption and mix**					**4.2.3.8**	**233**
ESRS E1-5	38	Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors)	x				4.2.3.8	**233**
ESRS E1-5	37	Energy consumption and mix	x				4.2.3.8	**233**
ESRS E1-5	40-43	Energy intensity associated with activities in high climate impact sectors	x				4.2.3.8	**234**
ESRS E1-6		**Gross Scopes 1, 2, 3 and Total GHG emissions**					**4.2.3.9**	**234**
ESRS E1-6	44	Gross Scopes 1, 2, 3 and Total GHG emissions	x	x	x		4.2.3.9	**235**
ESRS E1-6	53-55	Gross GHG emissions intensity		x	x		4.2.3.9	**235**
ESRS E1-7		**GHG absorption and mitigation projects financed through carbon credits**					**Not applicable**	
ESRS E1-7	56	GHG removals and carbon credits				x	Not applicable	
ESRS E1-8		**Internal carbon pricing**					**4.2.3.10**	**236**
ESRS E1-9		**Anticipated financial effects from material physical and transition risks and potential climate-related opportunities**					**4.2.3.11**	**236**
ESRS E1-9	66	Exposure of the benchmark portfolio to climate-related physical risks			x		4.2.3.11	**236**

Disclosure Requirement	Data points		SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Section	Page
ESRS E1-9	66 (a); 66 (c)	Disaggregation of monetary amounts by acute and chronic physical risk Location of significant assets at material physical risk		x			4.2.3.11	**236**
ESRS E1-9	67 (c)	Breakdown of the carrying value of the undertaking's real estate assets by energy-efficiency classes		x			4.2.3.11	**236**
ESRS E1-9	69	Degree of exposure of the portfolio to climate-related opportunities			x		4.2.3.11	**236**
ESRS IRO-1 E2		**Description of the processes to identify and assess material pollution-related impacts, risks and opportunities**					**4.2.4.1**	**236**
ESRS E2-1		**Policies related to pollution**					**4.2.4.2**	**237**
ESRS E2-2		**Actions and resources related to pollution**					**4.2.4.3**	**239**
ESRS E2-3		**Targets related to pollution**					**4.2.4.4**	**241**
ESRS E2-4		**Pollution of air, water and soil**					**4.2.4.5**	**242**
ESRS E2-4	28	Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil	x				4.2.4.5	**242**
ESRS E2-5		**Substances of concern and substances of very high concern**					**4.2.4.6**	**243**
ESRS E2-6		**Anticipated financial effects from pollution-related impacts, risks and opportunities**					**4.2.4.7**	**244**
ESRS IRO-1 E3		**Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities**					**4.2.5.1**	**244**
ESRS E3-1		**Policies related to water and marine resources**					**4.2.5.2**	**245**
ESRS E3-1	9	Water and marine resources	x				4.2.5.2	**245**
ESRS E3-1	13	Dedicated policy	x				4.2.5.2	**245**
ESRS E3-1	14	Sustainable oceans and seas	x				Not applicable	
ESRS E3-2		**Actions and resources related to water and marine resources**					**4.2.5.3**	**246**
ESRS E3-3		**Targets related to water and marine resources**					**4.2.5.4**	**247**
ESRS E3-4		**Number of accidents with lost time**					**4.2.5.5**	**247**
ESRS E3-4	28 (c)	Total percentage of water recycled and reused	x				4.2.5.5	**247**
ESRS E3-4	29	Total water consumption in m^3 per net revenue on own operations	x				4.2.5.5	**247**
ESRS E3-5		**Anticipated financial effects from water and marine resources-related impacts, risks and opportunities**					**4.2.5.6**	**248**

Disclosure Requirement	Data points		SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Section	Page
ESRS E4-1		**Transition plan and consideration of biodiversity and ecosystems in strategy and business model**					**4.2.6.1**	**248**
ESRS 2-SBM-3 E4		**Material impacts, risks and opportunities and their interaction with strategy and business model**					**4.2.6.2**	**249**
ESRS 2 SBM-3 E4	16 (a) i	Activities negatively affecting biodiversity-sensitive areas	x				4.2.6.2	**249**
ESRS 2 SBM-3 E4	16 (b)	Breakdown of sites according to impacts and dependencies	x				4.2.6.2	**249**
ESRS 2 SBM-3 E4	16 (c)	Biodiversity-sensitive areas affected	x				4.2.6.2	**249**
ESRS IRO-1 E4		**Description of the processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities**					**4.2.6.3**	**249**
ESRS E4-2		**Policies related to biodiversity and ecosystems**					**4.2.6.4**	**250**
ESRS E4-2	24 (b)	Sustainable land/agriculture practices or policies	x				Not applicable	
ESRS E4-2	24 (c)	Sustainable oceans/seas practices or policies	x				Not applicable	
ESRS E4-2	24 (d)	Policy to prevent deforestation	x				4.2.6.4	**250**
ESRS E4-3		**Actions and resources dedicated to biodiversity and ecosystems**					**4.2.6.5**	**250**
ESRS E4-4		**Targets related to biodiversity and ecosystems**					**4.2.6.6**	**251**
ESRS E4-5		**Impact metrics related to biodiversity and ecosystems change**					**4.2.6.7**	**251**
ESRS E4-6		**Anticipated financial effects from biodiversity and ecosystem-related impacts, risks and opportunities**					**4.2.6.8**	**251**
ESRS IRO-1 E5		**Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities**					**4.2.7.1**	**252**
ESRS E5-1		**Policies related to resource use and circular economy**					**4.2.7.2.1** **4.2.7.3.1** **4.2.7.4.1**	**252**
ESRS E5-2		**Actions and resources related to resource use and circular economy**					**4.2.7.2.2** **4.2.7.3.2** **4.2.7.4.2**	**253**
ESRS E5-3		**Targets related to resource use and circular economy**					**4.2.7.2.3** **4.2.7.3.3** **4.2.7.4.3**	**254**
ESRS E5-4		**Resource inflows**					**4.2.7.3.4**	**256**
ESRS E5-5		**Resource outflows**					**4.2.7.4.4**	**259**
ESRS E5-5	37 (d)	Non-recycled waste	x				4.2.7.4.4	**259**
ESRS E5-5	39	Hazardous waste and radioactive waste	x				4.2.7.4.4	**259**

Disclosure Requirement	Data points		SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Section	Page
ESRS E5-6		**Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities**					**4.2.7.5**	**259**
ESRS 2 SBM-2 S1		**Interests and views of stakeholders**					**4.3.1.1**	**261**
ESRS 2 SBM-3 S1		**Material impacts, risks and opportunities and their interaction with strategy and business model**					**4.3.1.2**	**261**
ESRS 2 SBM-3 S1	14 (f)	Forced labor risk	x				4.3.1.2	**262**
ESRS 2 SBM-3 S1	14 (g)	Child labor risk	x				4.3.1.2	**262**
ESRS S1-1		**Policies related to own workforce**					**4.3.1.3**	**263**
ESRS S1-1	20	Human rights policy commitments	x				4.3.1.3	**263**
ESRS S1-1	21	Due diligence policies on issues addressed by the fundamental International Labour Organization Conventions 1 to 8			x		4.3.1.3	**267**
ESRS S1-1	22	Processes and measures for preventing trafficking in human beings	x				4.3.1.3	**268**
ESRS S1-1	23	Workplace accident prevention policy or management system	x				4.3.1.3	**266**
ESRS S1-2		**Processes for engaging with own workers and workers' representatives about impacts**					**4.3.1.4**	**268**
ESRS S1-3		**Processes to remediate negative impacts and channels for own workers to raise concerns**					**4.3.1.5**	**269**
ESRS S1-3	32 (c)	Grievance/complaints handling mechanisms	x				4.3.1.5	**270**
ESRS S1-4		**Taking action on material impacts, and approaches to mitigating material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions and approaches**					**4.3.1.6**	**270**
ESRS S1-5		**Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities**					**4.3.1.7**	**276**
ESRS S1-6		**Characteristics of the undertaking's employees**					**4.3.1.8**	**278**
ESRS S1-7		**Characteristics of non-employee workers in the undertaking's own workforce**					**4.3.1.9**	**279**
ESRS S1-8		**Collective bargaining coverage and social dialogue**					**4.3.1.10**	**279**
ESRS S1-9		**Diversity metrics**					**4.3.1.11**	**280**
ESRS S1-10		**Adequate wages**					**4.3.1.12**	**280**
ESRS S1-11		**Social protection**					**4.3.1.13**	**280**
ESRS S1-12		**Persons with disabilities**					**4.3.1.14**	**280**

Disclosure Requirement	Data points		SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Section	Page
ESRS S1-13		**Training and skills development metrics**					**4.3.1.15**	**280**
ESRS S1-14		**Health and safety metrics**					**4.3.1.16**	**281**
ESRS S1-14	88 (b) and (c)	Number of fatalities and number and rate of work-related accidents	x				4.3.1.16	**281**
ESRS S1-14	88 (e)	Number of days lost to injuries, accidents, fatalities or illness	x				4.3.1.16	**281**
ESRS S1-15		**Work-life balance metrics**					**4.3.1.17**	**281**
ESRS S1-16		**Remuneration metrics (pay gap and total remuneration)**					**4.3.1.18**	**281**
ESRS S1-16	97 (a)	Unadjusted gender pay gap	x				4.3.1.18	**281**
ESRS S1-16	97 (b)	Excessive CEO pay ratio	x				4.3.1.18	**281**
ESRS S1-17		**Incidents, complaints and severe human rights impacts**					**4.3.1.19**	**281**
ESRS S1-17	103 (a)	Incidents of discrimination	x				4.3.1.19	**281**
ESRS S1-17	104 (a)	Non-respect of UNGPs on Business and Human Rights and OECD guidelines	x				4.3.1.19	**281**
ESRS 2 SBM-2 S2		**Interests and views of stakeholders**					**4.3.2.1**	**282**
ESRS 2 SBM-3 S2		**Material impacts, risks and opportunities and their interaction with strategy and business model**					**4.3.2.2**	**282**
ESRS 2 SBM-3 S2	11 (b)	Significant risk of child labour or forced labour in the value chain	x				4.3.2.2	**282**
ESRS S2-1		**Policies related to value chain workers**					**4.3.2.3**	**283**
ESRS S2-1	17	Human rights policy commitments	x				4.3.2.3	**283**
ESRS S2-1	18	Policies related to value chain workers	x				4.3.2.3	**283**
ESRS S2-1	19	Non-respect of UNGPs on Business and Human Rights and OECD guidelines	x				4.3.2.3	**283**
ESRS S2-1	19	Due diligence policies on issues addressed by the fundamental International Labour Organization Conventions 1 to 8	x		x		4.3.2.3	**283**
ESRS S2-2		**Processes for engaging with value chain workers about impacts**					**4.3.2.4**	**284**
ESRS S2-3		**Processes to remediate negative impacts and channels for value chain workers to raise concerns**					**4.3.2.5**	**284**

Disclosure Requirement	Data points		SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Section	Page
ESRS S2-4		**Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions**					**4.3.2.6**	**284**
ESRS S2-4	36	Human rights issues and incidents* connected to its upstream and downstream value chain					4.3.2.6	**285**
ESRS S2-5		**Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities**					**4.3.2.7**	**286**
ESRS 2 SBM-2 S3		**Interests and views of stakeholders**					**Not material**	
ESRS 2 SBM-3 S3		**Material impacts, risks and opportunities and their interaction with strategy and business model**					**Not material**	
ESRS S3-1		**Policies related to affected communities**					**Not material**	
ESRS S3-1	16	Human rights policy commitments	X				Not material	
ESRS S3-1	17	non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines	X				Not material	
ESRS S3-2		**Processes for engaging with affected communities about impacts**					**Not material**	
ESRS S3-3		**Processes to remediate negative impacts and channels for affected communities to raise concerns**					**Not material**	
ESRS S3-4		**Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions**					**Not material**	
ESRS S3-4	36	Human rights issues and incidents	X				Not material	
ESRS S3-5		**Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities**					**Not material**	
ESRS 2- SBM-2 S4		**Interests and views of stakeholders**					**4.3.3.1**	**286**
ESRS 2- SBM-3 S4		**Material impacts, risks and opportunities and their interaction with strategy and business model**					**4.3.3.2**	**286**

Disclosure Requirement	Data points		SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Section	Page
ESRS S4-1		**Policies related to consumers and end-users**					**4.3.3.3.1 4.3.3.4.1**	**287**
ESRS S4-1	16	Policies related to consumers and end-users	x				4.3.3.4.1	**287**
ESRS S4-1	17	Non-respect of UNGPs on Business and Human Rights and OECD guidelines	x				Not applicable	
ESRS S4-2		**Processes for engaging with consumers and end-users about impacts**					**4.3.3.5**	**289**
ESRS S4-3		**Processes to remediate negative impacts and channels for consumers and end-users to raise concerns**					**4.3.3.6**	**289**
ESRS S4-4		**Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions**					**4.3.3.3.2 4.3.3.4.2**	**287**
ESRS S4-4	35	Human rights issues and incidents	x				Not applicable	
ESRS S4-5		**Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities**					**4.3.3.3.3 4.3.3.4.3**	**287**
ESRS GOV-1 G1		**The role of the administrative, management and supervisory bodies**					**4.4.1**	**290**
ESRS IRO-1 G1		**Description of the processes to identify and analyze material impacts, risks and opportunities**					**4.4.2**	**291**
ESRS G1-1		**Corporate culture and business conduct policies**					**4.4.3**	**291**
ESRS G1-1	10 (b)	United Nations Convention against Corruption	x				4.4.3	**292**
ESRS G1-1	10 (d)	Protection of whistleblowers	x				4.4.3	**292**
ESRS G1-2		**Supplier relationship management**					**4.4.4**	**293**
ESRS G1-3		**Prevention and detection of corruption and bribery**					**4.4.5**	**296**
ESRS G1-4		**Incident of corruption or bribery**					**4.4.6**	**297**
ESRS G1-4	24 (a)	Fines for violation of anti-corruption and anti-bribery laws	x		x		4.4.6	**297**
ESRS G1-4	24 (b)	Standards of anti-corruption and anti-bribery	x				4.4.6	**297**
ESRS G1-5		**Political engagement and lobbying activities**					**Not applicable**	
ESRS G1-6		**Payment practices**					**4.4.7**	**297**

Appendix 2 – Mapping of information provided on the due diligence process (DR GOV-4)

	Chapter	Page
a) Embedding due diligence in governance, strategy and business model. This is addressed under:		
i) ESRS 2 GOV-2: Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies;	4.1.2.2	Page 193
ii) ESRS 2 GOV-3: Integration of sustainability-related performance in incentive schemes; and	4.1.2.3	Page 194
iii) ESRS 2 SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model.	4.1.3.3	Page 300
b) Engaging with affected stakeholders. This is addressed under:		
i) ESRS 2 GOV-2;	4.1.2.2	Page 193
ii) ESRS 2 SBM-2: Interests and views of stakeholders;	4.1.3.2	Page 195
iii) ESRS 2 IRO-1;	4.1.4.1	Page 201
iv) ESRS 2 MDR-P; and		
DR E1-1 ESRS E1 § 24-25 b) Climate change adaptation policy	4.2.3.5	Page 227
DR E1-1 ESRS E1 § 24-25 a) GHG emission reduction policy	4.2.3.5	Page 227
DR E2-1 Policies related to pollution of air, water and soil, and substances of concern	4.2.4.2	Page 237
DR E3-1 Water policy	4.2.5.2	Page 245
DR E4-2 ESRS E4 § 23 Biodiversity policy	4.2.6.3	Page 249
DR S1-1 ESRS S1 § 17 Policies related to working time, stable employment and adequate wage	4.3.1.3	Page 263
DR S1-1 ESRS S1 § 17 Health and safety policies	4.3.1.3	Page 266
DR S1-1 ESRS S1 § 17 Equal treatment and opportunities for all	4.3.1.3	Page 266
DR S1-1 ESRS S1 § 17 Other work-related rights policies	4.3.1.3	Page 267
DR S2-1 ESRS S2 § 16 to 19 Policies related to value chain workers	4.3.2.3	Page 283
DR S2-2 ESRS S2 § 17 Engaging with value chain workers	4.3.2.4	Page 284
DR S4-1 ESRS S4 § 15 Policies related to consumer and end-user information and social inclusion	4.3.3.3.1	Page 287
DR S4-1 Policies related to consumer and end-user safety	4.3.3.4.1	Page 288
DR G1-1 ESRS G1§ 7 Corporate culture and business conduct policies	4.4.3	Page 291
DR G1-2 ESRS G1§ 14 Supplier relationship management policy	4.4.4	Page 293
v) Topical ESRS: reflecting the different stages and purposes of stakeholder engagement throughout the due diligence process.	4.1.3.2	Page 195
c) Identifying and assessing negative impacts on people and the environment. This is addressed under:		
i) ESRS 2 IRO-1 (including Application Requirements related to specific sustainability matters in the relevant ESRS); and	4.1.4.1	Page 201
ii) ESRS 2 SBM-3.	4.1.3.3	Page 200

	Chapter	Page
d) Taking action to address negative impacts on people and the environment. This is addressed under:		
i) ESRS 2 MDR-A; and		
ii) ESRS 2 MDR-A topical ESRS		
DR E1-3 ESRS E1 § 28-29 GHG emission reduction	4.2.3.6	Page 228
DR E2-2 Actions and resources related to pollution	4.2.4.3	Page 239
DR E3-2 Actions and resources related to water	4.2.5.3	Page 246
DR E4-3 Actions and resources dedicated to biodiversity and ecosystems	4.2.6.4	Page 250
DR S1-4 Social actions: Working conditions	4.3.1.6	Page 276
DR S1-4 Social actions: Health and Safety	4.3.1.6	Page 272
DR S1-4 Social actions: Diversity, equity and inclusion	4.3.1.6	Page 273
DR S1-4 Social actions: Other work-related rights	4.3.1.6	Page 275
DR S2-4 Taking action on material impacts on value chain workers/Duty-of-care plan	4.3.2.6	Page 284
DR S4-4 ESRS S4 § 31 Actions to prevent, mitigate or remediate material negative impacts on consumers and/or end-users	4.3.3.4.2	Page 288
DR G1-3 ESRS G1 § 16 Valeo's anti-corruption program	4.4.5	Page 296
Assessment of suppliers' sustainability practices	4.4.4	Page 294
e) Tracking the effectiveness of these efforts. This is addressed under:		
i) ESRS 2 MDR-M;		
ii) ESRS 2 MDR-T; and		
iii) Thematic ESRS: metrics and targets.		
DR E1-6 Reduction of greenhouse gas emissions within the framework of the Carbon Neutrality Contribution Plan for 2050	4.2.3.9	Page 234
DR E2-3 Targets related to pollution DR E2-4 Air, water and soil pollution	4.2.4.4 4.2.4.5	Page 241
DR E3-3 Targets related to water DR E3-4 Water consumption	4.2.5.4 4.2.5.5	Page 247
DR S1-5 Targets related to impacts: Working conditions	4.3.1.7	Page 276
DR S1-5 Targets related to impacts: Health and safety DR S1-14 Health and safety metrics	4.3.1.7 4.3.1.16	Page 276 Page 281
DR S1-5 Targets related to impacts: Equal treatment and opportunities for all	4.3.1.7	Page 277
DR S1-5 Targets related to impacts: Other work-related rights	4.3.1.7	Page 277
ESRS S1 metrics	4.3.1.10 to 4.3.1.18	Pages 279 to 281
DR S2-5 Targets related to value chain workers	4.3.2.7	Page 286

Appendix 3 – Table of information incorporated by reference

Disclosure Requirement	Incorporation by reference	Pages	Section of the sustainability statement	Pages
DR BP1	4.1.1.1	Page 187	Section 4.7 "Sustainability auditor's report"	Page 342
DR BP1	4.1.1.1	Page 187	Section 4.1.2.4 "Statement on due diligence"	Page 194
DR BP1	4.1.1.1	Page 187	Section 4.2.2 "European Green Taxonomy"	Page 206
ESRS 2 § 3	4.1.1.2	Page 188	Chapter 5, section 5.4.6, Note 3 "Scope of consolidation" to the consolidated financial statements	Page 365
ESRS 2 § 3 - 5	4.1.1.2	Page 188	Section 4.1.1.2.1 "Reporting of environmental data" paragraph "Changes in scope"	Page 189
ESRS 2 § 5	4.1.1.2	Page 188	Section 4.2 "Environmental information"	Page 205
ESRS 2 § 5	4.1.1.2	Page 188	Section 4.3 "Social information"	Page 260
ESRS 2 § 5	4.1.1.2	Page 188	Section 4.4 "Governance information – Business conduct"	Page 290
ESRS 2 § 10	4.1.1.3.2	Page 190	Section 4.1.1.3.3 "Sources of estimation and outcome uncertainty"	Page 190
ESRS 2 § 11	4.1.1.3.3	Page 190	Section 4.1.1.2.1 "Reporting of environmental data"	Page 189
ESRS 2 § 15	4.1.1.3.5	Page 190	Appendix 1 "Cross-reference table (DR related to ESRS 2 § 15 and § 16)"	Page 298
ESRS 2 § 16	4.1.1.3.6	Page 190	Appendix 3 "Table of information incorporated by reference"	Page 308
ESRS 2 § 21	4.1.2.1	Page 191	Chapter 3 "Corporate governance", section 3.2 "Composition of the Board of Directors, and preparation and organization of its work"	Page 103
ESRS 2 § 21	4.1.2.1	Page 191	Chapter 3 "Corporate governance", section 3.1 "Executive bodies"	Page 102
ESRS 2 § 22	4.1.2.1	Page 191	Chapter 3 "Corporate governance", section 3.2.2 "Preparation and organization of the Board of Directors' work"	Page 133
ESRS 2 § 22	4.1.2.1	Page 191	Chapter 3 "Corporate governance", section 3.2.2 "Preparation and organization of the Board of Directors' work"	Page 133
ESRS 2 § 22	4.1.2.1	Page 191	Chapter 3 "Corporate governance", section 3.1 "Executive bodies"	Page 102
ESRS 2 § 23	4.1.2.1	Page 193	Chapter 3 "Corporate governance", section 3.2.1 "Composition of the Board of Directors", paragraph "Presentation of directors for the 2024 financial year"	Page 104
ESRS 2 § 23	4.1.2.1	Page 193	Chapter 3 "Corporate governance", section 3.2.2 "Preparation and organization of the Board of Directors' work", paragraph "Directors' training"	Page 135
ESRS 2 § 26	4.1.2.2	Page 193	Chapter 3 "Corporate governance", section 3.2.2 "Preparation and organization of the Board of Directors' work", paragraph "Role of the Board of Directors"	Page 136
ESRS 2 § 26	4.1.2.2	Page 193	Chapter 3 "Corporate governance", section 3.2.2 "Preparation and organization of the Board of Directors' work", paragraph "Committee activity during the year"	Page 140
ESRS 2 § 26	4.1.2.2	Page 193	Chapter 3 "Corporate governance", section 3.2.2 "Preparation and organization of the Board of Directors' work", paragraph "Committee activity during the year"	Page 140
ESRS 2 § 29	4.1.2.3	Page 194	Chapter 3 "Corporate governance", section 3.3.1 "Compensation of corporate officers", paragraph "Overview of the compensation policies for the corporate officers in respect of the 2024 financial year", section 3.3.2 "Compensation of corporate officers in respect of the 2024 financial year", and section 3.3.3 "Overall compensation of other Group senior executives"	Page 152
ESRS 2 § 30	4.1.2.4	Page 194	Appendix 2 – Mapping of information provided on the due diligence process	Page 306
ESRS 2 § 32	4.1.2.4	Page 194	Chapter 2 "Risks and Risk Management", and section 4.1.4 "Impact, risk and opportunity management"	Pages 81 and 201
ESRS 2 § 32	4.1.2.4	Page 194	Section 4.3.1.3 "Policy related to Valeo's own workforce", paragraph "Other work-related rights"	Page 267
ESRS 2 § 32	4.1.2.4	Page 194	Section 4.3.1.3 "Policy related to Valeo's own workforce", paragraph "Health and safety"	Page 266

Disclosure Requirement	Incorporation by reference	Pages	Section of the sustainability statement	Pages
ESRS 2 § 32	4.1.2.4	Page 194	Section 4.2.4 "Pollution"	Page 236
ESRS 2 § 32	4.1.2.4	Page 194	Section 4.1.3.3 "Material impacts, risks and opportunities and their interaction with strategy and business model"	Page 200
ESRS 2 § 32	4.1.2.4	Page 194	Appendix 2 – Mapping of information provided on the due diligence process	Page 306
ESRS 2 § 36	4.1.2.5	Page 195	Chapter 2 "Risks and Risk Management", section 2.3 "Internal control and risk management"	Page 93
ESRS 2 § 36	4.1.2.5	Page 195	Section 4.7 "Report on the certification of Sustainability and Taxonomy information"	Page 342
ESRS 2 § 40	4.1.3.1	Page 195	Chapter 1, section 1.4 "Operational organization"	Page 55
ESRS 2 § 40	4.1.3.1	Page 195	Management report "Group positioning"	Page 42
ESRS 2 § 40	4.1.3.1	Page 195	Section 4.3.1.8 "Change in Valeo's headcount"	Page 278
ESRS 2 § 40	4.1.3.1	Page 195	Section 4.1.4.1 "Processes to identify and assess material impacts, risks and opportunities", paragraph "Value chain and dependency analysis"	Page 201
ESRS 2 § 48	4.1.3.3	Page 200	Section 4.1.3 "Strategy and business model"	Page 195
ESRS 2 § 48	4.1.3.3	Page 200	Section 4.1.4 "Impact, risk and opportunity management"	Page 201
ESRS 2 § 48	4.1.3.3	Page 200	Section 4.1.3 "Strategy and business model"	Page 195
ESRS 2 § 49	4.1.3.3	Page 200	Section 4.1.4.1 "Processes to identify and assess material impacts, risks and opportunities"	Page 201
ESRS 2 § 53	4.1.4.1	Page 201	Section 2.1 "Risk factors"	Page 82
ESRS 2 § 56	4.1.4.2	Page 203	Appendix 1 "Cross-reference table (DR related to ESRS 2 § 15 and § 56)"	Page 298
ESRS 2 § 59	4.1.4.2	Page 203	Chapter 4 "Sustainability Report", section 4.1.4.1 "Processes to identify material sustainability impacts, risks and opportunities", paragraph "Methodology and assessment process"	Page 201
European Green Taxonomy	4.2.2.3	Page 203	Chapter 5, section 5.4.6, Note 14 "List of consolidated companies"	Page 423
European Green Taxonomy	4.2.2.3	Page 208	Section 4.2.3.4 "CAP 50: Transition plan for climate change mitigation", section 4.2.3.6 "Climate-related actions and resources", section 4.2.3.7 "A clear vision for contributing to carbon neutrality by 2050 with an ambitious intermediate target for 2030", section 4.2.3.9 "Reduction of greenhouse gas emissions within the framework of the Carbon Neutrality Contribution Plan for 2050")	Pages 223, 228, 229, 234
European Green Taxonomy	4.2.2.4	Page 209	Note 5.1 "Sales" to the consolidated financial statements presented in section 5.4.6 of this document	Page 371
European Green Taxonomy	4.2.2.4	Page 209	Notes 7.2 "Other intangible assets" and 7.3 "Property, plant and equipment" to the consolidated financial statements presented in section 5.4.6 of this document	Pages 389 to 393
European Green Taxonomy	4.2.2.4	Page 210	Note 7.2 "Other intangible assets" to the consolidated financial statements, presented in section 5.4.6 of this document	Page 389
European Green Taxonomy	4.2.2.4	Page 210	Section 4.2.3 "Climate strategy"	Page 217
European Green Taxonomy	4.2.2.4	Page 210	Section 4.2.1 "Environmental policies and commitments"	Page 205
European Green Taxonomy	4.2.2.4	Page 211	Section 4.2.6.4 "Policies related to biodiversity"	Page 250
European Green Taxonomy	4.2.2.6	Page 216	Section 4.2.3.4 "CAP 50: Transition plan for climate change mitigation", paragraph "Financing"	Page 223
ESRS E1	4.2.3	Page 217	Section 4.2.3.4 "CAP 50: Transition plan for climate change mitigation"	Page 223

Disclosure Requirement	Incorporation by reference	Pages	Section of the sustainability statement	Pages
ESRS E1 § 13	4.2.3.1	Page 217	Section 4.1.2.3 “Integration of sustainability-related performance in incentive schemes”	Page 194
ESRS E1 § 19	4.2.3.2	Page 218	Appendix 4 – GRI – SASB – TCFD cross-reference tables	Page 315
ESRS E1 § 19	4.2.3.2	Page 218	Section 4.2.3.3.1 "Analysis of physical and transition risks" Section 4.2.3.3.2 "Adaptation of strategy and business model"	Pages 219, 222
ESRS E1 § 20	4.2.3.3	Page 219	Section 4.1.3.3 “Material impacts, risks and opportunities and their interaction with strategy and business model”	Page 200
ESRS E1 § 21	4.2.3.3	Page 219	Section 4.1.4.1 “Processes to identify and assess material impacts, risks and opportunities”	Page 201
ESRS E1 § 21	4.2.3.3	Page 219	Sections 4.2.3.2 "Material impacts, risks and opportunities and their interaction with strategy and business model", and 4.1.3.3 "Material impacts, risks and opportunities and their interaction with strategy and business model"	Pages 218, 200
ESRS E1/ESRS 2 IRO-1	4.2.3.3.2	Page 222	Section 4.2.3.3.1 “Analysis of physical and transition risks”	Page 219
ESRS E1/ESRS 2 IRO-1	4.2.3.3.2	Page 222	Section 4.2.3.4 “CAP 50: Transition plan for climate change mitigation”, paragraph “Investments and funding to support the implementation of the transition plan"	Page 223
ESRS E1/ESRS 2 IRO-1	4.2.3.3.2	Page 222	Chapter 5, section 5.4.6, Note 1.3 “Consideration of the impacts of climate change”	Page 363
ESRS E1/ESRS 2 IRO-1	4.2.3.3.2	Page 222	Chapter 5, section 5.4.6, Note 1.3 “Consideration of the impacts of climate change”	Page 363
ESRS E1/ESRS 2 IRO-1	4.2.3.3.2	Page 222	Chapter 5, section 5.4.6, Note 1.3 “Consideration of the impacts of climate change”	Page 363
ESRS E1/ESRS 2 IRO-1	4.2.3.3.2	Page 222	Chapter 5, section 5.4.6, Note 7.4.6 “Sensitivity of impairment tests to the impacts of climate change”	Page 397
ESRS E1 § 16	4.2.3.4	Page 224	Section 4.2.3.6 “Actions and resources in relation to climate change policies”	Page 228
ESRS E1 § 16	4.2.3.4	Page 226	Chapter 5, section 5.4.6 “Notes to the consolidated financial statements”, Notes 1.3.6 “Financing” and 9.1.2.1 “Long-term debt”	Pages 364, 402
ESRS E1 § 16	4.2.3.4	Page 226	Section 4.2.2.5 “Taxonomy KPI tables”	Page 212
ESRS E1 § 16	4.2.3.4	Page 226	Section 4.1.2 “Composition of the Board of Directors and objectives”	Page 191
ESRS E1 § 16	4.2.3.4	Page 226	Section 4.2.3.8 “Energy consumption” and section 4.2.3.9 “Reduction of greenhouse gas emissions within the framework of the Carbon Neutrality Contribution Plan for 2050”	Pages 233, 234
ESRS E1 § 29	4.2.3.6	Page 229	Section 4.2.2 “European Green Taxonomy”	Page 206
ESRS E1 § 34	4.2.3.7	Page 231	Section 4.2.3.9 "Reduction of greenhouse gas emissions within the framework of the Carbon Neutrality Contribution Plan for 2050”	Page 234
ESRS E1 § 34	4.2.3.7	Page 232	Section 4.2.3.4 “CAP 50: Transition plan for climate change mitigation”	Page 223
ESRS E1 § 34	4.2.3.7	Page 232	Section 4.2.3.3.1 “Analysis of physical and transition risks”	Page 219
ESRS E1 § 47	4.2.3.9	Page 234	Section 4.2.3.7 “A clear vision for contributing to carbon neutrality by 2050 with an ambitious intermediate target for 2030”	Page 229
ESRS E1 § 50	4.2.3.9	Page 234	Section 4.2.3.7 “A clear vision for contributing to carbon neutrality by 2050 with an ambitious intermediate target for 2030”	Page 229
ESRS E2/ESRS 2 IRO-1	4.2.4.1	Page 237	Section 4.1.3.3 “Material impacts, risks and opportunities and their interaction with strategy and business model”	Page 200
ESRS E2/ESRS 2 IRO-1	4.2.4.1	Page 237	Section 4.1.4.1 “Processes to identify and assess material impacts, risks and opportunities”	Page 201
ESRS E2-1 § 12 to 15	4.2.4.2	Page 237	Section 4.2.1 “Environmental policies and commitments”	Page 205
ESRS E2-1 § 12 to 15	4.2.4.2	Page 238	Section 4.2.7.4 “Waste”	Page 257
ESRS E2 § 19	4.2.4.3	Page 240	Section 4.2.7.4 “Waste”	Page 257

Disclosure Requirement	Incorporation by reference	Pages	Section of the sustainability statement	Pages
ESRS E3/ESRS 2 IRO-1	4.2.5.1	Page 245	Section 4.1.3.3 “Material impacts, risks and opportunities and their interaction with strategy and business model”	Page 200
ESRS E3/ESRS 2 IRO-1	4.2.5.1	Page 245	Section 4.1.4.1 “Processes to identify and assess material impacts, risks and opportunities”	Page 201
ESRS E3/ESRS 2 IRO-1	4.2.5.1	Page 245	Section 4.2.3.3.1 "Analysis of physical and transition risks", paragraph “Physical risks - Analysis methodology"	Page 219
ESRS E3/ESRS 2 IRO-1	4.2.5.1	Page 245	Section 4.4.4 “Responsible purchasing”	Page 293
ESRS E4 § 16	4.2.6.2	Page 249	Section 4.2.6.5 “Actions and resources dedicated to biodiversity”	Page 250
ESRS E4 § 17	4.2.6.3	Page 249	Section 4.1.3.3 “Material impacts, risks and opportunities and their interaction with strategy and business model”	Page 200
ESRS E4 § 17	4.2.6.3	Page 249	Section 4.1.4.1 “Processes to identify and assess material impacts, risks and opportunities”	Page 201
ESRS E4 § 19	4.2.6.3	Page 249	Section 4.2.6.5 “Actions and resources dedicated to biodiversity”	Page 250
ESRS E4 § 19	4.2.6.3	Page 249	Section 4.2.6.2 “Material impacts, risks and opportunities and their interaction with strategy and business model”	Page 249
ESRS E4 § 23	4.2.6.4	Page 250	Section 4.2.6.5 “Actions and resources dedicated to biodiversity”	Page 250
ESRS E4 § 24	4.2.6.4	Page 250	Section 4.4.4 “Responsible purchasing”	Page 293
ESRS E4 § 24	4.2.6.4	Page 250	Section 4.4.4 “Responsible purchasing”	Page 293
ESRS E4 § 35	4.2.6.7	Page 251	Section 4.2.6.2 “Material impacts, risks and opportunities and their interaction with strategy and business model”	Page 249
ESRS E5 § 11	4.2.7.1	Page 252	Section 4.1.3.3 “Material impacts, risks and opportunities and their interaction with strategy and business model”	Page 200
ESRS E5 § 11	4.2.7.1	Page 252	Section 4.1.4.1 “Processes to identify and assess material impacts, risks and opportunities”	Page 201
ESRS E5 § 14 - 15	4.2.7.2.1	Page 253	Section 4.2.5 "Water resources" and section 4.2.7.4 "Waste"	Pages 244,257
ESRS E5 § 35	4.2.7.2.4	Page 255	Section 4.2.7.2.2 “Actions and resources related to circular economy”	Page 253
ESRS E5 § 16	4.2.7.4.1	Page 257	Section 4.2.7.2.1 “Policies related to circular economy – 4R program”	Page 252
ESRS E5 § 16	4.2.7.4.2	Page 258	Section 4.2.7.2 “Circular economy: 4R program”	Page 252
ESRS E5 § 23 - 24	4.2.7.4.3	Page 258	Section 4.2.7.2 “Circular economy: 4R program”	Page 252
ESRS E5 § 23-24	4.2.7.4.3	Page 258	Section 4.2.7.3 “Resource inflows”	Page 256
ESRS E5-6	4.2.7.5	Page 259	Section 4.2.2.2 “Summary of KPIs”	Page 206
ESRS S1	4	Page 260	Section 4.3.1.5 “Processes to remediate negative impacts and channels for own workforce to raise concerns”	Page 269
ESRS S1 § 12	4.3.1.1	Page 261	Section 4.3.1.5 “Processes to remediate negative impacts and channels for own workforce to raise concerns”	Page 269
ESRS S1 § 13	4.3.1.2	Page 262	Section 4.1.3.3 “Material impacts, risks and opportunities and their interaction with strategy and business model”	Page 200
ESRS S1 § 13	4.3.1.2	Page 262	Section 4.1.4.1 “Processes to identify and assess material impacts, risks and opportunities”	Page 201
ESRS S1 § 13	4.3.1.2	Page 263	Section 4.3.1.3 “The Group’s employee policy”	Page 263
ESRS S1 § 13	4.3.1.2	Page 263	Section 4.3.1.6 “Actions related to Valeo’s own workforce”	Page 263
ESRS S1 § 13	4.3.1.2	Page 263	Section 4.3.1.8 “Change in Valeo’s headcount”	Page 278
ESRS S1 § 17	4.3.1.3	Page 262	Section 4.3.1.2 “Material impacts, risks and opportunities and their interaction with strategy and business model”	Page 261
ESRS S1 § 17	4.3.1.3	Page 262	Section 4.3.1.3 "Policy related to Valeo’s own workforce", paragraph "Secure employment"	Page 264
ESRS S1 § 17	4.3.1.3	Page 265	Section 4.3.1.3 "Policy related to Valeo’s own workforce", paragraph "Secure employment"	Page 264
ESRS S1 § 17	4.3.1.3	Page 266	Section 4.3.1.5 “Processes to remediate negative impacts and channels for own workforce to raise concerns”	Page 269

Disclosure Requirement	Incorporation by reference	Pages	Section of the sustainability statement	Pages
ESRS S1 § 17	4.3.1.3	Page 267	Section 4.3.1.3 “Policy related to Valeo’s own workforce”, paragraph “Diversity”	Page 266
ESRS S1 § 17	4.3.1.3	Page 267	Section 4.3.1.3 “Policy related to Valeo’s own workforce”, paragraph “Diversity”	Page 266
ESRS S1 § 17	4.3.1.3	Page 267	Section 4.3.1.3 "Policy related to Valeo’s own workforce", paragraph "Secure employment"	Page 264
ESRS S1 § 17	4.3.1.3	Page 267	Section 4.1.2.4 “Statement on due diligence”	Page 194
ESRS S1 § 17	4.3.1.3	Page 268	Section 4.3.1.5 “Processes to remediate negative impacts and channels for own workforce to raise concerns”	Page 269
ESRS S1 § 17	4.3.1.3	Page 268	Section 4.3.1.3 “Freedom of association, the existence of works councils and the information, consultation and participation rights of workers”	Page 265
ESRS S1 § 32	4.3.1.5	Page 269	Sections 4.3.1.3 "Policy related to Valeo’s own workforce" and 4.3.1.6 "Actions related to Valeo’s own workforce" in the following paragraphs "Secure employment", "Working time", "Adequate wages", "Health and safety", "Gender equality and equal pay for work of equal value", "Employment and inclusion of people with disabilities", "Diversity, equity, inclusion", "Measures against violence and harassment in the workplace", "Training and skills development"	Pages 263, 270
ESRS S1 § 35 - 37 - 38 - 39 - 40	4.3.1.6	Page 270	Sections 4.3.1.1 "Strong employee relations" and 4.3.1.4 "Commitments related to Valeo's own workforce"	Pages 261, 268
ESRS S1 § 41	4.3.1.6	Page 270	Section 4.3.1.3 “Policy related to Valeo’s own workforce”, and 4.3.3.4 “Impacts related to consumer and/or end-user safety”	Pages 263, 288
ESRS S1 § 42 - 43 - 45	4.3.1.6	Page 270	Chapter 1, section 1.6.9 “Human Resources”	Page 79
ESRS S1 § 45	4.3.1.6	Page 270	Section 4.3.1.3 "Policy related to Valeo’s own workforce", paragraph "Employee Engagement (EE) roadmaps"	Page 263
ESRS S1 § 45	4.3.1.6	Page 270	Section 4.3.1.6 "Actions related to Valeo’s own workforce", paragraph "Training and skills development"	Page 275
ESRS S1 § 45	4.3.1.6	Page 270	Section 4.3.1.4 “Commitments related to Valeo’s own workforce”	Page 268
ESRS S1 § 45	4.3.1.6	Page 271	Section 4.3.1.12 "Adequate wages"	Page 280
ESRS S1 § 43	4.3.1.6	Page 271	Section 4.3.1.5 “Processes to remediate negative impacts and channels for own workforce to raise concerns”	Page 269
ESRS S1 § 43	4.3.1.6	Page 271	Section 4.3.1.6 "Actions related to Valeo’s own workforce", paragraph "Social dialogue"	Page 271
ESRS S1 § 45	4.3.1.6	Page 272	Section 4.3.1.3 "Policy related to Valeo’s own workforce", paragraph "Work-life balance"	Page 271
ESRS S1 § 45	4.3.1.6	Page 272	Section 4.3.1.3 “Policy related to Valeo’s own workforce”, paragraph “Health and safety”, page XXX);	Page 266
ESRS S1 § 45	4.3.1.6	Page 273	Chapter 3, section 3.3.1 “Compensation policies for corporate officers”, paragraph “Overview of the compensation policy for the Chief Executive Officer in respect of the 2024 financial year”	Page 152
ESRS S1 § 45	4.3.1.6	Page 273	Section 4.3.1.6 "Actions related to Valeo’s own workforce", paragraph "Gender equality and equal pay for work of equal value"	Page 274
ESRS S1 § 45	4.3.1.6	Page 273	Section 4.3.1.6 "Actions related to Valeo’s own workforce", paragraph "Gender equality and equal pay for work of equal value"	Page 274
ESRS S1 § 45	4.3.1.6	Page 273	Section 4.3.1.6 "Actions related to Valeo’s own workforce", paragraph "Employment and inclusion of people with disabilities"	Page 274
ESRS S1 § 45	4.3.1.6	Page 273	Section 4.3.1.5 “Processes to remediate negative impacts and channels for own workforce to raise concerns”	Page 269
ESRS S1 § 45	4.3.1.6	Page 274	Section 4.3.1.6 "Actions related to Valeo’s own workforce", paragraph "Diversity, Equity, Inclusion"	Page 273
ESRS S1 § 45	4.3.1.6	Page 275	Section 4.3.1.6 "Actions related to Valeo’s own workforce", paragraph "Diversity, Equity, Inclusion"	Page 273
ESRS S1 § 45	4.3.1.6	Page 275	Section 4.3.1.8 “Change in Valeo’s headcount”	Page 278
ESRS S1 § 45	4.3.1.6	Page 275	Section 4.3.1.5 “Processes to remediate negative impacts and channels for own workforce to raise concerns”	Page 269
ESRS S1 § 45	4.3.1.6	Page 275	Section 4.3.1.6 “Actions related to Valeo’s own workforce”, paragraph “Measures against violence and harassment in the workplace”	Page 275

Disclosure Requirement	Incorporation by reference	Pages	Section of the sustainability statement	Pages
ESRS S1 § 45	4.3.1.6	Page 276	Section 4.3.1.3 “Policy related to Valeo’s own workforce”, paragraph “Measures against violence and harassment in the workplace”	Page 275
ESRS S1 § 44	4.3.1.7	Page 276	Section 4.3.1.3 “Policy related to Valeo’s own workforce”	Page 263
ESRS S1 § 44 - 46 - 47	4.3.1.7	Page 276	Section 4.3.1.3 “Policy related to Valeo’s own workforce”, paragraph “Social dialogue”	Page 265
ESRS S1 § 44 - 46 - 47	4.3.1.7	Page 277	Section 4.3.1.6 "Actions related to Valeo’s own workforce", "Gender equality and equal pay for work of equal value"	Page 274
ESRS S1 § 44 - 46 - 47	4.3.1.7	Page 277	Section 4.3.1.3 “Policy related to Valeo’s own workforce”, paragraph “Measures against violence and harassment in the workplace”	Page 267
ESRS S1 § 50	4.3.1.8	Page 278	Section 5.4.6 "Notes to the consolidated financial statements", Note 6 "Personnel expenses and employee benefits"	Page 380
ESRS S1 § 50	4.3.1.8	Page 278	Section 4.3.1.9 “Change in non-employee workers in Valeo’s own workforce”	Page 279
ESRS S1 § 65	4.3.1.11	Page 280	Chapter 3, section 3.2.1 "Composition of the Board of Directors", paragraph "Diversity policy within the Board of Directors"	Page 111
ESRS S1 § 74 - 75	4.3.1.13	Page 280	Chapter 5, section 5.4.6, Note 6.3.1 "Description of the plans in force within the Group"	Page 381
ESRS S1 § 88	4.3.1.16	Page 281	Section 4.3.1.7 "Targets related to material impacts, risks, and opportunities", paragraph "Health and safety"	Page 276
ESRS S2 § 9	4.3.2.1	Page 282	Section 4.3.2.2 “Material impacts, risks and opportunities and their interaction with strategy and business model”	Page 282
ESRS S2 § 9	4.3.2.1	Page 282	Section 4.3.2.3 "Policies related to value chain workers" and 4.3.2.5 "Processes to remediate negative impacts and channels for value chain workers to raise concerns"	Pages 283,284
ESRS S2 § 10	4.3.2.2	Page 282	Section 4.3.2.6 “Taking action on material impacts, risks and opportunities related to value chain workers”	Page 284
ESRS S2 § 11	4.3.2.2	Page 282	Section 4.1.3.3 “Material impacts, risks and opportunities and their interaction with strategy and business model”	Page 200
ESRS S2 § 11	4.3.2.2	Page 282	Section 4.1.4.1 “Processes to identify and assess material impacts, risks and opportunities”	Page 201
ESRS S2 § 11	4.3.2.2	Page 282	Section 4.3.2.6 “Taking action on material impacts, risks and opportunities related to value chain workers”	Page 284
ESRS S2 § 16	4.3.2.3	Page 283	Section 4.4.4 “Responsible purchasing”	Page 293
ESRS S2 § 16	4.3.2.3	Page 283	Section 4.3.1.3 " Policy related to Valeo’s own workforce", paragraph "Other work-related rights"	Page 267
ESRS S2 § 16	4.3.2.3	Page 283	Section 4.4.4 “Responsible purchasing”	Page 293
ESRS S2 § 19	4.3.2.3	Page 283	Section 4.3.2.6 “Taking action on material impacts, risks and opportunities related to value chain workers”	Page 284
ESRS S2 § 22 - 23	4.3.2.4	Page 284	Section 4.3.2.5 “Processes to remediate negative impacts and channels for value chain workers to raise concerns”	Page 284
ESRS S2 § 22 - 23	4.3.2.4	Page 284	Section 4.3.2.3 “Policies related to value chain workers” and section 4.3.2.6 “Action on material impacts, risks and opportunities related to value chain workers”	Pages 283,284
ESRS S2 § 27	4.3.2.5	Page 284	Section 4.4.4 “Responsible purchasing”	Page 293
ESRS S2 § 28	4.3.2.5	Page 284	Section 4.3.2.3 “Policies related to value chain workers”	Page 283
ESRS S2 § 28	4.3.2.5	Page 284	Section 4.3.1.5 “Processes to remediate negative impacts and channels for own workforce to raise concerns”	Page 269
ESRS S2 § 32	4.3.2.6	Page 284	Section 4.3.2.5 “Processes to remediate negative impacts and channels for value chain workers to raise concerns”	Page 284
ESRS S2 § 38	4.3.2.6	Page 285	Section 4.3.2.4 “Engaging with value chain workers”	Page 284
ESRS S4 § 9	4.3.3.2	Page 286	Section 4.1.3.3 “Material impacts, risks and opportunities and their interaction with strategy and business model”	Page 200
ESRS S4 § 10	4.3.3.2	Page 286	Section 4.1.4.1 “Processes to identify and assess material impacts, risks and opportunities”	Page 201
ESRS S4 § 16	4.3.3.4.1	Page 288	Section 4.4.4 “Responsible purchasing”	Page 293

Disclosure Requirement	Incorporation by reference	Pages	Section of the sustainability statement	Pages
ESRS S4 § 33	4.3.3.4.2	Page 289	Section 4.3.3.3.1 “Policies related to consumer and end-user information and social inclusion”	Page 287
ESRS S4 § 36	4.3.3.4.2	Page 289	Chapter 2 “Risks and Risk Management”	Page 81
ESRS S4 § 20 - 21	4.3.3.5	Page 289	Section 4.3.3.3.1 “Policies related to consumer and end-user information and social inclusion”	Page 287
ESRS S4 § 25 - 26	4.3.3.6	Page 289	Section 4.3.3.4.2 “Action on material impacts, risks and opportunities related to consumer and end-user safety”	Page 288
ESRS S4 § 25 - 26	4.3.3.6	Page 289	Section 4.4.3 “Corporate culture and business conduct”	Page 291
ESRS G1 § 5	4.4.1	Page 290	Chapter 3 “Corporate governance”, section 3.2.2 “Preparation and organization of the Board of Directors’ work”	Page 133
ESRS G1 § 5	4.4.1	Page 290	Chapter 3 "Corporate governance", section 3.2.1 “Composition of the Board of Directors”, paragraph “Presentation of directors for the 2024 financial year”	Page 116
ESRS G1 § 5	4.4.1	Page 290	Chapter 3 “Corporate governance”, section 3.2.2 “Preparation and organization of the Board of Directors’ work”, paragraph “Directors' access to information”	Page 135
ESRS G1 § 5	4.4.1	Page 290	Chapter 3 “Corporate governance”, section 3.2.2 “Preparation and organization of the Board of Directors’ work”	Page 133
ESRS G1 § 5	4.4.1	Page 290	Chapter 1 “Presentation of Valeo”, section 1.6.4 “Ethics, Compliance and Personal Data Protection Office”	Page 75
ESRS G1 § 6	4.4.2	Page 291	Section 4.1.3.3 “Material impacts, risks and opportunities and their interaction with strategy and business model”	Page 200
ESRS G1 § 6	4.4.2	Page 291	Section 4.1.4.1 “Processes to identify and assess material impacts, risks and opportunities”	Page 201
ESRS G1 § 10	4.4.3	Page 292	Section 4.3.1.5 “Processes to remediate negative impacts and channels for own workforce to raise concerns”	Page 269
ESRS G1 § 14 - 15	4.4.4	Page 293	Section 4.3.2.3 “Policies related to value chain workers”	Page 283
ESRS G1 § 14 - 15	4.4.4	Page 293	Section 4.4.7 “Payment practices”	Page 297
ESRS G1 § 14 - 15	4.4.4	Page 294	Section 4.2.3.4 “CAP 50: Transition plan for climate change mitigation”	Page 223
ESRS G1 § 14 - 15	4.4.4	Page 294	Section 4.2.7.2 “Circular economy: 4R program”	Page 252
ESRS G1 § 18	4.4.5	Page 297	Section 4.4.3 “Corporate culture and business conduct”	Page 291
ESRS G1 § 18	4.4.5	Page 297	Section 4.3.1.5. “Processes to remediate negative impacts and channels for own workforce to raise concerns” [ESRS S1 § 33]	Page 269

Appendix 4 – GRI – SASB – TCFD cross-reference tables

SASB (Sustainability Accounting Standards Board) industry standard

Sustainability disclosure topics and accounting metrics

Themes	Accounting indicators	Category	Unit of measure	Code	Chapters/Sections
Energy management	(1) Total energy consumed, (2) Share of grid electricity, (3) Share of renewable energy	Quantitative	Gigajoules *(GJ)*, Percentage *(%)*	TR-AP-130a.1	4.2.3.8
Waste management	(1) Total amount of industrial waste, (2) Proportion of hazardous waste, (3) Proportion of recycled waste	Quantitative	In metric tons *(t)*, Percentage *(%)*	TR-AP-150a.1	4.2.7.4.4
Product safety	Number of customer recalls, number of products recalled	Quantitative	Number	TR-AP-250a.1	N/A
Energy-efficient design	Sales derived from products contributing to energy efficiency and/or reducing greenhouse gas emissions[(1)]	Quantitative	Euros	TR-AP-410a.1	4.2.2.6
Purchases of raw materials	Description of the management of risks associated with the use of hazardous materials	Discussion and Analysis	N/A	TR-AP-440a.1	4.2.4
Material recycling	Share of products sold that are recyclable	Quantitative	Percentage *(%)*	TR-AP-440b.1	4.2.7.2
	Share of supplies containing recycled or reconditioned materials	Quantitative	Percentage *(%)*	TR-AP-440b.2	4.2.7.3

(1) See sustainable development glossary, page 341.

Activity metrics

Metrics	Category	Unit of measure	Code	Chapters/Sections
Number of parts produced	Quantitative	Number	TR-AP-000.A	—
Weight of parts produced	Quantitative	Metric tons *(t)*	TR-AP-000.B	—
Area of manufacturing plants	Quantitative	In square meters (*sq.m.*)	TR-AP-000.C	—

Cross-reference table with the Global Reporting Initiative (GRI)

GRI code	GRI standard	GRI category	Disclosure requirement	ESRS disclosure requirement	Datapoint	Description	Section
GRI 2	General Disclosures 2021	2-12 b	Role of the highest governance body in overseeing the management of impacts	ESRS 2 GOV-1	22c	Description of management's role in the governance processes, controls and procedures used to monitor, manage and oversee impacts, risks and opportunities	4.1.2.1
		2-12 b-i	Role of the highest governance body in overseeing the management of impacts	ESRS S1-2	27c	Function and most senior role within the undertaking that has operational responsibility for ensuring that this engagement happens, and that the results inform the undertaking's approach	4.3.1.4
		2-12; 2-13; 2-16 2-12-b-ii; 2-12-c; 2-13-b; 2-16-a	Role of the highest governance body in overseeing the management of impacts; Delegation of responsibility for managing impacts; Communication of critical concerns	ESRS 2 GOV-2	26a	Following information: whether, by whom and how frequently the administrative, management and supervisory bodies, including their relevant committees, are informed about material impacts, risks and opportunities, the implementation of due diligence, and the results and effectiveness of policies, actions, metrics and targets adopted to address them	4.1.2.2
		2-12; 2-24 2-12-a; 2-24-a-ii	Role of the highest governance body in overseeing the management of impacts; Embedding policy commitments	ESRS 2 GOV-2	26b	Disclosure of how administrative, management and supervisory bodies consider impacts, risks and opportunities when overseeing strategy, decisions on major transactions and risk management process	4.1.2.2
		2-13 a	Delegation of responsibility for managing impacts	ESRS 2 GOV-1	22ci	Information on whether that role is delegated to a specific management-level position or committee and how oversight is exercised over that position or committee	4.1.2.1
		2-13 b	Delegation of responsibility for managing impacts	ESRS 2 GOV-1	22cii	Information about the reporting lines to the administrative, management and supervisory bodies	4.1.2.1
		2-14 a to b	Role of the highest governance body in sustainability reporting	ESRS 2 GOV-5	36a AR11	Description of Risk management and internal controls over sustainability reporting	4.1.2.5
				ESRS 2 GOV-5	36b AR11	Description of risk assessment approach followed	4.1.2.5
				ESRS 2 GOV-5	36c AR11	Description of main risks identified and their mitigation strategies	4.1.2.5
				ESRS 2 GOV-5	36d AR11	Description of how the undertaking integrates the findings of its risk assessment and internal controls as regards the sustainability reporting process into relevant internal functions and processes	4.1.2.5
				ESRS 2 GOV-5	36e AR11	Description of periodic reporting of findings of risk assessment and internal controls to administrative, management and supervisory bodies	4.1.2.5
		2-16 b	Communication of critical concerns	ESRS 2 GOV-2	26c	List of the material impacts, risks and opportunities addressed by the administrative, management and supervisory bodies, or their relevant committees during the reporting period	4.1.2.2

GRI code	GRI standard	GRI category	Disclosure requirement	ESRS disclosure requirement	Datapoint	Description	Section
		2-17 a	Collective knowledge of the highest governance body	ESRS 2 GOV-1	23 AR5	Disclosure of how administrative, management and supervisory bodies determine whether appropriate skills and expertise are available or will be developed to oversee sustainability matters	4.1.2.1
		2-19 b	Remuneration policies	ESRS 2 GOV-3	29 AR7	Integration of sustainability-related performance in incentive schemes	4.1.2.3
				ESRS 2 GOV-3	29a	Description of key characteristics of incentive schemes	4.1.2.3
				ESRS 2 GOV-3	29b	Description of specific sustainability-related targets and (or) impacts used to assess performance of members of administrative, management and supervisory bodies	4.1.2.3
				ESRS 2 GOV-3	29c	Disclosure of how sustainability-related performance metrics are considered as performance benchmarks or included in remuneration policies	4.1.2.3
				ESRS E1.GOV-3	13	Disclosure of how climate-related considerations are factored into remuneration of members of administrative, management and supervisory bodies	4.1.2.3
		2-2 a	Entities included in the organization’s sustainability reporting	ESRS 2 BP-1	5	General basis for preparation of sustainability statements	4.1.1.1
		2-2 b	Entities included in the organization’s sustainability reporting	ESRS 2 BP-1	5bi	Scope of consolidation of consolidated sustainability statement is same as for financial statements	4.1.1.1
		2-20 a-i	Process to determine remuneration	ESRS 2 GOV-3	29e	Description of the level in the undertaking at which the terms of incentive schemes are approved and updated	4.1.2.3
		2-23 a-i	Policy commitments	ESRS S1-1	21 AR12	Disclosure of whether and how policies are aligned with relevant internationally recognized instruments	4.3.1.3
		2-23 b-i	Policy commitments	ESRS S1-1	20	Description of relevant human rights policy commitments relevant to own workforce	4.3.1.3
		2-23 b-ii	Policy commitments	ESRS S1-1	19	Policies to manage material impacts, risks and opportunities related to own workforce, including for specific groups within workforce or all own workforce	4.3.1.3
				ESRS S1-1	24c	Disclosure of specific policy commitments related to inclusion and (or) positive action for people from groups at particular risk of vulnerability in own workforce	4.3.1.3
		2-25 b to c	Processes to remediate negative impacts	ESRS S1-3	32a AR27	Disclosure of general approach to and processes for providing or contributing to remedy where undertaking has caused or contributed to a material negative impact on people in its own workforce	4.3.1.5
		2-25 Guidance to 2-25-d to e	Processes to remediate negative impacts	ESRS S1-3	32d	Disclosure of processes through which undertaking supports or requires availability of channels	4.3.1.5

GRI code	GRI standard	GRI category	Disclosure requirement	ESRS disclosure requirement	Datapoint	Description	Section
		2-25 Guidance to 2-25-e	Processes to remediate negative impacts	ESRS S1-17	103b AR103-AR106	Number of complaints filed through channels for own workforce to raise concerns	4.3.1.19
		2-25 to 26 2-25-d to e; 2-26-a-i	Processes to remediate negative impacts; Mechanisms for seeking advice and raising concerns	ESRS S1-3	32e AR32	Disclosure of how issues raised and addressed are tracked and monitored and how effectiveness of channels is ensured	4.3.1.5
		2-27 a	Compliance with laws and regulations	ESRS G1-4	24a	Number of convictions for violation of anti-corruption and anti-bribery laws	4.4.6
		2-27 b	Compliance with laws and regulations	ESRS G1-4	24b	Amount of fines for violation of anti-corruption and anti-bribery laws	4.4.6
				ESRS S1-17	103c AR103-AR106	Amount of material fines, penalties, and compensation for damages as a result of violations regarding social and human rights factors	4.3.1.19
				ESRS S1-17	104b AR103-AR106	Amount of material fines, penalties, and compensation for severe human rights issues and incidents connected to own workforce	4.3.1.19
		2-29 a	Approach to stakeholder engagement	ESRS S1-1	20b	Disclosure of general approach in relation to engagement with people in its own workforce	4.3.1.3
		2-29 a-iii	Approach to stakeholder engagement	ESRS S1-2	27e AR24	Disclosure of how effectiveness of engagement with its own workforce is assessed	4.3.1.4
		2-29 a-iii; Guidance to 2-29-a-iii	Approach to stakeholder engagement	ESRS S1-2	28 AR23	Disclosure of steps taken to gain insight into perspectives of people in its own workforce that may be particularly vulnerable to impacts and (or) marginalized	4.3.1.4
		2-29 Guidance to 2-29-a-ii	Approach to stakeholder engagement	ESRS S1-2	27a	Engagement occurs with own workforce or their representatives	4.3.1.4
				ESRS S1-2	27b AR19	Disclosure of stage at which engagement occurs, type of engagement and frequency of engagement	4.3.1.4
		2-30 a	Collective bargaining	ESRS S1-8	60a AR66	Percentage of its total employees covered by collective bargaining agreements	4.3.1.10
		2-30 Guidance to 2-30-a	Collective bargaining	ESRS S1-8	60b	Percentage of its employees covered by collective bargaining agreements are within coverage rate by country (in the EEA)	4.3.1.10
				ESRS S1-8	60c	The undertaking shall disclose outside the EEA, the percentage of its own employees covered by collective bargaining agreements by region	4.3.1.10
				ESRS S1-8	AR70	Own workforce in region (non-EEA) covered by collective bargaining agreements by coverage rate and by region	4.3.1.10
		2-4 a-i	Restatements of information	ESRS 2 BP-2	13a	Explanation of changes in preparation and presentation of sustainability information and reasons for them	4.1.1.3
		2-4 a-ii	Restatements of information	ESRS 2 BP-2	13b	Disclosure of revised comparative figures	4.1.1.3
		2-6 b-i; d	Activities, value chain and other business relationships	ESRS 2 SBM-1	40ai AR12-AR13	Description of significant groups of products and (or) services offered	4.1.3.1
				ESRS 2 SBM-1	40aii AR12-AR13	Description of significant markets and (or) customer groups served	4.1.3.1

GRI code	GRI standard	GRI category	Disclosure requirement	ESRS disclosure requirement	Datapoint	Description	Section
		2-7 a	Employees	ESRS 2 SBM-1	40aiii AR12-AR13	Total number of employees (head count)	4.1.3.1
				ESRS S1-6	50a	Characteristics of undertaking's employees - number of employees in countries with 50 or more employees representing at least 10% of total number of employees [table]	4.3.1.8
				ESRS S1-6	50a AR57	Number of employees in countries with 50 or more employees representing at least 10% of total number of employees	4.3.1.8
				ESRS S1-6		Average number of employees in countries with 50 or more employees representing at least 10% of total number of employees	4.3.1.8
		2-7 b-i to iii	Employees	ESRS S1-6	50b	Characteristics of undertaking's employees - information on employees by contract type and gender [table]	4.3.1.8
				ESRS S1-6	50b-51	Number of employees (head count or full-time equivalent)	4.3.1.8
				ESRS S1-6		Average number of employees (head count or full-time equivalent)	4.3.1.8
		2-7 b-iv	Employees	ESRS S1-6	52a	Number of full-time employees by head count or full-time equivalent	4.3.1.8
		2-7 b-iv to v	Employees	ESRS S1-6	52	Further detailed breakdown by gender and by region [table]	4.3.1.8
		2-7 b-v	Employees	ESRS S1-6	52b	Number of part-time employees by head count or full time equivalent	4.3.1.8
		2-7 d to e	Employees	ESRS S1-6	50e AR58	Disclosure of contextual information necessary to understand data (employees)	4.3.1.8
		2-8 a	Workers who are not employees	ESRS S1-7	55a	Number of non-employees in own workforce - people provided by undertakings primarily engaged in employment activities	4.3.1.9
				ESRS S1-7		Number of non-employees in own workforce - self-employed people	4.3.1.9
				ESRS S1-7	55a AR61	Number of non-employees in own workforce	4.3.1.9
		2-9 b	Governance structure and composition	ESRS 2 GOV-1	22a	Information about identity of administrative, management and supervisory bodies or individual(s) within body responsible for oversight of impacts, risks and opportunities	4.1.2.1
		2-9 c-i	Governance structure and composition	ESRS 2 GOV-1	21a	Number of executive members	4.1.2.1
				ESRS 2 GOV-1		Number of non-executive members	4.1.2.1
		2-9 c-ii	Governance structure and composition	ESRS 2 GOV-1	21e	Percentage of board members who are independent	4.1.2.1
		2-9 c-vii	Governance structure and composition	ESRS 2 GOV-1	21c AR5	Information about member's experience relevant to sectors, products and geographic locations of undertaking	4.1.2.1
				ESRS 2 GOV-1	23a	Information about sustainability-related expertise that bodies either directly possess or can leverage	4.1.2.1
				ESRS 2 GOV-1	23b	Description of how those skills and expertise relate to the undertaking's material impacts, risks and opportunities	4.1.2.1
		2-9 c-viii	Governance structure and composition	ESRS 2 GOV-1	21b	Information about representation of employees and other workers	4.1.2.1

GRI code	GRI standard	GRI category	Disclosure requirement	ESRS disclosure requirement	Datapoint	Description	Section
GRI 2; 3	General Disclosures 2021; Material Topics 2021	2-24; 3-3 2-24-a-iii to iv; Guidance to 3-3-d-i	Embedding policy commitments; Management of material topics	ESRS S1-4	AR35	Disclosure of how undertaking seeks to use leverage with relevant business relationships to manage material negative impacts affecting own workforce	4.3.1.6
		2-25; 3-3 2-25-a; 3-3-d-ii	Processes to remediate negative impacts; Management of material topics	ESRS S1-1	20c	Disclosure of general approach in relation to measures to provide and (or) enable remedy for human rights impacts	4.3.1.3
GRI 2; 403	General Disclosures 2021; Occupational Health and Safety 2018	2-25; 403-2 2-25-b; 403-2-b	Processes to remediate negative impacts; Hazard identification, risk assessment, and incident investigation	ESRS S1-3	32b AR28	Disclosure of specific channels in place for its own workforce to raise concerns or needs directly with undertaking and have them addressed	4.3.1.5
		2-25; 403-2 Guidance to 2-5-e; 403-2-b	Processes to remediate negative impacts; Hazard identification, risk assessment, and incident investigation; External assurance	ESRS S1-3	33	Policies regarding protection against retaliation for individuals that use channels to raise concerns or needs are in place	4.3.1.5
GRI 2; 405	General Disclosures 2021; Diversity and Equal Opportunity 2016	2-7; 405-1 2-7-a; 405-1-b-i	Employees; Diversity of governance bodies and employees	ESRS S1-6	50a	Characteristics of undertaking's employees - number of employees by gender [table]	4.3.1.8
				ESRS S1-6	50a AR57	Number of employees (head count)	4.3.1.8
				ESRS S1-6		Average number of employees (head count)	4.3.1.8
		2-9; 405-1 2-9-c-v to vi; 405-1-a-i to iii	Governance structure and composition; Diversity of governance bodies and employees	ESRS 2 GOV-1	21d	Percentage of members of administrative, management and supervisory bodies	4.1.2.1
		2-9; 405-1 2-9-c-v; 405-1-a-i	Governance structure and composition; Diversity of governance bodies and employees	ESRS 2 GOV-1	21d	Board's gender diversity	4.1.2.1
GRI 201	Economic Performance 2016	201-1 a-i	Direct economic value generated and distributed	ESRS 2 SBM-1	40b AR12-AR13	Total net revenue (financial statements)	4.2.3.8
				ESRS E1-6	AR55	Net revenue	4.2.3.9
		201-2 a-i	Financial implications and other risks and opportunities due to climate change	ESRS E1.SBM-3	18	Type of climate-related risk	4.2.3.3
GRI 202	Market Presence 2016	202-1 a; c to d	Ratios of standard entry level wage by gender compared to local minimum wage	ESRS S1-10	69 AR72-AR74	All employees are paid adequate wage, in line with applicable benchmarks	4.3.1.12
				ESRS S1-10	70	Percentage of employees paid below the applicable adequate wage benchmark	4.3.1.12
GRI 203	Indirect Economic Impacts 2016	203-2 a to b	Significant indirect economic impacts	ESRS S1-4	AR41	Indication of whether any such initiatives are designed also to support the achievement of one or more Sustainable Development Goals	4.3.1.6
GRI 205	Anti-corruption 2016	205-2 d to e	Communication and training about anti-corruption policies and procedures	ESRS G1-3	21b AR4	The percentage of functions-at-risk covered by training programmes	4.4.5
				ESRS G1-3	AR8	Prevention and detection of corruption or bribery - anti-corruption and bribery training table	4.4.5

GRI code	GRI standard	GRI category	Disclosure requirement	ESRS disclosure requirement	Datapoint	Description	Section
GRI 3	Material Topics 2021	3-3	Management of material topics	ESRS E2-3	22 AR19	Tracking effectiveness of policies and actions through targets	4.2.4.4
				ESRS E3-3	22	Tracking effectiveness of policies and actions through targets	4.2.5.4
				ESRS E4-3	27	Actions and resources related to biodiversity and ecosystems	4.2.6.5
				ESRS E5-3	23	Tracking effectiveness of policies and actions through targets	4.2.7.2.3
				ESRS S1-4	37	Action plans and resources to manage its material impacts, risks, and opportunities related to its own workforce	4.3.1.6
				ESRS S1-5	46 AR50-AR52	Targets set to manage material impacts, risks and opportunities related to own workforce	4.3.1.7
		3-1 a-i	Process to determine material topics	ESRS 2 BP-1	5c AR1	Disclosure of extent to which sustainability statement covers upstream and downstream value chain	4.1.1.1
		3-3 e-iii	Management of material topics	ESRS S1-4	AR33c	Disclosure of how far undertaking has progressed in efforts during reporting period	4.3.1.6
		3-3 e-iv	Management of material topics	ESRS S1-4	AR33d	Aims for continued improvement	4.3.1.6
		3-3 a to b	Management of material topics	ESRS S1-17	104a AR105	Number of severe human rights issues and incidents connected to own workforce	4.3.1.19
		3-3 b	Management of material topics	ESRS E2.IRO-1	11c AR9	Disclosure of results of materiality assessment (pollution)	4.2.4.1
		3-3 c	Management of material topics	ESRS E1-2	25 AR16-AR18	Sustainability matters addressed by policy for climate change	4.2.3.5
				ESRS S1-1	24a	Specific policies aimed at elimination of discrimination are in place	
		3-3 d-i to ii	Management of material topics	ESRS S1-4	AR33a	Disclosure of general and specific approaches to addressing material negative impacts	4.3.1.6
		3-3 d-i to iii	Management of material topics	ESRS E2-2	19 AR14	Layer in mitigation hierarchy to which resources can be allocated to (pollution)	4.2.4.3
				ESRS S1-1	24d	How these policies are implemented through specific procedures to ensure discrimination is prevented, mitigated and acted upon once detected, as well as to advance diversity and inclusion in general.	4.3.1.3
		3-3 d-ii	Management of material topics	ESRS S1-4	38b	Disclosure on whether and how action has been taken to provide or enable remedy in relation to actual material impact	4.3.1.6
		3-3 d-iii	Management of material topics	ESRS S1-4	38c	Description of additional initiatives or actions with primary purpose of delivering positive impacts for own workforce	4.3.1.6
				ESRS S1-4	AR33b	Disclosure of initiatives aimed at contributing to additional material positive impacts	4.3.1.6

GRI code	GRI standard	GRI category	Disclosure requirement	ESRS disclosure requirement	Datapoint	Description	Section
		3-3 e-i	Management of material topics	ESRS S1-4	38d AR38-AR39	Description of how effectiveness of actions and initiatives in delivering outcomes for own workforce is tracked and assessed	4.3.1.6
		3-3 e-ii; Guidance to 3-3-e-ii	Targets related to climate change mitigation and adaptation	ESRS E1-4	33	Disclosure of how GHG emissions reduction targets and (or) any other targets have been set to manage material climate-related impacts, risks and opportunities	4.2.3.7
		3-3 f	Management of material topics	ESRS S1-2	27	Disclosure of whether and how perspectives of own workforce inform decisions or activities aimed at managing actual and potential impacts	4.3.1.4
				ESRS S1-4	39 AR34	Description of process through which it identifies what action is needed and appropriate in response to particular actual or potential negative impact on own workforce	4.3.1.6
				ESRS S1-5	47b	Disclosure of whether and how own workforce or workforce' representatives were engaged directly in tracking performance against targets	4.3.1.7
				ESRS S1-5	47c	Disclosure of whether and how own workforce or workforce' representatives were engaged directly in identifying lessons or improvements as result of undertaking's performance	4.3.1.7
		3-3 Guidance to 3-3-a	Management of material topics	ESRS SBM-3	14b	Material negative impacts occurrence (own workforce)	4.3.1.2
				ESRS SBM-3	14c	Description of activities that result in positive impacts and types of employees and non-employees in its own workforce that are positively affected or could be positively affected	4.3.1.2
		3-3 Guidance to 3-3-d	Management of material topics	ESRS E3-2	18	Layer in mitigation hierarchy to which action and resources can be allocated to (water and marine resources)	4.2.5.3
				ESRS S1-4	43	Disclosure of resources allocated to the management of material impacts	4.3.1.6
				ESRS S1-4	AR48	Description of internal functions that are involved in managing impacts and types of action taken by internal functions to address negative and advance positive impacts	4.3.1.6
		3-3 Guidance to 3-3-e-ii	Management of material topics	ESRS E1-4	34e-16a AR26	GHG emission reduction target is science based and compatible with limiting global warming to one and half degrees Celsius	4.2.3.7
				ESRS E2-3	25	Pollution-related target is mandatory (required by legislation)/voluntary	4.2.4.4
		3-3; 303-1, 303-1c	Management of material topics; Interactions with water as a shared resource	ESRS E3-2	17 AR19-AR21	Actions and resources related to water and marine resources	4.2.5.3
GRI 3; 306	Material Topics 2021; Waste 2020	3-3; 306-2 306-2-a	Management of material topics; Management of significant waste-related impacts	ESRS E5-2	19	Actions and resources related to resource use and circular economy	4.2.7.2.2
GRI 3; 403	Material Topics 2021; Occupational Health and Safety 2018	3-3; 403-9 to 10 3-3-d-I; 403-9-c-iii; 403-9-d; 403-10-c-iii	Management of material topics; Work-related injuries; Work-related ill health	ESRS S1-4	38a	Description of action taken, planned or underway to prevent or mitigate negative impacts on own workforce	4.3.1.6

GRI code	GRI standard	GRI category	Disclosure requirement	ESRS disclosure requirement	Datapoint	Description	Section
GRI 3; 408; 409	Material Topics 2021; Child Labor 2016; Forced or Compulsory Labor 2016	3-3; 408-1; 409-1 3-3-c; 408-1-c; 409-1-b	Management of material topics; Operations and suppliers at significant risk for incidents of child labor; Operations and suppliers at significant risk for incidents of forced or compulsory labor	ESRS S1-1	22	Policies explicitly address trafficking in human beings, forced labor or compulsory labor and child labor	4.3.1.3
GRI 3; GRI 201	Material Topics 2021; Economic Performance 2016	3-3 201-2 a-iv to v	Management of material topics; Financial implications and other risks and opportunities due to climate change	ESRS E1-3	28	Actions and Resources related to climate change mitigation and adaptation	4.2.3.6
GRI 301	Materials 2016	301-1 a	Materials used by weight or volume	ESRS E5-4	31a	Overall total weight of products and technical and biological materials used during the reporting period	4.2.7.3.4
		301-1 to 2 301-1-2.1.4; 301-2-2.3	Materials used by weight or volume; Recycled input materials used	ESRS E5-4	32 AR24	Description of methodologies used to calculate data and key assumptions used	4.2.7.3.4
GRI 302	Energy 2016	302-1 a	Energy consumption within the organization	ESRS E1-5	38a AR33	Fuel consumption from coal and coal products	4.2.3.8
				ESRS E1-5	38b AR33	Fuel consumption from crude oil and petroleum products	4.2.3.8
				ESRS E1-5	38c AR33	Fuel consumption from natural gas	4.2.3.8
				ESRS E1-5	38d AR33	Fuel consumption from other fossil sources	4.2.3.8
		302-1 b	Energy consumption within the organization	ESRS E1-5	37ci	Fuel consumption from renewable sources	4.2.3.8
				ESRS E1-5	37ciii	Consumption of self-generated non-fuel renewable energy	4.2.3.8
		302-1 c	Energy consumption within the organization	ESRS E1-5	37cii	Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	4.2.3.8
				ESRS E1-5	38e AR33	Consumption of purchased or acquired electricity, heat, steam, or cooling from fossil sources	4.2.3.8
		302-1 e	Energy consumption within the organization	ESRS E1-5	37 AR35	Total energy consumption	4.2.3.8
				ESRS E1-5	37a AR33	Total energy consumption from fossil sources	4.2.3.8
				ESRS E1-5	37b	Total energy consumption from nuclear sources	4.2.3.8
				ESRS E1-5	37c	Total energy consumption from renewable	4.2.3.8
		302-3 a to d	Energy intensity	ESRS E1-5	40 AR36	Energy intensity from activities in high climate impact sectors (total energy consumption per net revenue)	4.2.3.8

GRI code	GRI standard	GRI category	Disclosure requirement	ESRS disclosure requirement	Datapoint	Description	Section
GRI 303	Water and Effluents 2018	303-1 a to b	Interactions with water as a shared resource	ESRS IRO-1	8a AR1-AR15	Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities	4.2.5.1
		303-1 c	Interactions with water as a shared resource	ESRS IRO-1	8b	Disclosure of how consultations have been conducted (water and marine resources)	4.2.5.1
		303-1 d	Interactions with water as a shared resource	ESRS E3-3	24 AR22	(Local) ecological threshold and entity-specific allocation were taken into consideration when setting water and marine resources target	4.2.5.4
				ESRS E3-3	25	Adopted and presented water and marine resources-related target is mandatory (based on legislation)	4.2.5.4
		303-3 a	Water withdrawal	ESRS E3-4	AR32	Total water withdrawals	4.2.5.5
		303-4 a	Water discharge	ESRS E3-4	AR32	Total water discharges	4.2.5.5
		303-5 a	Water consumption	E3-4	28a	Total water consumption	4.2.5.5
		303-5 b	Water consumption	ESRS E3-4	28b AR28	Total water consumption in areas at water risk, including areas of high-water stress	4.2.5.5
		303-5 d	Water consumption	ESRS E3-4	28e AR29	Disclosure of contextual information regarding water consumption	4.2.5.5
GRI 304	Biodiversity 2016	304-1 a-iv	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	ESRS E4-5	35	Number of sites owned, leased or managed in or near protected areas or key biodiversity areas that undertaking is negatively affecting	4.2.6.7
				ESRS IRO-1	19a AR7d	Activities negatively affecting biodiversity sensitive areas	4.2.6.3
				ESRS IRO-1		Undertaking has sites located in or near biodiversity-sensitive areas	4.2.6.2
				ESRS SBM-3	16aii	Breakdown of material sites located in or near biodiversity-sensitive area	4.2.6.2
		304-1 to 2 304-1-a-v; 304-2-b	GHG emissions intensity	ESRS E4-5	35	Area of sites owned, leased or managed in or near protected areas or key biodiversity areas that undertaking is negatively affecting	4.2.6.7
		304-2 a	Significant impacts of activities, products and services on biodiversity	ESRS SBM-3	16ai	Activities related to sites located in or near biodiversity-sensitive areas negatively affect these areas where conclusions or necessary mitigation measures have not been implemented or are ongoing	4.2.6.2
		304-2 a-i; a-v to vi	Significant impacts of activities, products and services on biodiversity	ESRS E4-5	38	Disclosure of metrics considered relevant (land-use change, freshwater-use change and (or) sea-use change)	4.2.6.7

GRI code	GRI standard	GRI category	Disclosure requirement	ESRS disclosure requirement	Datapoint	Description	Section
GRI 305	Emissions 2016	305-1 a	Direct (Scope 1) GHG emissions	ESRS E1-6	48a AR43	Gross Scope 1 GHG emissions	4.2.3.9
		305-1 to 3 1-d; 2-d; 3-e; 5-c	Direct (Scope 1) GHG emissions; Energy indirect (Scope 2) GHG emissions; Other indirect (Scope 3) GHG emissions; Reduction of GHG emissions	ESRS E1-4	34c	Disclosure of past progress made in meeting target before current base year	4.2.3.7
		305-1 to 3 1-e to g; 2-e to g; 3-f to g	Direct (Scope 1) GHG emissions; Energy indirect (Scope 2) GHG emissions; Other indirect (Scope 3) GHG emissions	ESRS E1-6	AR39b	Disclosure of methodologies, significant assumptions and emissions factors used to calculate or measure GHG emissions	4.2.3.9
		305-1 to 3 2.2.5; 2.4.5; 2.6.5	Direct (Scope 1) GHG emissions; Energy indirect (Scope 2) GHG emissions; Other indirect (Scope 3) GHG emissions	ESRS E1-6	AR41	GHG emissions - by country, operating segments, economic activity, subsidiary, GHG category or source type	4.2.3.9
		305-1 to 3 305-1-a; 305-2-a; 305-2-b; 305-3-a	Direct (Scope 1) GHG emissions; Energy indirect (Scope 2) GHG emissions; Other indirect (Scope 3) GHG emissions	ESRS E1-6	44 AR39	Gross Scopes 1, 2, 3 and Total GHG emissions	4.2.3.9
		305-1 to 3	Direct (Scope 1) GHG emissions; Energy indirect (Scope 2) GHG emissions; Other indirect (Scope 3) GHG emissions	ESRS E1-6	44-52a AR47	Total GHG emissions (location-based)	4.2.3.9
				ESRS E1-6	44-52b AR47	Total GHG emissions (market-based)	4.2.3.9
				ESRS E1-6	52a AR47	Scope 2 location-based	4.2.3.9
				ESRS E1-6	52b AR47	Scope 2 market-based	4.2.3.9
		305-2 a	Energy indirect (Scope 2) GHG emissions	ESRS E1-6	49a AR45	Gross location-based Scope 2 GHG emissions	4.2.3.9
		305-2 b	Energy indirect (Scope 2) GHG emissions	ESRS E1-6	49b AR45	Gross market-based Scope 2 GHG emissions	4.2.3.9
		305-3 a	Other indirect (Scope 3) GHG emissions	ESRS E1-6	51 AR46	Gross Scope 3 GHG emissions	4.2.3.9

GRI code	GRI standard	GRI category	Disclosure requirement	ESRS disclosure requirement	Datapoint	Description	Section
		305-3 d	Other indirect (Scope 3) GHG emissions	ESRS E1-6	AR46i	List of Scope 3 GHG emissions categories included in inventory	4.2.3.9
		305-3	Other indirect (Scope 3) GHG emissions	ESRS E1-6	AR46d	Total Gross indirect (Scope 3) GHG emissions	4.2.3.9
				ESRS E1-6	AR46i	Disclosure of why Scope 3 GHG emissions category has been excluded	4.2.3.9
		305-4 a to c	GHG emissions intensity	ESRS E1-6	53 AR53	GHG emissions intensity, location-based (total GHG emissions per net revenue)	4.2.3.9
				ESRS E1-6		GHG emissions intensity, market-based (total GHG emissions per net revenue)	4.2.3.9
		305-5 a to d	GHG emission reduction	ESRS E1-4	34a-34b	Absolute value of location-based Scope 2 Greenhouse gas emissions reduction	4.2.3.7
				ESRS E1-4		Absolute value of Scope 1 Greenhouse gas emissions reduction	4.2.3.7
				ESRS E1-4		Absolute value of Scope 3 Greenhouse gas emissions reduction	4.2.3.7
				ESRS E1-4		Absolute value of market-based Scope 2 Greenhouse gas emissions reduction	4.2.3.7
				ESRS E1-4		Absolute value of total Greenhouse gas emissions reduction	4.2.3.7
		305-7 2.14.2	Emissions of nitrogen oxides (NOx) and sulfur oxides (SOx) and other significant air emissions	ESRS E2-4	28a AR21-AR22	Pollution of air, water and soil	4.2.4.5
		305-7 a	Emissions of nitrogen oxides (NOx) and sulfur oxides (SOx) and other significant air emissions	ESRS E2-4	28a AR21-AR22	Emissions to air by pollutant	4.2.4.5
		305-7 b to c	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	ESRS E2-4	30b	Description of measurement methodologies (pollution of air, water and soil)	4.2.4.5
				ESRS E2-4	30c	Description of process(es) to collect data for pollution-related accounting and reporting	4.2.4.5
		GRI 305-5 a	GHG emission reduction	ESRS E1-3	29b	Achieved GHG emission reductions	4.2.3.6

GRI code	GRI standard	GRI category	Disclosure requirement	ESRS disclosure requirement	Datapoint	Description	Section
GRI 306	Effluents and Waste 2016	306-2 a	Waste by type and disposal method	ESRS E5-2	20e AR13	Description of actions taken to prevent waste generation	4.2.7.2.2
				ESRS E5-2	20f	Description of optimisation of waste management in line with the waste hierarchy	4.2.7.2.2
		306-2 c	Waste by type and disposal method	ESRS IRO-1	11a AR1-AR6	Disclosure of methodologies, assumptions and tools used in the screening in order to identify actual and potential impacts, risks and opportunities in own operations and upstream and downstream value chain	4.2.7.1
		306-2-a	Waste by type and disposal method	ESRS E5-2	20b	Description of higher rates of use of secondary raw materials (recyclates)	4.2.7.2.2
				ESRS E5-2	20c	Description of application of circular design	4.2.7.2.2
				ESRS E5-2	AR12	Information about collective action on development of collaborations or initiatives increasing circularity of products and materials	4.2.7.2.2
				ESRS E5-2	AR13a	Description of contribution to circular economy	4.2.7.2.2
				ESRS E5-5	36b	Disclosure of the reparability of products	4.2.7.2.4
		306-2 to 5 306-2-c; 306-3-b; 306-4-e; 306-5-e	Waste by type and disposal method; Significant spills; Transport of hazardous waste; Water bodies affected by water discharges and/or runoff	ESRS E5-5	40 AR33	Description of methodologies used to calculate data (waste generated)	4.2.7.4.4
		306-3 a	Significant spills	ESRS E5-5	37a	Total amount of waste generated	4.2.7.4.4
				ESRS E5-5	39	Total amount of hazardous waste	4.2.7.4.4
		306-3 to 4; 305-5 3-a; 4-a; 5-a	Significant spills; Reduction of GHG emissions; Other indirect (Scope 3) GHG emissions; GHG emissions intensity	ESRS E5-5	38	Disclosure of composition of waste	4.2.7.4.4
		306-3 to 5 306-3-a; 306-4-a; 306-5-a	Significant spills; Transport of hazardous waste; Water bodies affected by water discharges and/or runoff	ESRS E5-5	38a	Disclosure of waste streams relevant to undertaking's sector or activities	4.2.7.4.4
				ESRS E5-5	38b	Disclosure of materials that are present in waste	4.2.7.4.4

GRI code	GRI standard	GRI category	Disclosure requirement	ESRS disclosure requirement	Datapoint	Description	Section
		306-4 c-iii	Transport of hazardous waste	ESRS E5-5	37b	Hazardous waste diverted from disposal	4.2.7.4.4
				ESRS E5-5		Non-hazardous waste diverted from disposal	4.2.7.4.4
				ESRS E5-5	37bi	Non-hazardous waste diverted from disposal due to preparation for reuse	4.2.7.4.4
				ESRS E5-5	37bii	Hazardous waste diverted from disposal due to recycling	4.2.7.4.4
				ESRS E5-5		Non-hazardous waste diverted from disposal due to recycling	4.2.7.4.4
				ESRS E5-5	37biii AR31	Hazardous waste diverted from disposal due to other recovery operations	4.2.7.4.4
				ESRS E5-5		Non-hazardous waste diverted from disposal due to other recovery operations	4.2.7.4.4
		306-5 c-iv	Water bodies affected by water discharges and/or runoff	ESRS E5-5	37c	Hazardous waste directed to disposal	4.2.7.4.4
				ESRS E5-5		Non-hazardous waste diverted from disposal	4.2.7.4.4
				ESRS E5-5	37ci	Hazardous waste directed to disposal by incineration	4.2.7.4.4
				ESRS E5-5		Non-hazardous waste directed to disposal by incineration	4.2.7.4.4
				ESRS E5-5	37cii	Hazardous waste directed to disposal by landfilling	4.2.7.4.4
				ESRS E5-5		Non-hazardous waste directed to disposal by landfilling	4.2.7.4.4
GRI 401	Employment 2016	401-1 b	New employee hires and employee turnover	ESRS S1-6	50c	Percentage of employee turnover	4.3.1.8
				ESRS S1-6	50c AR59	Number of employee who have left undertaking	4.3.1.8
		401-2 a-ii to v; b	Benefits provided to full-time employees that are not provided to temporary or part-time employees	ESRS S1-11	75 AR75	Social protection employees by country [table] by types of events and type of employees	4.3.1.13
		401-2 a-ii; b	Benefits provided to full-time employees that are not provided to temporary or part-time employees	ESRS S1-11	74a	All employees in own workforce are covered by social protection, through public programs or through benefits offered, against loss of income due to sickness	4.3.1.13
		401-2 a-iii; b	Benefits provided to full-time employees that are not provided to temporary or part-time employees	ESRS S1-11	74c	All employees in own workforce are covered by social protection, through public programs or through benefits offered, against loss of income due to employment injury and acquired disability	4.3.1.13
		401-2 a-iv; b	Benefits provided to full-time employees that are not provided to temporary or part-time employees	ESRS S1-11	74d	All employees in own workforce are covered by social protection, through public programs or through benefits offered, against loss of income due to parental leave	4.3.1.13
		401-2 a-v; b	Benefits provided to full-time employees that are not provided to temporary or part-time employees	ESRS S1-11	74e	All employees in own workforce are covered by social protection, through public programs or through benefits offered, against loss of income due to retirement	4.3.1.13
		401-3 a	Parental leave	ESRS S1-15	93a AR96-AR97	Percentage of employees entitled to take family-related leave	4.3.1.17
		401-3 b	Parental leave	ESRS S1-15	93b	Percentage of entitled employees that took family-related leave by gender [table]	4.3.1.17
				ESRS S1-15		Percentage of entitled employees that took family-related leave	4.3.1.17

GRI code	GRI standard	GRI category	Disclosure requirement	ESRS disclosure requirement	Datapoint	Description	Section
GRI 403	Occupational Health and Safety 2018	403-1 a	Occupational health and safety management system	ESRS S1-1	23	Workplace accident prevention policy or management system	4.3.1.3
		403-8 a-i	Workers covered by an occupational health and safety management system	ESRS S1-14	88a AR80	Percentage of people in its own workforce who are covered by the undertaking's health and safety management system based on legal requirements and/or recognised standards or guidelines	4.3.1.16
		403-8 a-ii to iii	Workers covered by an occupational health and safety management system	ESRS S1-14	90	Percentage of own workforce who are covered by health and safety management system based on legal requirements and (or) recognized standards or guidelines and which has been internally audited and (or) audited or certified by external party	4.3.1.16
		403-9 a-iii; b-iii	Work-related injuries	ESRS S1-14	88c	Number of recordable work-related accidents for own workforce	4.3.1.16
				ESRS S1-14		Rate of recordable work-related accidents for own workforce	4.3.1.16
		403-9	Work-related injuries	ESRS S1-14	88e AR89-AR95	Number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health related to employees	4.3.1.16
		403-9 to 10 a-i; b-i	Work-related injuries; Work-related ill health	ESRS S1-14	88b AR89-AR91	Number of fatalities in own workforce as result of work-related injuries and work-related ill health	4.3.1.16
		403-9 to 10 b-i	Work-related injuries; Work-related ill health	ESRS S1-14	88b AR89-AR91	Number of fatalities as result of work-related injuries and work-related ill health of other workers working on undertaking's sites	4.3.1.16
GRI 404	Training and Education 2016	404-1 a-i	Average hours of training per year per employee	ESRS S1-13	83b AR78	Average number of training hours per person for employees	4.3.1.15
				ESRS S1-13		Average number of training hours by gender [table]	4.3.1.15
		404-1; 404-3 404-1-a-ii; 404-3-a	Average hours of training per year per employee; Percentage of employees receiving regular performance and career development reviews	ESRS S1-13	84 AR79	Average number of employees that participated in regular performance and career development reviews by employee category	4.3.1.15
				ESRS S1-13		Percentage of employees that participated in regular performance and career development reviews by employee category [table]	4.3.1.15
		404-3 a	Percentage of employees receiving regular performance and career development reviews	ESRS S1-13	83a AR77	Training and skills development indicators gender [table]	4.3.1.15
				ESRS S1-13		Percentage of employees receiving regular performance and career development reviews	4.3.1.15

GRI code	GRI standard	GRI category	Disclosure requirement	ESRS disclosure requirement	Datapoint	Description	Section
GRI 405	Diversity and Equal Opportunity 2016	405-1 a-i; b-i	Diversity of governance bodies and employees	ESRS S1-9	66a	Number of employees (head count) at top management level	4.3.1.11
				ESRS S1-9		Percentage of employees at top management level	4.3.1.11
		405-1 b-ii	Diversity of governance bodies and employees	ESRS S1-9	66b	Number of employees (head count) between 30 and 50 years old	4.3.1.11
				ESRS S1-9		Number of employees (head count) over 50 years old	4.3.1.11
				ESRS S1-9		Number of employees (head count) under 30 years old	4.3.1.11
		405-1 b-iii	Diversity of governance bodies and employees	ESRS S1-12	79	Percentage of persons with disabilities amongst employees subject to legal restrictions on collection of data	4.3.1.14
		405-2 a to b	Ratio of basic salary and remuneration of women to men	ESRS S1-16	97a AR98-AR99	Gender pay gap	4.3.1.18
				ESRS S1-16	98	Gender pay gap breakdown by employee category and/or country/segment [table]	4.3.1.18
GRI 406	Non-discrimination 2016	406-1 a	Incidents of discrimination and corrective actions taken	ESRS S1-17	103a	Number of incidents of discrimination [table]	4.3.1.19
				ESRS S1-17	103a AR103-AR106	Number of incidents of discrimination [table]	4.3.1.19
GRI 408	Child Labor 2016	408-1 a-i; b-i	Operations and suppliers at significant risk for incidents of child labor	ESRS SBM-3	14gi	Information about type of operations at significant risk of incidents of child labor	4.3.1.2
		408-1 a-i; b-ii	Operations and suppliers at significant risk for incidents of child labor	ESRS SBM-3	14gii	Information about countries or geographic areas with operations considered at significant risk of incidents of child labor	4.3.1.2
GRI 409	Forced or Compulsory Labor 2016	409-1 a-i	Operations and suppliers at significant risk for incidents of forced or compulsory labor	ESRS SBM-3	14fi	Information about type of operations at significant risk of incidents of forced labor or compulsory labor	4.3.1.2
		409-1 a-ii	Operations and suppliers at significant risk for incidents of forced or compulsory labor	ESRS SBM-3	14fii	Information about countries or geographic areas with operations considered at significant risk of incidents of forced labor or compulsory labor	4.3.1.2

Task Force on Climate-related Financial Disclosures (TCFD) cross-reference table

	TCFD Recommendations	Chapters/Sections
GOVERNANCE		
Disclose the organization's governance around climate-related risks and opportunities	a) Describe the board's oversight of climate-related risks and opportunities	4.1.2.1 "Composition of the Board of Directors and objectives (DR GOV-1)"
	b) Describe management's role in assessing and managing climate-related risks and opportunities	4.1.2.1 "Composition of the Board of Directors and objectives (DR GOV-1)"
STRATEGY		
Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material	a) Describe the climate-related risks and opportunities the undertaking has identified over the short, medium and long term	4.2.3.3 "Identification and assessment of material climate-related impacts, risks and opportunities (DR linked to ESRS 2 IRO-1)"
	b) Describe the impact of climate-related risks and opportunities on the organizations' businesses, strategy and financial planning	4.2.3.3 "Identification and assessment of material climate-related impacts, risks and opportunities (DR linked to ESRS 2 IRO-1)"
	c) Describe the resilience of the undertaking's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	4.2.3.3 "Identification and assessment of material climate-related impacts, risks and opportunities (DR linked to ESRS 2 IRO-1)" 4.2.3.4 "CAP 50: Transition plan for climate change mitigation (DR E1-1)"
RISK MANAGEMENT		
Disclose how the organization identifies, assesses and manages climate-related risks	a) Describe the undertaking's processes for identifying and assessing climate-related risks	4.2.3.3 "Identification and assessment of material climate-related impacts, risks and opportunities (DR linked to ESRS 2 IRO-1)"
	b) Describe the undertaking's processes for managing climate-related risks	4.2.3.3 "Identification and assessment of material climate-related impacts, risks and opportunities (DR linked to ESRS 2 IRO-1)" 4.2.3.4 "CAP 50: Transition plan for climate change mitigation (DR E1-1)"
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the undertaking's overall risk management	4.2.3.3 "Identification and assessment of material climate-related impacts, risks and opportunities (DR linked to ESRS 2 IRO-1)"
METRICS AND TARGETS		
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is significant	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	4.2.3.3 "Identification and assessment of material climate-related impacts, risks and opportunities (DR linked to ESRS 2 IRO-1)"
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas emissions, and the related risks	4.2.3.4 "CAP 50: Transition plan for climate change mitigation (DR E1-1)"
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	4.2.3.4 "CAP 50: Transition plan for climate change mitigation", (DR E1-1)" section 4.2.3.7 "A clear vision for contributing to carbon neutrality by 2050 with an ambitious intermediate target for 2030", (DR E1-4)" section 4.2.3.9 "Reduction of greenhouse gas emissions within the framework of the Carbon Neutrality Contribution Plan for 2050", (DR E1-6) "

Appendix 5 – Table of sustainability metrics

ENVIRONMENTAL METRICS

Metrics	Disclosure Requirement	Chapter/section	Unit	2023	2024
E1 CLIMATE CHANGE					
E1-5 Energy consumption and mix					
Total energy consumption	**E1-5 37 AR35**	**4.2.3.8**	**Mwh**	**2,818,900**	**2,690,365**
Total fossil energy consumption	**E1-5 37a AR33**	**4.2.3.8**	**Mwh**	**1,349,635**	**1,055,934**
Share of fossil sources in total energy consumption	**E1-5 AR34**	**4.2.3.8**	**%**	**48%**	**39%**
Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources	E1-5 38e AR33	4.2.3.8	Mwh	703,210	480,294
Fuel consumption from natural gas	E1-5 38c AR33	4.2.3.8	Mwh	540,951	487,369
Fuel consumption from other fossil sources	E1-5 38d AR33	4.2.3.8	Mwh	72,903	68,352
Fuel consumption from crude oil and petroleum products	E1-5 38b AR33	4.2.3.8	Mwh	32,571	19,919
Fuel consumption from coal and coal products	E1-5 38a AR33	4.2.3.8	Mwh	Not material	Not material
Total consumption from nuclear sources	**E1-5 37b**	**4.2.3.8**	**Mwh**	**264,555**	**201,883**
Share of consumption from nuclear sources in total energy consumption	**E1-5 AR34**	**4.2.3.8**	**%**	**9%**	**8%**
Total renewable energy consumption	**E1-5 37c**	**4.2.3.8**	**Mwh**	**1,204,710**	**1,432,548**
Share of renewable sources in total energy consumption	**E1-5 AR34-AR71**	**4.2.3.8**	**%**	**43%**	**53%**
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	E1-5 37cii	4.2.3.8	Mwh	1,193,076	1,417,095
Consumption of self-generated non-fuel renewable energy	E1-5 37ciii	4.2.3.8	Mwh	11,634	15,453
Fuel consumption from renewable sources, including biomass	E1-5 37ci	4.2.3.8	Mwh	Not material	Not material
Non-renewable energy production	**E1-5 39**	**4.2.3.8**	**Mwh**	**0**	**0**
Renewable energy production	**E1-5 39**	**4.2.3.8**	**Mwh**	**11,634**	**15,453**
Net revenue from activities in high climate impact sectors	**E1-5 AR38b**	**4.2.3.8**	**€m**	**22,044**	**21,492**
Net revenue (other)	E1-5 AR38b	4.2.3.8	€m	0	0
Total net revenue (financial statements)	**E1-5 AR38b**	**4.2.3.8**	**€m**	**22,044**	**21,492**
Total energy consumption from activities performed in sectors with high climate impact	**E1-5 41**	**4.2.3.8**	**Mwh**	**2,818,900**	**2,690,365**
Energy intensity associated with activities performed in high climate impact sectors	**E1-5 40 AR36**	**4.2.3.8**	**Mwh/€m**	**128**	**125**

Metrics	Disclosure Requirement	Chapter/section	Unit	2023	2024
E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions					
Total GHG emissions (location-based)	**E1-6 44-52a AR47**	**4.2.3.9**	**$tCO_2eq.$**	**47,717,546**	**41,653,123**
Total GHG emissions (market-based)	**E1-6 44-52b AR47**	**4.2.3.9**	**$tCO_2eq.$**	**47,349,032**	**41,128,099**
Gross Scope 1 GHG emissions	**E1-6 48a AR43**	**4.2.3.9**	**$tCO_2eq.$**	**186,121**	**164,569**
Gross location-based Scope 2 GHG emissions	**E1-6 49a AR45**	**4.2.3.9**	**$tCO_2eq.$**	**832,768**	**816,042**
Gross market-based Scope 2 GHG emissions	**E1-6 49b AR45**	**4.2.3.9**	**$tCO_2eq.$**	**464,254**	**291,018**
Total gross indirect (Scope 3) GHG emissions	**E1-6 51 AR46**	**4.2.3.9**	**$tCO_2eq.$**	**46,698,657**	**40,672,513**
(1) Purchased goods and services	E1-6 AR46d	4.2.3.9	$tCO_2eq.$	7,972,051	7,573,369
(2) Capital goods	E1-6 AR46d	4.2.3.9	$tCO_2eq.$	758,820	167,420
(3) Fuel and energy-related Activities (not included in Scope 1 or Scope 2)	E1-6 AR46d	4.2.3.9	$tCO_2eq.$	146,970	148,709
(4) Upstream transportation and distribution	E1-6 AR46d	4.2.3.9	$tCO_2eq.$	317,095	300,889
(5) Waste generated in operations	E1-6 AR46d	4.2.3.9	$tCO_2eq.$	28,992	27,637
(6) Business travel	E1-6 AR46d	4.2.3.9	$tCO_2eq.$	43,426	40,807
(7) Employee commuting	E1-6 AR46d	4.2.3.9	$tCO_2eq.$	187,757	176,688
(8) Upstream leased assets	E1-6 AR46d	4.2.3.9	$tCO_2eq.$	0	0
(9) Downstream transportation	E1-6 AR46d	4.2.3.9	$tCO_2eq.$	387,587	387,903
(10) Processing of sold products	E1-6 AR46d	4.2.3.9	$tCO_2eq.$	380,000	380,000
(11) Use of sold products	E1-6 AR46d	4.2.3.9	$tCO_2eq.$	36,155,959	30,489,590
(12) End-of-life treatment of sold products	E1-6 AR46d	4.2.3.9	$tCO_2eq.$	320,000	320,000
(13) Downstream leased assets	E1-6 AR46d	4.2.3.9	$tCO_2eq.$	0	0
(14) Franchises	E1-6 AR46d	4.2.3.9	$tCO_2eq.$	0	0
(15) Investments	E1-6 AR46d	4.2.3.9	$tCO_2eq.$	0	659,500
Percentage of Scope 3 GHG emissions calculated using primary data	E1-6 AR46g	4.2.3.9	%	0%	0%
Total location-based Scope 1 & 2 GHG emissions	**E1-6 50**	**4.2.3.9**	**$tCO_2eq.$**	**1,018,889**	**980,610**
Total market-based Scope 1 & 2 GHG emissions	**E1-6 50**	**4.2.3.9**	**$tCO_2eq.$**	**650,375**	**455,586**
Total GHG emissions (location-based) by net revenue	**E1-6 53 AR53**	**4.2.3.9**	**$tCO_2eq./€m$**	**2,165**	**1,938**
Total GHG emissions (market-based) by net revenue	**E1-6 53 AR53**	**4.2.3.9**	**$tCO_2eq./€m$**	**2,148**	**1,914**
Total net revenue (financial statements)	**E1-6 AR55**	**4.2.3.9**	**M€**	**22,044**	**21,492**
Net revenue used to calculate GHG intensity	E1-6 AR55	4.2.3.9	M€	22,044	21,492
Net revenue (other)	E1-6 AR55	4.2.3.9	M€	0	0

Metrics	Disclosure Requirement	Chapter/section	Unit	2023	2024
E2 POLLUTION					
E2-4 Pollution of air, water and soil					
Emissions into air	**E2-4 28a AR21-22**	**4.2.4.5**	**kg**	**370,096**	**215,207**
Total VOC emissions	E2-4 28a AR21-22	4.2.4.5	kg	364,467	209,396
Heavy metals – Air	E2-4 28a AR21-22	4.2.4.5	kg	Not material	Not material
HCFC	E2-4 28a AR21-22	4.2.4.5	kg	1,334	1,111
CFC	E2-4 28a AR21-22	4.2.4.5	kg	0	0
HFC	E2-4 28a AR21-22	4.2.4.5	kg	4,039	4,446
HALON	E2-4 28a AR21-22	4.2.4.5	kg	256	254
NOx	E2-4 28a AR21-22	4.2.4.5	kg	Not material	Not material
Percentage of emissions of pollutants to water in areas at water risk	E2-4 AR23c	4.2.4.5	%	Not available	Not material
Percentage of emissions of pollutants to water in areas of high-water stress	E2-4 AR23c	4.2.4.5	%	Not available	Not material
E2-5 Substances of concern and substances of very high concern					
Total amounts of substances of very high concern in products	**E2-5 34**	**4.2.4.6**	**t**	**Not available**	**193**
of which CMR: Carcinogenic, Mutagenic or Reprotoxic	E2-5 34	4.2.4.6	t	Not available	151
of which ED: EnDocrine disruptor for human health or the environment.	E2-5 34	4.2.4.6	t	Not available	0.408
of which PBT: Persistent, Bioaccumulative and Toxic	E2-5 34	4.2.4.6	t	Not available	40
of which vPvB: very Persistent and very Bioaccumulative	E2-5 34	4.2.4.6	t	Not available	0
of which PMT: Persistent, Mobile and Toxic	E2-5 34	4.2.4.6	t	Not available	0
of which vPvM: very Persistent, very Mobile	E2-5 34	4.2.4.6	t	Not available	0
of which SVHC: substances of very high concern without label	E2-5 34	4.2.4.6	t	Not available	2
Substances of very high concern generated or used in production	**E2-5 34**	**4.2.4.6**	**t**	**Not available**	**735**
of which CMR: Carcinogenic, Mutagenic or Reprotoxic	E2-5 34	4.2.4.6	t	Not available	735
E3 WATER AND MARINE RESOURCES					
E3-4 Water consumption					
Total water consumption	**E3-4 28a**	**4.2.5.5**	**cu.m**	**Not available**	**790,451**
Water consumption intensity ratio	**E3-4 29**	**4.2.5.5**	**cu.m/€m**	**Not available**	**37**
Total water consumption in areas of water stress, including areas of high-water stress	E3-4 28b AR28	4.2.5.5	cu.m	Not available	277,030
Total water withdrawn	**E3-4 AR32**	**4.2.5.5**	**cu.m**	**3,027,288**	**2,609,927**
Water withdrawal intensity ratio	**E3-4 AR31**	**4.2.5.5**	**cu.m/€m**	**148**	**121**
Total water discharged	**E3-4 AR32**	**4.2.5.5**	**cu.m**	**Not available**	**1,819,476**
Total water recycled and reused	E3-4 28c	4.2.5.5	cu.m	Not available	292,220
Total water stored	E3-4 28d	4.2.5.5	cu.m	Not available	Not material
Changes in water storage	E3-4 28d	4.2.5.5	cu.m	Not available	Not material
E3-5 Anticipated financial effects from water-related impacts, risks and opportunities					

Metrics	Disclosure Requirement	Chapter/section	Unit	2023	2024
E4 BIODIVERSITY AND ECOSYSTEMS					
E4-5 Impact metrics tracking biodiversity change					
Number of sites owned, leased or managed in or near biodiversity-sensitive areas that the undertaking is negatively impacting	E4-5 35	4.2.6.7	Whole number	Not available	0
E5 CIRCULAR ECONOMY					
E5-4 Resource inflows					
Overall total weight of products and materials used	**E5-4 31a**	**4.2.7.3.4**	**kt**	**1,739**	**1,656**
Metals	E5-4 31a	4.2.7.3.4	kt	1,232	1,145
Resins	E5-4 31a	4.2.7.3.4	kt	329	330
Packaging	E5-4 31a	4.2.7.3.4	kt	108	106
Other	E5-4 31a	4.2.7.3.4	kt	71	74
E5-5 Resource outflows					
Total amount of waste generated	**E5-5 37a**	**4.2.7.4.4**	**t**	**259,780**	**264,247**
Recycled or reused non-hazardous waste	**E5-5 37b**	**4.2.7.4.4**	**t**	**Not available**	**220,771**
Recycled non-hazardous waste	E5-5 37bii	4.2.7.4.4	t	Not available	204,999
Reused non-hazardous waste	E5-5 37bi	4.2.7.4.4	t	Not available	2,449
Non-hazardous waste - other recovery operations	E5-5 37biii	4.2.7.4.4	t	Not available	13,324
Disposed of non-hazardous waste	**E5-5 37c**	**4.2.7.4.4**	**t**	**Not available**	**19,105**
Landfilled non-hazardous waste	E5-5 37cii	4.2.7.4.4	t	Not available	12,803
Incinerated non-hazardous waste	E5-5 37ci	4.2.7.4.4	t	Not available	6,302
Non-hazardous waste - other disposal operations	E5-5 37ciii	4.2.7.4.4	t	Not available	0
Total hazardous waste	**E5-5 39**	**4.2.7.4.4**	**t**	**28,249**	**24,371**
Recycled or reused hazardous waste	**E5-5 37b**	**4.2.7.4.4**	**t**	**Not available**	**16,576**
Recycled hazardous waste	E5-5 37bii	4.2.7.4.4	t	Not available	9,996
Reused hazardous waste	E5-5 37bi	4.2.7.4.4	t	Not available	0
Hazardous waste - other recovery operations	E5-5 37biii	4.2.7.4.4	t	Not available	6,580
Disposed of hazardous waste	**E5-5 37c**	**4.2.7.4.4**	**t**	**Not available**	**7,794**
Landfilled hazardous waste	E5-5 37cii	4.2.7.4.4	t	Not available	1,955
Incinerated hazardous waste	E5-5 37ci	4.2.7.4.4	t	Not available	5,839
Hazardous waste - other disposal operations	E5-5 37ciii	4.2.7.4.4	t	Not available	0
Total non-recycled waste	**E5-5 37d**	**4.2.7.4.4**	**t**	**24,519**	**26,899**
Percentage of non-recycled waste	**E5-5 37d**	**4.2.7.4.4**	**%**	**9%**	**10%**

SOCIAL METRICS

Metrics	Disclosure Requirement	Chapter/section	2023	2024
S1 OWN WORKFORCE				
S1-6 Characteristics of the undertaking's employees*			FTE	Physical headcount
Number of employees	**S1-6 50a/50a AR57**	**4.3.1.8**	**100,739**	**95,284**
Women			33%	30,510
Men			67%	64,767
Not reported				7
Average number of employees	**S1-6 50a/50a AR57**	**4.3.1.8**		**98,289**
Women				31,479
Men				66,803
Not reported				7
Number of employees in countries with 50 or more employees representing at least 10% of total employees	**S1-6 50a/50a AR57**	**4.3.1.8**		
China				14,507
Mexico				12,925
France			12,382	10,854
Average number of employees in countries with 50 or more employees representing at least 10% of total employees	**S1-6 50a/50a AR57**	**4.3.1.8**		
China				14,704
Mexico				13,080
France				11,146
Number of employees by type of contract and by gender	**S1-6 50b**	**4.3.1.8**		
Permanent	**S1-6 50b-51**	**4.3.1.8**	**87,601**	**85,895**
Women				27,439
Men				58,449
Not reported				7
Temporary	**S1-6 50b-51**	**4.3.1.8**	**13,138**	**9,389**
Women				3,071
Men				6,318
Not reported				0
Number of full-time employees	**S1-6 52a**	**4.3.1.8**		**93,298**
Women				29,304
Men				63,987
Not reported				7
Number of part-time employees	**S1-6 52b**	**4.3.1.8**		**1,986**
Women				1,206
Men				780
Not reported				0
Number of employees by region	**S1-6 51**	**4.3.1.8**		
Europe			35%	40,260
Permanent	S1-6 51	4.3.1.8		38,988
Temporary	S1-6 51	4.3.1.8		1,272
Full-time	S1-6 52a	4.3.1.8		38,326
Part-time	S1-6 52b	4.3.1.8		1,934
Asia			25%	29,612

Metrics	Disclosure Requirement	Chapter/section	2023	2024
Permanent	S1-6 51	4.3.1.8		22,054
Temporary	S1-6 51	4.3.1.8		7,558
Full-time	S1-6 52a	4.3.1.8		29,565
Part-time	S1-6 52b	4.3.1.8		47
America			31%	18,023
Permanent	S1-6 51	4.3.1.8		18,020
Temporary	S1-6 51	4.3.1.8		3
Full-time	S1-6 52a	4.3.1.8		18,020
Part-time	S1-6 52b	4.3.1.8		3
Africa			8%	7,389
Permanent	S1-6 51	4.3.1.8		6,833
Temporary	S1-6 51	4.3.1.8		556
Full-time	S1-6 52a	4.3.1.8		7,387
Part-time	S1-6 52b	4.3.1.8		2
Rate of employee turnover (%)	**S1-6 50c**	**4.3.1.8**		**18%**
Total number of departures	**S1-6 50c AR59**	**4.3.1.8**	**19,660**	**17,435**
S1-7 Characteristics of non-employee workers in the undertaking's own workforce			**FTE**	**FTE**
Total number of non-employees (FTE)	**S1-7 55a AR61**	**4.3.1.9**		**10,816**
Workers provided by undertakings primarily engaged in employment activities (FTE)	S1-7 55a	4.3.1.9	12,008	10,646
Self-employed people (FTE)	S1-7 55a	4.3.1.9		170
S1-8 Collective bargaining coverage and social dialogue				
Percentage of total employees covered by collective bargaining agreements	**S1-8 60a AR66**	**4.3.1.10**		
Percentage of employees covered by collective bargaining agreements, with coverage rate by country (in the EEA)	S1-8 60b	4.3.1.10		
0-19%				
20-39%				Ireland
40-59%				
60-79%				
80-100%				All EEA member countries except Ireland
Percentage of own employees covered by collective bargaining agreements (non-EEA) by region	S1-8 60c/AR70	4.3.1.10		
0-19%				
20-39%				Africa
40-59%				Asia, America
60-79%				Europe – excluding EEA
80-100%				
Percentage of employees in a country (EEA) covered by employee representatives	S1-8 63a AR69	4.3.1.10		
80-100%				All EEA member countries

Metrics	Disclosure Requirement	Chapter/section	2023	2024
S1-9 Diversity metrics				
Number of employees within the Group's various management committees (headcount)	**S1-9 66a**	**4.3.1.11**		**250**
Women				64
Men				186
Percentage of women on Group management committees	S1-9 66a	4.3.1.11	24%	26%
Distribution of employees by age group (headcount - %)	S1-9 66b	4.3.1.11		
Under 30 years old	S1-9 66b/66b	4.3.1.11	27%	20,597 (22%)
30-50 years old	S1-9 66b/66b	4.3.1.11	57%	57,596 (60%)
Over 50 years old	S1-9 66b/66b	4.3.1.11	16%	17,091 (18%)
S1-10 Adequate wages				
Percentage of employees that earn below the applicable adequate wage benchmark	S1-10 70	4.3.1.12		0%
S1-12 Persons with disabilities				
Percentage of employees with disabilities	**S1-12 79**	**4.3.1.14**	**1.9%**	**2%**
Women	S1-12 80	4.3.1.14	35%	39%
Men	S1-12 80	4.3.1.14	65%	61%
S1-13 Training and skills development metrics				
Training and skills development metrics by gender	**S1-13 83a AR77**	**4.3.1.15**		
Percentage of employees that participated in regular performance and career development reviews	S1-13 83a AR77	4.3.1.15		74%
Managers and Professionals	S1-13 84 AR79	4.3.1.15		78%
Technicians	S1-13 84 AR79	4.3.1.15		58%
Average number of training hours per employee	S1-13 83b AR78	4.3.1.15	24	19
Women	S1-13 83b AR78	4.3.1.15		16
Men	S1-13 83b AR78	4.3.1.15		20
S1-14 Health and safety metrics				
Percentage of people in own workforce covered by a health and safety management system based on legal requirements and/or recognized standards or guidelines	S1-14 88a AR80	4.3.1.16		100%
Percentage of own workforce covered by a health and safety management system based on legal requirements and/or recognized standards or guidelines, which has been audited internally and/or audited or certified by an external third party	S1-14 90	4.3.1.16		87%
Number of fatalities in own workforce as a result of work-related injuries or work-related ill health	S1-14 88b AR89-AR91	4.3.1.16		0
Number of fatalities as a result of work-related injuries or work-related ill health among other site workers	S1-14 88b AR89-AR91	4.3.1.16		0
Number of recordable work-related accidents for own workforce	S1-14 88c	4.3.1.16		281
Rate of recordable work-related accidents for own workforce	S1-14 88c	4.3.1.16		1.26
Number of days lost due to work-related injuries and fatalities from work-related accidents	S1-14 88e AR89-AR95	4.3.1.16		7,062

Metrics	Disclosure Requirement	Chapter/section	2023	2024
Number of recordable cases of work-related ill health among non-employees	S1-14 89	4.3.1.16		N/A
Number of days lost to work-related injuries, fatalities, ill-health and fatalities from work-related ill-health among non-employees	S1-14 89	4.3.1.16		N/A
Number of fatalities in own workforce resulting from work-related injuries	S1-14 AR82	4.3.1.16		0
Number of fatalities in own workforce resulting from work-related ill health	S1-14 AR82	4.3.1.16		N/A
Number of fatalities resulting from work-related injuries among other site workers	S1-14 AR82	4.3.1.16		0
S1-15 Work-life balance metrics				
Percentage of employees entitled to take family-related leave	**S1-15 93a AR96-AR97**	**4.3.1.17**		**100%**
Percentage of entitled employees that took family-related leave	**S1-15 93b**	**4.3.1.17**		**11%**
Women	S1-15 93b	4.3.1.17		15%
Men	S1-15 93b	4.3.1.17		10%
S1-16 Remuneration metrics (pay gap and total remuneration)				
Gender pay gap	S1-16 97a AR98-AR99	4.3.1.18		8%
Annual total remuneration ratio of the highest paid individual to the median annual total remuneration for all employees	S1-16 97b AR101	4.3.1.18		100
S1-17 Incidents, complaints and severe human rights impacts				
Number of incidents of discrimination	**S1-17 103a AR103-AR106**	**4.3.1.19**		**2**
Number of complaints filed through channels for employees to raise concerns	S1-17 103b AR103-AR106	4.3.1.19		2
Number of complaints filed through the National Contact Points for OECD Multinational Enterprises	S1-17 103b AR103-AR106	4.3.1.19		0
Amount of material fines, penalties and compensation resulting from violations related to social factors and human rights	S1-17 103c AR103-AR106	4.3.1.19		0
Number of severe human rights issues and incidents connected to own workforce	S1-17 104a AR105	4.3.1.19		0
Number of severe human rights issues and incidents related to own workforce that constitute non-respect of the UN Guiding Principles and OECD Guidelines for Multinational Enterprises	S1-17 104a AR105	4.3.1.19		0
Amount of material fines, penalties and compensation for serious human rights issues and incidents relating to own workforce	S1-17 104b AR103-AR106	4.3.1.19		0
Number of severe human rights incidents where the undertaking played a role securing remedy for those affected	S1-17 AR106	4.3.1.19		0

* *In 2023, the number of Valeo employees was expressed in full-time equivalents. From 2024, with the entry into force of the European Corporate Sustainability Reporting Directive (CSRD), Valeo has decided to report workforce numbers based on physical headcount.*

GOVERNANCE METRICS

Metrics	Disclosure Requirement	Chapter/ section	Unit	2023	2024
G1 – BUSINESS CONDUCT					
G1-3 Prevention and detection of corruption and bribery					
Percentage of functions-at-risk covered by training programmes	G1-3 21b	4.4.5			95%
G1-4 Confirmed incidents of corruption or bribery					
Number of confirmed incidents of corruption or bribery	G1-4 24a	4.4.6			0
G1-6 Payment practices					
Number of legal proceedings currently outstanding for late payments	G1-6 33c	4.4.7			3

4.6 Sustainable development glossary

ADEME	French Environment and Energy Management Agency *(Agence de l'environnement et de la maîtrise de l'énergie)*: public body undertaking operations with the aim of protecting the environment and managing energy. www.ademe.fr
CDP	Carbon Disclosure Project: an independent, non-profit organization working to drive greenhouse gas emissions reductions for companies and cities by collecting, environmental data and analyzing their carbon emissions policy. www.cdproject.net
CMR	Substances classified as carcinogenic, mutagenic, or reprotoxic.
VOC	Volatile organic compound: VOCs are composed of carbon, oxygen and hydrogen and are readily found as atmospheric gases.
CSRD	Directive (EU) 2022/2464 of the European Parliament and of the Council of December 14, 2022 as regards corporate sustainability reporting, transposed into French law by Government order No. 2023-1142 of December 6, 2023 on the publication and certification of sustainability reporting and the environmental, social and corporate governance obligations of commercial companies.
ELV Directive	Directive No. 2000/53 of the European Parliament and of the Council of September 18, 2000, aiming to reduce end-of-life vehicle waste through prevention, collection, treatment and recycling measures.
EFRAG	responsible for developing European sustainability reporting standards.
ESRS	European sustainability reporting standards designed by EFRAG and forming an integral part of the CSRD.
GHG	Greenhouse gas: gases which absorb infrared rays emitted by the Earth's surface, contributing to the greenhouse effect.
GRI	Global Reporting Initiative: a non-profit organization that develops globally applicable guidelines on corporate sustainability policy and reporting. www.globalreporting.org
IATF 16949	International standard for automotive quality management systems.
IMDS	International Material Data System: International material data collection system for the automotive industry in the context of end-of-life vehicles and REACH regulations.
Gender equity index	The gender equity index includes all sites located in countries with at least 150 Managers and Professionals worldwide. This index is based on the evaluation of five criteria: the pay gap between men and women; the gap in the distribution of individual pay rises between men and women; the gap in the distribution of promotions; the percentage of female employees who received a pay rise after returning from maternity leave; and the percentage of women in the ten highest paid positions.
ISO 14001	International standard on environmental management systems.
ISO 26262	International standard for functional safety of electrical and/or electronic systems installed in road vehicles.
ISO 45001	International standard on occupational health and safety management systems.
ISO 50001	International standard on energy management systems.
Open Innovation	Open Innovation is a concept that involves promoting innovation by deriving the maximum possible benefit from the ecosystem surrounding the Company, primarily through collaboration between various players (governmental organizations, private companies, academic and research companies, innovative start-ups, etc.).
PFAS	Per- and polyfluoroalkyl substances.
QRQC	Quick Response Quality Control: four-step problem resolution method: Detection, Communication, Analysis and Verification.
REACH Regulation	European Regulation No. 1907/2006 of December 18, 2006 (Registration, Evaluation, Authorisation and Restriction of Chemicals).
SBTi	Science Based Target Initiative: an initiative aimed at supporting companies via a methodology that is aligned and consistent with the recommendations made by the IPCC. It provides guidelines, criteria and advice to organizations, with the aim of reducing their carbon footprint and greenhouse gas emissions.
Scopes 1, 2 and 3	Scope 1 covers greenhouse emissions directly emitted by the Group's activities (including combustion emissions from stationary sources on sites, emissions from fuel combustion by Group vehicles, direct emissions from non-energy processes such as the incineration of VOCs, and direct fugitive emissions relating to refrigerant leaks). Scope 2 covers greenhouse gas emissions related to the consumption of electricity, steam, compressed air and other sources. Scope 3 covers other greenhouse gas emissions related to purchases of products used in industrial processes, and the transportation of goods and people, as well as indirect greenhouse gas emissions related to the use of Valeo products.
VDA	*Verband der Automobilindustrie* is a German automotive industry association.

4.7 Report on the certification of Sustainability and Taxonomy information

Report on the certification of sustainability information and verification of the disclosure requirements under Article 8 of Regulation (EU) 2020/852

This is a free translation into English of one of the statutory auditors' report on the certification of sustainability information and verification of the disclosure requirements under Article 8 of Regulation (EU) 2020/852 of the Company issued in French and it is provided solely for the convenience of English speaking users.

This report should be read in conjunction with, and construed in accordance with, the French law and the H2A guidelines on "Limited assurance engagement - Certification of sustainability reporting and verification of disclosure requirements set out in Article 8 of Regulation (EU) 2020/852".

To the Shareholders' Meeting of Valeo,

This report is issued in our capacity as statutory auditor of Valeo. It covers the sustainability information and the information required by Article 8 of Regulation (EU) 2020/852, relating to the year ended December 31, 2024 and included in section 4 to the Group management report.

Pursuant to Article L. 233-28-4 of the French Commercial Code, Valeo is required to include the above mentioned information in a separate section of the Group management report. This information has been prepared in the context of the first time application of the aforementioned articles, a context characterized by uncertainties regarding the interpretation of the laws and regulations, the use of significant estimates, the absence of established practices and frameworks in particular for the double materiality assessment, and an evolving internal control system. It enables an understanding of the impact of the activity of the Group on sustainability matters, as well as the way in which these matters influence the development of the business of the Group, its performance and position. Sustainability matters include environmental, social and corporate governance matters.

Pursuant to Article L. 821-54 paragraph II of the aforementioned Code our responsibility is to carry out the procedures necessary to issue a conclusion, expressing limited assurance, on:

- compliance with the sustainability reporting standards adopted pursuant to Article 29 b of Directive (EU) 2013/34 of the European Parliament and of the Council of December 14, 2022 (hereinafter ESRS for European Sustainability Reporting Standards) of the process implemented by Valeo to determine the information reported, and compliance with the requirement to consult the social and economic committee provided for in the sixth paragraph of Article L. 2312-17 of the French Labor Code,
- compliance of the sustainability information included in section 4 of the Group management report with the requirements of Article L. 233-28-4 of the French Commercial Code, including ESRS, and
- compliance with the reporting requirements set out in Article 8 of Regulation (EU) 2020/852.

This engagement is carried out in compliance with the ethical rules, including independence, and quality control rules prescribed by the French Commercial Code.

It is also governed by the H2A guidelines on "Limited assurance engagement - Certification of sustainability reporting and verification of disclosure requirements set out in Article 8 of Regulation (EU) 2020/852".

In the three separate sections of the report that follow, we present, for each of the sections of our engagement, the nature of the procedures that we carried out, the conclusions that we drew from these procedures and, in support of these conclusions, the elements to which we paid particular attention and the procedures that we carried out with regard to these elements. We draw your attention to the fact that we do not express a conclusion on any of these elements taken individually and that the procedures described should be considered in the overall context of the formation of the conclusions issued in respect of each of the three sections of our engagement.

Finally, where deemed necessary to draw your attention to one or more disclosures of sustainability information provided by VALEO in the Group management report, we have included an emphasis of matter paragraph hereafter.

Limits of our engagement

As the purpose of our engagement is to express limited assurance, the nature (choice of techniques), extent (scope) and timing of the procedures are less than those required to obtain reasonable assurance.

Furthermore, this engagement does not provide guarantee regarding the viability or the quality of the management of Valeo, in particular it does not provide an assessment, of the relevance of the choices made by Valeo in terms of action plans, targets, policies, scenario analyses and transition plans, which would go beyond compliance with the ESRS reporting requirements.

It does, however, allow us to express conclusions regarding the entity's process for determining the sustainability information to be reported, the sustainability information itself, and the information reported pursuant to Article 8 of Regulation (EU) 2020/852, as to the absence of identification or, on the contrary, the identification of errors, omissions or inconsistencies of such importance that they would be likely to influence the decisions that readers of the information subject to this engagement might make.

Any comparative information that would be included in the Group management report are not covered by our engagement. Nor does it cover the entity's compliance with the legal and regulatory provisions relating to the due diligence plan published pursuant to Article L225-102-1 of the French Commercial Code.

1. Compliance with the ESRS of the process implemented by Valeo to determine the information reported, and compliance with the requirement to consult the social and economic committee provided for in the sixth paragraph of Article L. 2312-17 of the French Labor Code

Nature of procedures carried out

Our procedures consisted in verifying that:

- the process defined and implemented by Valeo has enabled it, in accordance with the ESRS, to identify and assess its impacts, risks and opportunities related to sustainability matters, and to identify the material impacts, risks and opportunities, that lead to the publication of information disclosed in sections 5.2 to 5.5 of the Group management report, and
- the information provided on this process also complies with the ESRS.

We also checked the compliance with the requirement to consult the social and economic committee.

Conclusion of the procedures carried out

On the basis of the procedures we have carried out, we have not identified any material errors, omissions or inconsistencies regarding the compliance of the process implemented by Valeo with the ESRS.

Concerning the consultation of the social and economic committee provided for in the sixth paragraph of Article L. 2312-17 of the French Labor Code we inform you that as of the date of this report, this consultation has not yet been held.

Elements that received particular attention

We present hereafter the elements which have been the subject of particular attention on our part concerning the compliance with the ESRS of the process implemented by Valeo to determine the information published.

• Concerning the identification of stakeholders

Information on the identification of stakeholders is given in section 4.1.3.2 - “Strong stakeholder relationships (DR SBM 2)”.

We have examined the analysis carried out by the entity to identify:

- the stakeholders who may affect the entities in the scope of the information or may be affected by them, through their activities and direct or indirect business relationships in the value chain,
- the main users of the sustainability statements (including the main users of the financial statements).

We interviewed the persons we considered appropriate and examined the available documentation. Our work consisted in particular in:

- assess the consistency of the main stakeholders identified by the entity with the nature of its activities and its geographical location, taking into account its business relationships and value chain,
- assess the appropriateness of the description given in section 4.1.3.2 "Strong stakeholder relationships (DR SBM 2)” of the Group management report, particularly with regard to the procedures implemented by the entity for dialogue with stakeholders.

• Concerning the identification of impacts, risks and opportunities

Information relating to the identification of impacts, risks and opportunities is given in section 4.1.4.1 "Processes to identify and assess material impacts, risks and opportunities (DR IRO-1)" of the Group management report.

We have reviewed the process implemented by the entity for identifying actual or potential impacts (negative or positive), risks and opportunities (‘IROs’) in relation to the sustainability issues mentioned in paragraph AR 16 of the “Application requirements” of ESRS 1.

In particular, we assessed the approach taken by the entity to determine its impacts and dependencies, which may be a source of risks or opportunities.

We have familiarized ourselves with the entity's mapping of the IROs identified, including in particular a description of their distribution in the entity's own activities and value chain, as well as their time horizon (short, medium or long term), and assessed the consistency of this mapping with our knowledge of the entity.

We have:

- assessed the consistency of the actual and potential impacts, risks and opportunities identified by the entity with available sector analyses,
- assessed the consistency of the current and potential impacts, risks and opportunities identified by the entity, in particular those that are specific to it because they are not covered or insufficiently covered by the ESRS standards, with our knowledge of the entity,
- assessed how the entity has taken into account the different time horizons, particularly with regard to climate issues,
- assessed whether the entity has taken into account the risks and opportunities that may arise from both past and future events as a result of its own activities or business relationships, including the actions taken to manage certain impacts or risks,
- assessed whether the entity has taken account its dependency on natural, human and social resources when identifying risks and opportunities.

• Concerning the assessment of impact materiality and financial materiality

Information relating to the assessment of impact materiality and financial materiality is given in section 4.1.4.1 "Processes to identify and assess material impacts, risks and opportunities (DR IRO-1)" in the Group management report.

Through interviews with management and inspection of available documentation, we have examined the impact materiality and financial materiality assessment process implemented by Valeo and assessed its compliance with the criteria defined by ESRS 1.

In particular, we assessed the way in which the entity has established and applied the materiality criteria defined by ESRS 1, including those relating to the setting of thresholds, in order to determine the material information published:

- for indicators relating to material IROs identified in accordance with the relevant ESRS thematic standards,
- for information specific to the entity.

2. Compliance of the sustainability information included in section 4 of the Group management report with the requirements of Article L.233-28-4 of the French Commercial Code, including the ESRS

Nature of procedures carried out

Our procedures consisted in verifying that, in accordance with legal and regulatory requirements, including the ESRS:

- the disclosures provided enable an understanding of the general basis for the preparation and governance of the sustainability information included in section 4 of the Group management report, including the basis for determining the information relating to the value chain and the exemptions from disclosures used,
- the presentation of this information ensures its readability and understandability,
- the scope chosen by Valeo for providing this information is appropriate, and
- on the basis of a selection, based on our analysis of the risks of non-compliance of the information provided and the expectations of users, that this information does not contain any material errors, omissions or inconsistencies, i.e. that are likely to influence the judgement or decisions of users of this information.

Conclusion of the procedures carried out

Based on the procedures we have carried out, we have not identified material errors, omissions or inconsistencies regarding the compliance of the sustainability information included in section 4 of the Group management report, with the requirements of Article L.233-28-4 of the French Commercial Code, including the ESRS.

Emphasis of matter

Without qualifying the conclusion expressed above, we draw your attention to the information provided in section 4.1.1.1.2 "Introductory remarks for the first year of application of the CSRD" of the sustainability report, which describes the uncertainties and limitations faced by the Group in the general context of the first application of the CSRD Directive and, more specifically, the difficulties faced, in respect of the 2024 financial year, in collecting the information necessary for the publication of certain data points identified in the same paragraph.

Elements that received particular attention

The information published in respect of climate change (ESRS E1) is mentioned in section 4.2.3 “Climate strategy (ESRS E1)” in the Group management report.

We present below the items to which we have paid particular attention concerning the compliance of this information with the ESRS.

Our work consisted primarily in:

- assessing, based on interviews with management and the persons concerned, whether the description of the policies, actions and targets implemented by the entity covers the following issues: climate change mitigation and adaptation,
- assess the appropriateness of the information presented in section 4.2.3 "Climate strategy (ESRS E1)" of the environmental section of the sustainability report included in the Group management report and its overall consistency with our knowledge of the entity.

• Regarding the information disclosed relating to the greenhouse gas emissions statement, our work consisted primarily in:

- assessing the consistency of the scope considered for the assessment of the greenhouse gas emissions statement with the scope of the consolidated financial statements, the activities under operational control, and the upstream and downstream value chain,
- familiarizing ourselves with the greenhouse gas emissions inventory protocol used by the entity to prepare its greenhouse gas emissions statement and assess its application procedures, for a selection of emissions categories, in particular for Scopes 3.1 "Goods and services purchased" and 3.11 "Use of products sold",
- assessing the appropriateness of the emission factors used and the calculation of the related conversions, as well as the calculation and extrapolation assumptions, taking into account the uncertainty inherent in the state of scientific or economic knowledge and the quality of the external data used,

- with regard to the estimates used by the entity to prepare its greenhouse gas emissions statement, which we considered to be critical:
  - by interviewing management, we were informed of the methodology used to calculate the estimated data and the sources of information on which these estimates are based, in particular for emissions relating to Scope 3.11 "Use of products sold”,
  - we assessed whether the methods had been applied consistently.
- we verified the arithmetical accuracy of the calculations used to establish this information.

• With regard to the verifications under the transition plan for the mitigation of climate change, our work consisted in particular of:

- assess whether the information published in respect of the transition plan meets the requirements of ESRS E1 and provides an appropriate description of the underlying assumptions, it being specified that we are not required to express an opinion on the appropriateness or the level of ambition of the objectives of the transition plan,
- with the help of our climate experts, compare the trajectory with sectoral analyses and internal or market forecasts,
- assess the consistency of the main information provided under the transition plan, particularly with regard to the decarbonization levers and associated actions,
- assess whether the transition plan is consistent with the strategic plan as approved by the governing bodies as well as the entity's financial planning,
- assess the consistency of the transition plan with the key performance indicators published under the taxonomy regulation,
- verify that the entity has carried out a qualitative assessment of its locked-in greenhouse gas emissions and that it has taken this into account in its adaptation plan.

3. Compliance with the reporting requirements set out in Article 8 of Regulation (EU) 2020/852

Nature of procedures carried out

Our procedures consisted in verifying the process implemented by Valeo to determine the eligible and aligned nature of the activities of the entities included in the consolidation.

They also involved verifying the information reported pursuant to Article 8 of Regulation (EU) 2020/852, which involves checking:

- the compliance with the rules applicable to the presentation of this information to ensure that it is readable and understandable,
- on the basis of a selection, the absence of material errors, omissions or inconsistencies in the information provided, i.e. information likely to influence the judgement or decisions of users of this information.

Conclusion of the procedures carried out

Based on the procedures we have carried out, we have not identified any material errors, omissions or inconsistencies relating to compliance with the requirements of Article 8 of Regulation (EU) 2020/852.

Emphasis of matter

Without qualifying the conclusion expressed above, we draw your attention to the following information contained in the Group management report:

- section 4.2.2.3 "Analysis of Valeo's economic activities eligible for the European Taxonomy", which explains the existence of different interpretations concerning the applicability of activity EC1.2 relating to the manufacture of electrical and electronic equipment to the automotive sector;
- the paragraph "Pollution prevention and control relating to the use and presence of chemicals" in section 4.2.2.4 "Methodology note", concerning Valeo's analysis of compliance with the DNSH requirements described in Annex C of the EU Taxonomy Regulation.

Elements that received particular attention

• Concerning the aligned nature of eligible activities :

Information on the alignment of activities is provided in section 4.2.2.4 "Methodology note" of the Group management report.

As part of our audit, we have in particular :

- assessed the choices made by the entity as to whether or not to take into account the communications from the European Commission on the interpretation and implementation of certain provisions of the Taxonomy framework;
- consulted, on a test basis, the documentary sources used, including external sources where applicable, and conducted interviews with the persons concerned;
- assessed the analyses carried out by Valeo on which management based its judgement when assessing whether the eligible economic activities met the cumulative conditions, derived from the Taxonomy Framework, necessary to qualify as aligned;
- assessed the analysis carried out with regard to compliance with the minimum guarantees, mainly on the basis of the information gathered as part of the process of getting to know the entity and its environment.

• Key performance indicators and accompanying information

The key performance indicators and accompanying information are presented in section 4.2.2.5 "Taxonomy KPI tables" of the Group management report.

As part of our audit, we have :

- concerning the denominators (total sales, CapEx and OpEx) : verified the reconciliations performed by the entity with the accounting data used to prepare the financial statements and/or accounting-related data such as cost accounting or management statements;
- concerning the numerators (share of sales, sustainable CapEx and OpEx):
  - assessed these amounts on the basis of a selection of representative activities, operations or projects that we determined on the basis of their contribution to key performance indicators and a risk analysis;
  - implemented analytical procedures.

Finally, we have assessed the consistency of the information in section 4.2.2.5 "Taxonomy KPI Tables" of the management report with the other sustainability information in the Sustainability Report.

Paris La Défense, February 27, 2025

The statutory audior,

Forvis Mazars SA

Olivier Lenel

Partner

5. FINANCIAL AND ACCOUNTING INFORMATION

AFR *Annual Financial Report items are clearly identified in the table of contents by the pictogram.*

5.1 Analysis of consolidated results 2024 AFR

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) and endorsed by the European Union. The IFRS as adopted by the European Union can be consulted on the European Commission's website.

The financial statements include the information deemed material as required by the ANC in Standard No. 2016-09.

5.1.1 2024 business review

Change in sales

Sales (in millions of euros)	As a % of sales 2024	2024	vs. 2023				
			2023	Change in sales	FX	Scope	LFL* change
Original equipment	84%	17,950	18,701	-4%	-1%	-1%	-2%
Aftermarket	11%	2,262	2,267	—%	-2%	-3%	+4%
Miscellaneous	5%	1,280	1,076	+19%	-1%	—%	+19%
TOTAL	**100%**	**21,492**	**22,044**	**-3%**	**-1%**	**-1%**	**-1%**

* Like for like[(1)].

Automotive production, which contracted 1% compared with the same period in 2023, varied from one region to the next:

- production rose by 4% in China, led mainly by growth in new-energy vehicles and exports;
- production decreased by 4% in Europe, marked by a slowdown in the EV market (full-electric vehicles and plug-in hybrids).

Total sales for 2024 came in at 21,492 million euros, down 2.5% compared with 2023.

Changes in exchange rates had a negative 1.0% impact, primarily due to the appreciation of the euro against the Chinese yuan, the Japanese yen and the South Korean won.

Changes in Group structure had a negative 1.0% impact, mainly due to the sale (i) in August 2024 of PIAA, a company that manufactures and sells automotive parts for the aftermarket, and (ii) on June 30, 2024, of the Thermal Commercial Vehicles business.

On a like-for-like basis, sales fell by 0.5%.

Original equipment sales were down 2% like for like in 2024. All of the Group's activities made a positive contribution to these sales during the year, except for the high-voltage electric powertrain business which was heavily weighed down by lower production levels at certain European electric vehicle platforms.

Aftermarket sales rose by 4% on a like-for-like basis compared with the prior-year period, fueled by the increased number and age of vehicles on the road, and a more attractive offering of value-added products in areas such as electrification and remanufacturing.

"Miscellaneous" sales (tooling and customer contributions to R&D) increased by 19% like for like, confirming the numerous production launches, particularly in the Light Division.

Original equipment sales by destination region

Original equipment sales*** (in millions of euros)	As a % of 2024 sales	2024	vs. 2023			
			2023	Change	LFL* change	Perf.**
Europe & Africa	48%	8,596	8,840	-3%	-3%	+1 pt
Asia, Middle East & Oceania	31%	5,559	5,911	-6%	-2%	-2 pts
o/w Asia (excluding China)	*16%*	*2,907*	*3,026*	*-4%*	*+2%*	*+7 pts*
o/w China	*15%*	*2,652*	*2,885*	*-8%*	*-6%*	*-10 pts*
North America	19%	3,454	3,572	-3%	-3%	-1 pt
South America	2%	341	378	-10%	+5%	+3 pts
TOTAL	**100%**	**17,950**	**18,701**	**-4%**	**-2%**	**-1 pt**

* Like for like[(1)].
** Based on S&P Global Mobility automotive production estimates released on February 18, 2025.
*** Original equipment sales by destination region.

(1) See financial glossary, page 48.

In 2024, original equipment sales fell by 2% like for like, underperforming automotive production by 1 percentage points. This reflects a negative 3 percentage point impact from the decline in sales for the high-voltage electric powertrain business.

In Europe and Africa, original equipment sales outperformed automotive production by 1 percentage point, despite the marked slowdown of certain electric vehicle platforms. In the POWER Division, the outperformance of its activities other than the high-voltage electric powertrain business (thermal systems, transmission systems and 48V) partially offset the impact of the sharp decline in electric powertrain operations. The BRAIN Division delivered a strong outperformance in its ADAS business (particularly for front cameras and computer-vision cameras) and its Interior Experience business (notably displays, Phone-As-A-Key and telematics), and the LIGHT Division was buoyed by numerous production launches for European automakers.

In China, the underperformance amounted to 10 percentage points. Against a backdrop of faster growth for new-energy vehicles and market share gains by Chinese automakers, the Group continues to reposition its customer portfolio (around 50% of original equipment sales and around 60% of order intake in 2024 were with automakers in China, excluding joint ventures). At the same time, the LIGHT Division was boosted by recent production launches in electrification for a North American automaker and several Chinese automakers;

In Asia excluding China, Valeo outperformed automotive production by 7 percentage points thanks to excellent momentum for the BRAIN Division in ADAS;

In North America, the underperformance came to 1 percentage point. Business in the second half was affected by automaker customers' management of new vehicle inventories and the postponement of the start of production for certain contracts.

In South America, the Group outperformed automotive production by 3 percentage points.

5.1.2 2024 segment reporting

Sales by Division

Sales by Division *(in millions of euros)*	2024	vs. 2023: 2023	vs. 2023: Change in sales	vs. 2023: Change in OE sales*	vs. 2023: Perf.**
POWER	10,845	11,571	-6%	-6%	-5 pts
High-voltage electrification	896	1,477	-39%	-42%	-41 pts
Other	9,949	10,094	-1%	—%	+1 pt
BRAIN***	5,053	4,878	+4%	+3%	+4 pts
ADAS	3,225	3,147	+2%	+2%	+3 pts
Interior Experience	1,828	1,711	+7%	+6%	+7 pts
Other	0	20	na	na	na
LIGHT	5,554	5,541	—%	—%	+1 pt
OTHER	40	54	na	na	na
Group	21,492	22,044	-3%	-2%	-1 pt

* *Like for like[(1)].*
** *Based on S&P Global Mobility automotive production estimates released on February 18, 2025 (2024 global production growth: 0%).*
*** *Including the Top Column Module business.*

The sales performance for the Divisions reflects the specific product, geographical and customer mix and the relative weighting of the aftermarket in their activity as a whole.

In 2024, the **POWER** Division underperformed automotive production by 5 percentage points including a negative 6 percentage point impact from the high-voltage electric powertrain business (due to significantly lower production levels at certain electric vehicle platforms in Europe). It was also adversely impacted by the cancellation of a number of electric vehicle contracts in North America. The POWER Division's activities other than the high-voltage electric powertrain business (thermal systems, transmission systems and 48V) outperformed automotive production by 1 percentage point.

The **BRAIN** Division outperformed automotive production by 4 percentage points, thanks to outperformances by its ADAS business (front cameras and computer-vision cameras), particularly in Europe and Asia excluding China (3 percentage points) and its Interior Experience business (displays, Phone-As-A-Key and telematics) (7 percentage points). Due to the postponement of production start-ups, the BRAIN Division is expected to enter a new growth phase after 2025.

The **LIGHT** Division outperformed automotive production by 1 percentage point, driven by numerous production launches in Europe for European automakers. In China, the Division's performance was fueled by recent production start-ups in electrification for a North American automaker (with start-ups for the same customer also boosting business in North America) and several Chinese automakers.

(1) *See financial glossary, page 48.*

EBITDA[(1)] by Division

EBITDA *(in millions of euros and as a % of Division sales)*	2024	2023	Change
POWER	1,256	1,171	+7%
	11.6%	**10.1%**	*+1.5 pt*
BRAIN*	831	689	+21%
	16.4%	**14.1%**	*+2.3 pts*
LIGHT	732	736	-1%
	13.2%	**13.3%**	*-0.1 pt*
Other	44	51	-14%
GROUP	2,863	2,647	**+8%**
	13.3%	*12.0%*	**+1.3 pt**

* *Including the Top Column Module business.*

The **POWER** Division saw its EBITDA margin increase by 1.5 percentage points to 11.6%, thanks to:

- the implementation of the plan to merge and reorganize the thermal systems and powertrain systems businesses into the POWER Division, which included optimizing the Division's manufacturing and R&D footprint, mainly in Europe; and
- repricing for certain contracts, in line with new volume estimates.

The **BRAIN** Division recorded an EBITDA margin of 16.4% in 2024, up 2.3 percentage points. The ADAS business, which posted a 17.3% margin (up 0.5 percentage points), was positively impacted by improved operating efficiency. The margin for Interior Experience was 14.3% (up 4.8 percentage points), lifted by cost reduction measures as well as the launch of new high-margin contracts that replace a portfolio of more mature, less profitable products.

The **LIGHT** Division's EBITDA margin for the year remained robust at 13.2% and its cash generation was also resilient, in a context of:

- high costs required to prepare for numerous production launches;
- the postponement of a large number of production start-ups.

5.1.3 2024 earnings

EBITDA[(1)] and operating margins stood at 13.3% and 4.3% of sales, respectively, representing an improvement of 1.3 percentage points and 0.5 percentage points compared with 2023, despite the fact that the Group was faced with a sharp decline in production levels at certain electric vehicle platforms in Europe, and that overall production volumes remained below their pre-crisis levels, mainly in Europe.

		2024	2023	Change
Sales	*(in €m)*	21,492	22,044	-3%
Gross margin	*(in €m)*	4,081	3,951	+3%
	(as a % of sales)	*19.0%*	*17.9%*	*+1.1 pt*
EBITDA	*(in €m)*	2,863	2,647	+8%
	(as a % of sales)	*13.3%*	*12.0%*	*+1.3 pt*
Operating margin*	*(in €m)*	919	838	+10%
	(as a % of sales)	*4.3%*	*3.8%*	*+0.5 pt*
Net attributable income	*(in €m)*	162	221	-27%
	(as a % of sales)	*0.8%*	*1.0%*	*-0.2 pt*

* *Excluding share in net earnings of equity-accounted companies.*

Gross margin represented 19.0% of sales, up 1.1 percentage points on 2023, reflecting the initial effects of cost reduction measures, the efficiency of our operations and our efforts to defend our prices.

The Group took measures to optimize its R&D outlay in 2024, against a backdrop of significantly higher order intake in 2022 and 2023, with gross R&D expenditure remaining stable compared with 2023, at 2.6 billion euros.

The impact of the R&D spend was contained thanks to improved R&D efficiency achieved through:

- the synergies resulting from the creation of the POWER Division;
- standardization of project developments;
- additional skills developed, mainly in cost-competitive countries, and
- the use of artificial intelligence.

(1) *See financial glossary, page 48.*

The IFRS impact (the difference, in percentage points, between "capitalized development expenditure" as a percentage of sales and "amortization and impairment of capitalized development expenditure" as a percentage of sales) decreased significantly in the second half (to 0.9 percentage points) compared with the first half (2.4 percentage points), coming out at 1.6 percentage points for full-year 2024 (compared with the expected 2.4 percentage points for 2024 and 2.1 percentage points in 2023).

The lower IFRS impact is due to:

- the increase in capitalized development expenditure to 4.9% of sales (4.5% in 2023), against a backdrop of high order intake in 2022 and 2023 and a significant improvement in the margins embedded in these new orders; and
- the sharp rise in amortization and impairment of capitalized development expenditure to 3.2% of sales (2.4% in 2023) following the cancellation of orders.

Consequently, R&D expenditure recognized in the statement of income represented 9.9% of sales, up 0.7 percentage points versus 2023.

Administrative and selling expenses were 49 million euros lower than in 2023, and represented 4.8% of sales, down 0.1 percentage points on 2023. This reduction is due to the streamlining and structural reorganization of support functions within the Group.

EBITDA came in at 2,863 million euros, or 13.3% of sales, up 1.3 percentage points year on year, and above the 2024 guidance (EBITDA margin of between 12.1% and 13.1% of sales).

Operating margin came in at 919 million euros, or 4.3% of sales, up 0.5 percentage points year on year, in line with the 2024 guidance (operating margin of between 4.0% and 5.0% of sales).

The year-on-year improvement in operating margin takes into account a 53 million euro decrease in net reversals of provisions for unfavorable and loss-making contracts, which amounted to 181 million euros in 2024, including reversals of provisions for compensation and repricing secured in line with new volume estimates.

The share in net earnings of equity-accounted companies represented income of 12 million euros (17 million euros in 2023).

Operating margin including share in net earnings of equity-accounted companies came out at 931 million euros, or 4.3% of sales, up 0.4 percentage points compared with 2023.

Operating income amounted to 618 million euros (744 million euros in 2023).

The 2024 figure includes other income and expenses representing a net expense of 313 million euros (111 million euro net expense in 2023).

It also reflects:

- restructuring costs for a total amount of 305 million euros;
- a 91 million euro capital gain on the sale of the Thermal Commercial Vehicles business, which took place on June 30, 2024;
- a 48 million euro impairment loss recorded against an intangible asset recognized in connection with the takeover of Valeo eAutomotive in 2022.

The refinancing of Valeo's debt, in a context of high interest rates, led to a cost of debt of 251 million euros (243 million euros in 2023).

Other financial items represented an expense of 34 million euros (47 million euros in 2023).

The effective tax rate came out at 31%.

The Group recorded **net attributable income** of 162 million euros for 2024, representing 0.8% of sales (221 million euros and 1.0% of sales in 2023), after deducting non-controlling interests in an amount of 72 million euros (79 million euros in 2023).

Return on capital employed (ROCE)[1] and **return on assets** (ROA)[1] stood at 15% and 6% respectively.

5.1.4 Cash flow and financial position

Stockholders' equity

At December 31, 2024, consolidated stockholders' equity amounted to 4,515 million euros, versus 4,360 million euros at December 31, 2023. The net 155 million euro increase was mainly attributable to:

- consolidated net income for 2024 of 234 million euros;
- a translation adjustment representing a positive 88 million euros;
- share-based payments of 22 million euros.

These factors were partially offset by:

- dividends distributed to Group shareholders in an amount of 97 million euros and to non-controlling interests in an amount of 42 million euros;
- actuarial losses on pension obligations, net of deferred taxes, of 7 million euros;
- the impacts of the share buyback program implemented in the first half of 2024 in an amount of 25 million euros.

(1) *See financial glossary, page 48.*

Provisions

(in millions of euros)	December 31, 2024	December 31, 2023
Provisions for pensions and other employee benefits	830	853
Provisions for product warranties	381	465
Provisions for restructuring costs	274	68
Provisions for employee-related and other disputes	113	150
Provisions for onerous contracts	86	236
Provisions for tax-related disputes	16	18
Provisions for unfavorable contracts	11	42
Environmental provisions	8	9
PROVISIONS	**1,719**	**1,841**
Of which long-term portion (more than one year)	1,067	1,260

Net provisions for pensions and other employee benefits fell by 23 million euros between December 31, 2023 and December 31, 2024. This was mainly due to 48 million euros in actuarial gains resulting from changes in discount rates, notably in the eurozone, the United States and the United Kingdom, partially offset by 24 million euros in actuarial losses resulting from experience adjustments.

Provisions for product warranties fell by 84 million euros over the year, from 465 million euros at December 31, 2023 to 381 million euros at December 31, 2024. This decrease is mainly due to the resolution of a quality dispute for which the Group was compensated in an amount of 62 million euros. The accrued income recognized as an asset in this respect at December 31, 2023 was received during the year.

Provisions for onerous contracts amounted to 86 million euros at December 31, 2024. The 150 million euro decrease compared with December 31, 2023 is due in particular to a decrease in the volumes remaining to be delivered on the contracts as they are executed, which accounted for 26 million euros in provision utilizations during the year. Provision reversals amounted to 183 million euros, mainly as a result of renegotiations carried out in 2024 and cost reduction efforts. These reversals were partially offset by additions to provisions of 57 million euros.

The total amount of provisions for restructuring costs rose by 206 million euros to 274 million euros at December 31, 2024 versus 68 million euros at December 31, 2023. This increase is mainly due to the announcement of several large-scale restructuring plans during the year (see Note 5.6.2.3 to the 2024 consolidated financial statements, page 379), for which some of the costs will only be disbursed in 2025.

Provisions for unfavorable contracts, which were recognized in connection with the takeover of the Valeo Siemens eAutomotive joint venture in July 2022, fell by 31 million euros over the year, from 42 million euros at December 31, 2023 to 11 million euros at December 31, 2024. This decrease is due to the reduction in volumes remaining to be delivered under these contracts.

Provisions for employee-related and other disputes cover risks arising in connection with former employees relating to asbestos and various other disputes related to Valeo's operating activities across the globe. Totaling 113 million euros at end-2024, these provisions decreased by 37 million euros over the year, mainly due to reversals of provisions relating to supplier disputes.

Provisions for tax disputes and environmental risks were down compared with December 31, 2023. They amounted to 16 million euros and 8 million euros, respectively, at end-2024, compared with 18 million euros and 9 million euros at end-2023.

Cash flows and debt

(in millions of euros)	2024	2023
Gross operating cash flows	2,422	2,409
Income taxes paid	(227)	(225)
Change in working capital	492	278
NET CASH FLOWS FROM OPERATING ACTIVITIES	**2,687**	**2,462**
Net payments for purchases of intangible assets and property, plant and equipment	(2,136)	(1,925)
Net payments for the principal portion of lease liabilities	(135)	(115)
Elimination of change in non-recurring sales of accounts and notes receivable(1)	65	(43)
FREE CASH FLOW(2)	**481**	**379**
Change in non-recurring sales of accounts and notes receivable(1)	(65)	43
Net change in certain non-current financial asset items(2)	(27)	(11)
Acquisitions of investments in associates and/or joint ventures	—	(8)
Disposals of investments with loss of control, net of cash transferred	211	38
Acquisitions of investments without gain of control	—	(2)
Dividends paid to owners of the Company and to non-controlling interests of consolidated subsidiaries	(139)	(127)
Capital increase in cash	—	16
Sale (purchase) of treasury stock	(25)	—
Net interest paid/received	(234)	(209)
NET CASH FLOW(2)	**202**	**119**

(1) *Valeo carries out recurring and one-off sales of its accounts and notes receivable to banks. An agreement at a specific date is drawn up for one-off, or non-recurring transactions of this type. An agreement spanning one or more years is drawn up for recurring transactions. Each contract is analyzed in light of the principles set out in IFRS 9 on the derecognition of financial assets in order to determine whether the risks and rewards inherent to ownership of the receivables have been transferred (see section 5.4.6, page 361, of this chapter, and Note 5.2 "Accounts and notes receivable" to the 2024 consolidated financial statements, pages 372 and 373).*

(2) *See financial glossary, page 48.*

Net cash flows from operating activities rose from 2,462 million euros in 2023 to 2,687 million euros in 2024.

Gross operating cash flows rose slightly from 2,409 million euros in 2023 to 2,422 million euros in 2024.

The change in working capital reflects cash generated in an amount of 492 million euros in 2024 compared with cash generated in an amount of 278 million euros in 2023. The positive change in working capital in 2024 is notably due to a reduction in inventories and an increase in customer contributions to product development. The Group also received a significant insurance indemnity for which accrued income was recognized as an asset at December 31, 2023.

Income taxes paid were stable at 227 million euros in 2024 compared to 225 million euros in 2023.

Net payments for purchases of property, plant and equipment and intangible assets in 2024 generated a net cash outflow of 2,136 million euros, representing a year on year increase of 211 million euros. The Group increased its capital expenditure in 2024, in response to the sharp rise in order intake over the past two years.

Despite this increase in capital expenditure, Valeo generated positive free cash flow[1] of 481 million euros in 2024, 27% higher than the level of free cash flow generation in 2023.

Free cash flow[1] totaling 481 million euros for the year helped to fund:

- net interest paid in 2024, representing an outflow of 234 million euros. In 2023, net interest paid amounted to 209 million euros;
- dividends paid to Group shareholders in an amount of 97 million euros and to non-controlling interests in consolidated subsidiaries in an amount of 42 million euros.

After taking into account cash inflows of 211 million euros arising on disposals of investments, net cash flow for the year represented an inflow of 202 million euros in 2024 versus 119 million euros in 2023.

In addition, net cash flows used in financing activities in 2024 include:

- repayments of long-term loans and borrowings in an amount of 896 million euros, primarily concerning (i) the 700 million euro bond issued in 2014 as part of the Euro Medium Term Note (EMTN) financing program, (ii) lease liabilities recognized under IFRS 16 – "Leases" for 135 million euros, and (iii) a 50 million euro installment on the European Investment Bank loan;
- subscriptions of long-term loans and borrowings in an amount of 858 million euros, mainly comprising a 850 million euro *green bond* issue maturing in April 2030. This is an issuance carried out under Valeo's green and sustainability-linked financing framework, with the funds intended to finance activities satisfying the EU Green Taxonomy;
- a 88 million euro decrease in short-term financing mainly including Negotiable European Commercial Paper (NEU CP) (previously "commercial paper");
- the impacts of the share buyback program implemented in the first half of 2024 in an amount of 25 million euros.

(1) *See financial glossary, page 48.*

After taking into account these items along with the impact of changes in exchange rates (32 million euro impact), consolidated net cash and cash equivalents increased by 259 million euros in 2024, compared to a decrease of 362 million euros in 2023.

Net debt was down year on year, totaling 3,813 million euros at December 31, 2024, compared with 4,028 million euros at December 31, 2023. The leverage ratio (net debt/EBITDA[(1)]) came out at 1.3, compared with 1.5 at December 31, 2023, while the gearing ratio (net debt/stockholders' equity) stood at 103%, an increase compared with December 31, 2023. Net debt of 3,813 million euros at December 31, 2024 includes 626 million euros in lease liabilities.

EBITDA[(1)] can be reconciled to free cash flow[(1)] as follows:

(in millions of euros)	2024	2023
EBITDA[(1)]	2,863	2,647
Change in operating working capital	492	278
Restructuring costs	(119)	(68)
Income tax	(227)	(225)
Provisions for pensions and other employee benefits	(25)	(22)
Payments for the principal portion of lease liabilities	(135)	(115)
Other operating items	(232)	(191)
Investments in property, plant and equipment and intangible assets	(2,136)	(1,925)
FREE CASH FLOW[(1)]	**481**	**379**
CASH CONVERSION RATE (% EBITDA)	**17%**	**14%**

Investments over the past two years

Investments *(in millions of euros)*	2024	2023
Property, plant and equipment	1,251	1,182
Intangible assets	1,089	1,031
Including capitalized development expenditure	*1,045*	*995*
TOTAL	**2,340**	**2,213**
as a % of sales	10.9%	10.0%

Investments *(as a % of sales by geographic area)*	2024	2023
Europe & Africa	12.8%	11.6%
North America	11.5%	10.1%
South America	3.2%	2.3%
Asia & other	7.0%	7.1%

2024

Group investments amounting to 2,340 million euros rose by 0.9 percentage points of sales between 2023 and 2024. All Divisions reported an increase in investments in 2024, particularly POWER and BRAIN.

The level of total investment in Europe and in North America was relatively higher, mainly reflecting the region's greater weighting in the Group's Research and Development program.

(1) *See financial glossary, page 48.*

Commitments

The table below shows the main commitments given:

(in millions of euros)	December 31, 2024	December 31, 2023
Lease commitments	131	162
Sureties, guarantees and endorsements given	—	—
Non-cancelable asset purchase commitments	666	910
Other commitments	94	10
TOTAL	**891**	**1,082**

Non-cancelable asset purchase commitments, as well as commitments related to leases entered into but that have not yet taken effect, are down compared with December 31, 2023. The Group initiated significant asset purchase orders in 2023 to meet the high level of customer order intake in 2022 and 2023.

At December 31, 2024, future minimum commitments on outstanding leases excluded from the scope of IFRS 16 and on leases signed but not yet in force, represented 131 million euros, compared to 162 million euros at December 31, 2023.

Non-cancelable asset purchase commitments given by the Group rose from 910 million euros at December 31, 2023 to 666 million euros at December 31, 2024.

Other commitments given primarily relate to guarantees granted by Valeo in connection with its disposals (94 million euros at December 31, 2024 compared with 10 million euros at end-2023).

5.2 Subsequent events

None.

5.3 Trends and outlook

	2024	2025 objectives[a][b]
Sales *(in billions of euros)*	21.492	21.5 to 22.5 OE sales outperformance
EBITDA[1] *(as a % of sales)*	13.3%	13.5% to 14.5%
Operating margin[1] *(as a % of sales)*	4.3%	4.5% to 5.5%
Free cash flow[1] before one-off restructuring costs *(in millions of euros)*	551	700 to 800
Free cash flow[1] after one-off restructuring costs *(in millions of euros)*	481	450 to 550
	Cumulative free cash flow of around 1 billion euros over the 2024-2025 period, after taking into account 300 million euros in one-off restructuring costs.	

(1) See financial glossary, page 48.
(a) Based on S&P Global Mobility estimates as at February 18, 2025 and regulations relating to tax and tariffs, in effect at February 27, 2025.
(b) Second-half margins and free cash flow generation higher than in the first half, thanks to higher production volumes and efficiency gains.

The financial statements for the year ended December 31, 2024 were authorized for issue by the Board of Directors on February 27, 2025.

5.4 2024 consolidated financial statements AFR

In accordance with Article 19 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017, the following information is incorporated by reference in this Universal Registration Document:

- the consolidated financial statements and the Statutory Auditors' report for the year ended December 31, 2023, set out on pages 305 to 387 and 388 to 392, respectively, of the Universal Registration Document filed with the French financial markets authority (*Autorité des marchés financiers* – AMF) on March 29, 2024 under number D.24-0218;
- the consolidated financial statements and the Statutory Auditors' report for the year ended December 31, 2022, set out on pages 333 to 425 and 426 to 431, respectively, of the Universal Registration Document filed with the French financial markets authority (*Autorité des marchés financiers* – AMF) on March 30, 2023 under number D.23-0200.

5.4.1 Consolidated statement of income

(in millions of euros)	Notes	2024	2023
SALES	*5.1*	**21,492**	**22,044**
Cost of sales	*5.3*	(17,411)	(18,093)
Research and Development expenditure	*5.5.1.2*	(2,127)	(2,029)
Selling expenses		(296)	(324)
Administrative expenses		(739)	(760)
OPERATING MARGIN		**919**	**838**
as a % of sales		*4.3%*	*3.8%*
Share in net earnings of equity-accounted companies	*5.5.3.1*	12	17
OPERATING MARGIN INCLUDING SHARE IN NET EARNINGS OF EQUITY-ACCOUNTED COMPANIES	*5.5*	**931**	**855**
as a % of sales		*4.3%*	*3.9%*
Other income and expenses	*5.6.2*	(313)	(111)
OPERATING INCOME INCLUDING SHARE IN NET EARNINGS OF EQUITY-ACCOUNTED COMPANIES	*5.6.1*	**618**	**744**
Cost of net debt	*9.2*	(251)	(243)
Other financial income and expenses	*9.2*	(34)	(47)
INCOME BEFORE INCOME TAXES		**333**	**454**
Income taxes	*10.1*	(99)	(154)
NET INCOME FOR THE YEAR		**234**	**300**
Attributable to:			
• Owners of the Company		162	221
• Non-controlling interests	*11.1.3*	72	79
Attributable earnings per share:			
• Basic earnings per share *(in euros)*	*11.2*	0.67	0.91
• Diluted earnings per share *(in euros)*	*11.2*	0.66	0.90

The Notes are an integral part of the consolidated financial statements.

5.4.2 Consolidated statement of comprehensive income

(in millions of euros)	2024	2023
NET INCOME FOR THE YEAR	**234**	**300**
Share of changes in comprehensive income from equity-accounted companies that may subsequently be recycled to income	1	(7)
o/w income taxes	—	—
Translation adjustment	88	(375)
Cash flow hedges:		
• Gains (losses) taken to equity	11	45
• (Gains) losses transferred to income	(58)	(43)
o/w income taxes	*29*	*(4)*
OTHER COMPREHENSIVE INCOME (LOSS) THAT MAY SUBSEQUENTLY BE RECYCLED TO INCOME	**42**	**(380)**
Share of changes in comprehensive income from equity-accounted companies that may not subsequently be recycled to income	—	—
o/w income taxes	—	—
Actuarial gains (losses) on defined benefit plans	(7)	(79)
o/w income taxes	*(13)*	*(3)*
Remeasurement of long-term investments	—	(1)
o/w income taxes	—	—
OTHER COMPREHENSIVE INCOME (LOSS) THAT MAY NOT SUBSEQUENTLY BE RECYCLED TO INCOME	**(7)**	**(80)**
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR, NET OF TAX	**35**	**(460)**
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	**269**	**(160)**
Attributable to:		
• Owners of the Company	219	(189)
• Non-controlling interests	50	29

The Notes are an integral part of the consolidated financial statements.

5.4.3 Consolidated statement of financial position

(in millions of euros)	Notes	December 31, 2024	December 31, 2023
ASSETS			
Goodwill	*7.1*	3,086	3,112
Other intangible assets	*7.2*	3,319	3,057
Property, plant and equipment	*7.3*	5,102	5,065
Investments in equity-accounted companies	*5.5.3.2*	110	110
Other non-current financial assets	*9.1.5*	395	392
Assets relating to pensions and other employee benefits	*6.3*	31	45
Deferred tax assets	*10.2*	740	603
NON-CURRENT ASSETS		**12,783**	**12,384**
Inventories, net	*5.4*	2,110	2,365
Accounts and notes receivable, net	*5.2*	2,656	2,734
Other current assets		699	852
Taxes receivable		64	33
Other current financial assets	*9.1.1.1*	89	138
Cash and cash equivalents	*9.1.3.2*	3,153	3,025
Assets held for sale		104	225
CURRENT ASSETS		**8,875**	**9,372**
TOTAL ASSETS		**21,658**	**21,756**
EQUITY AND LIABILITIES			
Share capital	*11.1.1*	245	245
Additional paid-in capital	*11.1.1*	1,588	1,588
Translation adjustment	*11.1.2*	(33)	(163)
Retained earnings		1,919	1,905
STOCKHOLDERS' EQUITY		**3,719**	**3,575**
Non-controlling interests	*11.1.3*	796	785
STOCKHOLDERS' EQUITY INCLUDING NON-CONTROLLING INTERESTS		**4,515**	**4,360**
Provisions for pensions and other employee benefits – long-term portion	*6.3*	782	819
Other provisions – long-term portion	*8.1*	316	486
Subsidies and grants – long-term portion		149	139
Long-term portion of long-term debt	*9.1.2*	4,859	5,057
Other financial liabilities – long-term portion	*9.1.4*	2	1
Deferred tax liabilities	*10.2*	48	46
NON-CURRENT LIABILITIES		**6,156**	**6,548**
Provisions for pensions and other employee benefits – current portion	*6.3*	79	79
Other provisions – current portion	*8.1*	573	502
Accounts and notes payable	*9.1.6*	5,382	5,449
Other current liabilities		2,497	2,462
Subsidies and grants – current portion		66	63
Taxes payable		124	112
Current portion of long-term debt	*9.1.2*	1,334	957
Other financial liabilities – current portion	*9.1.4*	41	59
Short-term financing	*9.1.2.3*	840	922
Bank overdrafts	*9.1.2.3*	4	135
Liabilities held for sale		47	108
CURRENT LIABILITIES		**10,987**	**10,848**
TOTAL EQUITY AND LIABILITIES		**21,658**	**21,756**

The Notes are an integral part of the consolidated financial statements.

5.4.4 Consolidated statement of cash flows

(in millions of euros)	Notes	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year		234	300
Share in net earnings of equity-accounted companies	*5.5.3.1*	(12)	(17)
Net dividends received from equity-accounted companies		15	14
Expenses with no cash effect	*12.1*	1,835	1,715
Cost of net debt	*9.2*	251	243
Income taxes (current and deferred)	*10.1.1*	99	154
GROSS OPERATING CASH FLOWS		**2,422**	**2,409**
Income taxes paid		(227)	(225)
Changes in working capital	*12.2*	492	278
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		**2,687**	**2,462**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of intangible assets		(1,086)	(1,037)
Acquisitions of property, plant and equipment		(1,138)	(964)
Investment subsidies and grants received		67	36
Disposals of intangible assets and property, plant and equipment		21	40
Net change in non-current financial assets		(27)	(11)
Acquisitions of investments in equity-accounted companies and/or joint ventures		—	(8)
Disposals of investments with loss of control, net of cash transferred	*12.3*	211	38
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(1,952)**	**(1,906)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to owners of the Company		(97)	(92)
Dividends paid to non-controlling interests in consolidated subsidiaries		(42)	(35)
Capital increase	*11.1.1*	—	16
Sale (purchase) of treasury stock	*11.1.1.3*	(25)	—
Issuance of long-term debt	*12.4*	858	748
Interest paid		(307)	(261)
Interest received		73	52
Repayment of long-term debt	*12.4*	(896)	(975)
Change in short-term financing	*9.1.2.3*	(88)	(239)
Acquisitions of investments without gain of control		—	(2)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		**(524)**	**(788)**
CASH AND CASH EQUIVALENTS RELATING TO OPERATIONS HELD FOR SALE		**16**	**(14)**
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**32**	**(116)**
NET CHANGE IN CASH AND CASH EQUIVALENTS		**259**	**(362)**
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**2,890**	**3,252**
NET CASH AND CASH EQUIVALENTS AT END OF YEAR		**3,149**	**2,890**
Of which:			
• Cash and cash equivalents	*9.1.3.2*	3,153	3,025
• Bank overdrafts	*9.1.2.3*	(4)	(135)

The Notes are an integral part of the consolidated financial statements.

5.4.5 Consolidated statement of changes in stockholders' equity

						Total stockholders' equity including non-controlling interests restated		
Number of shares outstanding	*(in millions of euros)*	Share capital	Additional paid-in capital	Translation adjustment	Retained earnings	Stockholders' equity	Non-controlling interests	Total
241,116,367	**STOCKHOLDERS' EQUITY AT DECEMBER 31, 2022**	**244**	**1,573**	**175**	**1,830**	**3,822**	**790**	**4,612**
	Dividend paid(1)	—	—	—	(92)	(92)	(33)	(125)
—	Treasury shares	—	—	—	—	—	—	—
1,131,560	Capital increase	1	15	—	—	16	—	16
1,673,193	Share-based payment	—	—	—	25	25	—	25
	Put options granted(3)	—	—	—	(6)	(6)	(3)	(9)
	Other movements	—	—	(2)	1	(1)	2	1
	TRANSACTIONS WITH OWNERS	**1**	**15**	**(2)**	**(72)**	**(58)**	**(34)**	**(92)**
	Net income for the year	—	—	—	221	221	79	300
	Other comprehensive income (loss), net of tax	—	—	(336)	(74)	(410)	(50)	(460)
	TOTAL COMPREHENSIVE INCOME (LOSS)	**—**	**—**	**(336)**	**147**	**(189)**	**29**	**(160)**
243,921,120	**STOCKHOLDERS' EQUITY AT DECEMBER 31, 2023**	**245**	**1,588**	**(163)**	**1,905**	**3,575**	**785**	**4,360**
	Dividend paid(1)	—	—	—	(97)	(97)	(42)	(139)
(2,175,683)	Treasury shares(2)	—	—	—	(25)	(25)	—	(25)
—	Capital increase	—	—	—	—	—	—	—
1,230,883	Share-based payment	—	—	—	22	22	—	22
	Put options granted(3)	—	—	—	(2)	(2)	(2)	(4)
	Other movements	—	—	29	(2)	27	5	32
	TRANSACTIONS WITH OWNERS	**—**	**—**	**29**	**(104)**	**(75)**	**(39)**	**(114)**
	Net income for the year	—	—	—	162	162	72	234
	Other comprehensive income (loss), net of tax	—	—	101	(44)	57	(22)	35
	TOTAL COMPREHENSIVE INCOME (LOSS)	**—**	**—**	**101**	**118**	**219**	**50**	**269**
242,976,320	**STOCKHOLDERS' EQUITY AT DECEMBER 31, 2024**	**245**	**1,588**	**(33)**	**1,919**	**3,719**	**796**	**4,515**

(1) *A cash dividend of 0.40 euros per share was paid in June 2024, representing a total payout of 97 million euros. The dividend paid in July 2023 was 0.38 euros per share.*

(2) *Changes in stockholders' equity attributable to treasury stock at December 31, 2024 include the impact of the share buyback program entered into with an investment services provider on March 11, 2024 in an amount of 25 million euros (see Note 11.1.1.3 page 419).*

(3) *This item includes changes in the fair value of liabilities associated with put options granted to holders of non-controlling interests (see Note 9.1.2.2 page 405).*

The Notes are an integral part of the consolidated financial statements.

5.4.6 Notes to the consolidated financial statements

NOTE 1 ACCOUNTING POLICIES

The consolidated financial statements of the Valeo Group for the year ended December 31, 2024 include:

- the accounts of Valeo;
- the accounts of its subsidiaries;
- Valeo's share in the net assets and earnings of equity-accounted companies (joint ventures and associates).

Valeo is an independent group that designs, produces and sells innovative products and systems contributing to the reduction of greenhouse gas emissions and to the development of safer, more autonomous, more connected, more intelligent and more diverse mobility. As a technology company, Valeo is present in the areas of electrification, advanced driving assistance systems (ADAS), reinvention of the interior experience and lighting everywhere, all of which are growth drivers. Valeo is one of the world's leading automotive suppliers and is a partner to all automakers and new mobility players across the globe.

Valeo is a European company listed on the Paris Stock Exchange. Its head office is located at 100, rue de Courcelles, 75017 Paris, France.

Valeo's consolidated financial statements for the year ended December 31, 2024 were authorized for issue by the Board of Directors on February 27, 2025.

They will be submitted for approval to the next Ordinary Shareholders' Meeting.

1.1 Accounting standards applied

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) and endorsed by the European Union. The standards can be consulted on the European Commission's website[1].

The financial statements include the information deemed material as required by the ANC in Standard no. 2016-09.

1.1.1 Standards, amendments and interpretations adopted by the European Union and effective for reporting periods beginning on or after January 1, 2024

The following standards, amendments and interpretations have been published by the IASB and adopted by the European Union:

Standards, amendments and interpretations effective for reporting periods beginning on or after January 1, 2024	
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Presentation of Financial Statements: • Classification of Liabilities as Current or Non-current; • Non-current Liabilities with Covenants.
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

These new publications did not have a material impact on the Group's consolidated financial statements.

1.1.2 Standards, amendments and interpretations adopted by the European Union and effective for reporting periods beginning on or after January 1, 2025 and not early adopted by the Group

The following standards, amendments and interpretations have also been published by the IASB and adopted by the European Union:

Standards, amendments and interpretations effective for reporting periods beginning on or after January 1, 2025	
Amendments to IAS 21	Lack of Exchangeability

Valeo does not expect these amendments to have a material impact on the Group's consolidated financial statements.

1.1.3 Standards, amendments and interpretations published by the IASB but not yet adopted by the European Union

The following standards and amendments have been published by the IASB but not yet adopted by the European Union:

Standards, amendments and interpretations not yet adopted by the European Union		Effective date*
Amendments to IFRS 9 and IFRS 7	• Contracts Referencing Nature-dependent Electricity • Amendments to the Classification and Measurement of Financial Instruments	January 1, 2026
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to various provisions of IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	January 1, 2026
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	January 1, 2027

* *Subject to adoption by the European Union.*

(1) *https://commission.europa.eu/law_en*

Valeo has not yet carried out a detailed analysis of the impact of applying IFRS 18 on the presentation of its consolidated financial statements. The Group does not expect the application of the other standards and amendments set out above to have a material impact.

1.2 Basis of preparation

The financial statements are presented in euros and are rounded to the nearest million.

1.2.1 Estimates and judgments

Preparation of the financial statements requires Valeo to make estimates and assumptions which could have an impact on the reported amounts of assets, liabilities, income and expenses. These estimates and assumptions concern both risks specific to the automotive supply business, such as those relating to quality and safety, as well as more general risks to which the Group is exposed on account of its industrial operations across the globe.

The Group exercises its judgment based on past experience and all other factors considered to be decisive given the environment and the circumstances. The estimates and assumptions used are revised on an ongoing basis. In view of the uncertainties inherent in any assessment, the final amounts reported in Valeo's future financial statements may differ from the amounts resulting from these current estimates.

The significant estimates, judgments and assumptions adopted by the Group to prepare its financial statements for the year ended December 31, 2024 chiefly concern:

- the conditions for capitalizing development expenditure (see Note 5.5.1.1, page 375);
- the estimation of provisions (see Notes 6.3, pages 381 to 386 and 8.1, pages 398 and 399);
- the measurement of the recoverable amount of intangible assets and property, plant and equipment (see Note 7, pages 388 to 397);
- lease terms, as regards optional periods, and determination of discount rates (see Note 7.3, page 391 to 393);
- the likelihood that deferred tax assets will be able to be utilized (see Note 10.2, pages 417 and 418).

1.2.2 Going concern basis and liquidity management

The financial statements have been prepared on a going concern basis. The Group has sufficient cash and financing sources, and has demonstrated its debt issuance capacity.

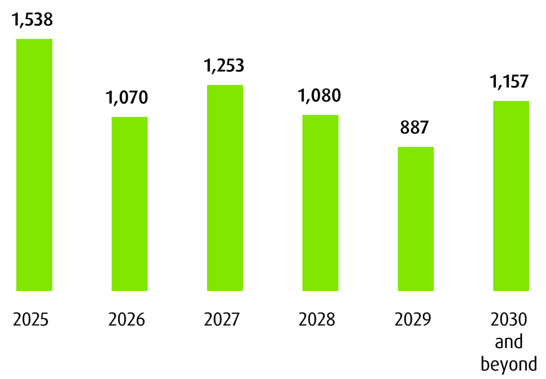
At December 31, 2024, the Group had 1.6 billion euros available in undrawn credit lines, plus a stable financial position:

- 3.1 billion euros in net cash and cash equivalents;
- average debt maturity of 2.8 years;
- net debt to EBITDA ratio (EBITDA calculated over a 12-month rolling period) of 1.3, i.e., below the 3.5 threshold.

In managing its liquidity risk, the Group seeks to ensure a balanced long-term debt repayment profile.

CONTRACTUAL MATURITY OF LONG-TERM DEBT

(in millions of euros)



The future cash outflows presented above, comprising both interest payments and principal repayments, are not discounted. The forward curve at December 31, 2024 was used for variable-rate interest.

The Group carried out a number of financing transactions in 2024, including an 850 million euro green bond issue in April 2024. This bond matures in April 2030.

As part of its Move Up plan, the Group aims to divest some 500 million euros' worth of non-strategic assets through 2025. At the date on which the consolidated financial statements were authorized for issue, various assets had been divested for a total amount of around 400 million euros. The Group is currently envisaging other asset divestment projects, representing a total value of over 100 million euros.

Details of the Group's borrowings and debt and significant transactions during the year are presented in Note 9, pages 400 to 415.

1.3 Consideration of the impacts of climate change

1.3.1 Carbon neutrality commitments

Valeo has drawn up an ambitious plan to contribute to carbon neutrality – the CAP 50 plan – which is focused on the prevention and reduction of greenhouse gas emissions. The plan sets out the Group's pathway for contributing to carbon neutrality over the time horizon until 2050, with an intermediate target set for 2030.

The targets of the CAP 50 plan, as well as the related action plans and the procedures for their implementation, are described in Chapter 4, section 4.2.3.4 "CAP 50: Transition plan for climate change mitigation" (pages 223 to 226).

At end-2024, the Group did not have any legal or constructive obligations arising from its decarbonization commitments which required the recognition of provisions or contingent liabilities. In addition, Valeo has not identified any material assets whose value or useful lives would be impacted by the actions envisaged under the CAP 50 plan. Such an impact could arise, for example, if the Group decided to replace some of its equipment with more energy-efficient equipment before the end of its initial useful life.

1.3.2 Physical risks

An increase in the frequency of extreme and/or chronic weather events (such as extreme heat, water stress and flooding) could disrupt or even interrupt certain operations at different levels of the production and supply chains, and could also have an adverse impact on employees' working conditions.

The main risks to which the Group is exposed as a result of the physical effects of climate change, and the related overall risk assessment system, are described in the Chapter 4, section 4.2.3.3 "Identification and assessment of material climate-related impacts, risks and opportunities" (pages 219 to 222).

Based on the climate change adaptation audits carried out to date, the Group has not identified any significant impacts linked to the physical risks resulting from climate change in terms of either the useful life or the value of its assets.

The medium-term expenditure envisaged by Group sites to implement climate change adaptation measures is included in the medium-term plan used as the basis for performing impairment tests on cash-generating units and goodwill (see Note 7.4, pages 394 to 397).

1.3.3 Transition risks

Transition risks and opportunities are those associated with changes in an organization's operating environment as a result of measures to reduce greenhouse gas emissions. The Group's transition risks and opportunities are described in the Chapter 4, section 4.2.3.3 "Identification and assessment of material climate-related impacts, risks and opportunities" (pages 219 to 222).

In view of its product portfolio, which is closely linked to CO_2 reduction and electrification, the transitional shift to low-carbon mobility is an opportunity for Valeo. Despite a recent slowdown in the growth of electric and hybrid vehicle production worldwide in 2024, Valeo, like many leading players in the automotive industry, remains convinced that the global market share of these vehicles will continue to increase significantly until the end of the decade. The pace of this growth will nevertheless continue to be influenced by the local regulations and policies applied in the various regions of the world.

The growth in sales of electric vehicles, which began several years ago, has also led to the emergence of new manufacturers, mainly in China and North America, whose practices can in some cases differ from those of long-standing manufacturers, particularly in terms of product development and value chain integration.

The medium-term plan used as the basis for performing impairment tests on cash-generating units and goodwill (see Note 7.4, pages 394 to 397) was drawn up taking into account these opportunities and uncertainties. It is based on reasonably prudent projections of sales volumes and customer mix, and factors in the financial implications (R&D expenditure and capital expenses) of the change in sales mix. Given recent postponements of production launches by customers, combined with demand being affected by uncertainty regarding take-up of electric vehicles, the Group has applied an assumption of less robust growth in sales of electrification solutions than in its medium-term plan drawn up in 2023.

The measures to be undertaken by Valeo to reduce its upstream Scope 1, 2 and 3 emissions as part of its CAP 50 plan are expected to be implemented gradually, and therefore will not have a sudden impact on the Group's cost structure.

A simulation was carried out to assess the potential impact that a pessimistic scenario for transition risks (see Note 7.4.6, page 397) could have on the impairment tests carried out on cash-generating units and goodwill.

1.3.4 Renewable energy purchase agreements

Valeo has installed solar panels on the roofs of its buildings and on parking lots at several of its sites to cover part of those sites' electricity consumption. In some cases, the solar panels are owned by a third party from which the site has undertaken to purchase all or some of the electricity produced.

These solar power agreements have been analyzed to determine how they should be accounted for. When the agreements only give rise to variable payments, which is generally the case, they are accounted for as standard purchase contracts.

The Group has not entered into any other renewable energy supply agreements providing for the physical or virtual resale of electricity.

1.3.5 Compensation

The free share plans for Group executive managers set up in 2022, 2023 and 2024 (see Note 6.4, page 387) include a carbon footprint objective for end-2024, 2025 and 2026, respectively.

Furthermore, 20% of the variable compensation awarded to Group executives and managers is conditional on achieving quantitative and qualitative non-financial targets, including an objective relating to the Group's carbon footprint in 2024.

In preparing the financial statements for the year ended December 31, 2024, Valeo considered that each of its carbon footprint targets would be met.

1.3.6 Financing

In 2021 and 2022, Valeo set up financing linked to a carbon footprint objective, including avoided emissions, of 37.95 $MtCO_2eq$ for end-2025. If this objective is not met, the interest rate (coupon) payable on this financing after December 31, 2025 would be raised by 0.1% to 0.75%, depending on the debt. At December 31, 2024, the carrying amount of the debt including this indexation clause represented 1.6 billion euros (see Note 9.1.2.1, pages 402 to 405).

In 2023 and 2024, Valeo carried out green bond issues representing a total of 1.45 billion euros (see Note 9.1.2.1, pages 402 to 405). These issues are not subject to any indexation or early redemption clauses tied to the achievement of environmental targets.

In preparing its financial statements for the year ended December 31, 2024, Valeo considered that its carbon footprint objective for end-2025 would be met, in accordance with its budget forecast.

NOTE 2 GROUP ORGANIZATIONAL STRUCTURE BY DIVISION AND REORGANIZATION OF THE THERMAL SYSTEMS AND POWERTRAIN SYSTEMS ACTIVITIES

On April 22, 2024, Valeo announced the creation of the POWER Division, which brings together its thermal systems and powertrain systems in a single entity. The POWER Division, organized into seven Regional Operations, replaces the former Thermal Systems and Powertrain Systems Business Groups, which were made up of Product Groups. This new organization has led to a reduction in the workforce, mainly in management, administration and production support functions. Measures were also announced during the year to adjust the Division's manufacturing and R&D footprint, mainly in Europe, through workforce reductions and the closure of three sites. These measures are designed to streamline the Division's cost structure and realign its production capacities with market demand.

Alongside the creation of the POWER Division, Valeo has also renamed its two other Business Groups to reflect the shift in the nature of their activities: the Comfort & Driving Assistance Systems Business Group becomes the BRAIN Division and the Visibility Systems Business Group becomes the LIGHT Division. The organizational structure of these two Divisions remains unchanged.

The main impacts of this new organization on the consolidated financial statements for the year ended December 31, 2024 are set out:

- in Note 4, pages 368 to 371 covering segment reporting, with the identification of three operating segments;
- in Note 7.4, pages 394 to 397 covering the redefinition of the cash-generating units of the thermal systems and powertrain systems businesses;
- in Note 5.6.2.3 pages 379 and Note 8.1, pages 398 to 399 covering the impact of the restructuring plans launched.

NOTE 3 SCOPE OF CONSOLIDATION

3.1 Accounting policies relating to the scope of consolidation

3.1.1 Consolidation methods

3.1.1.1 Full consolidation

The accounts of companies under Valeo's direct and indirect control are included in the consolidated financial statements using the full consolidation method. Control is deemed to exist when the Group:

- has power over an investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to affect those returns through its power over the investee's relevant activities.

All intercompany transactions are eliminated, as are gains on intercompany disposals of assets, intercompany profits included in inventories and intercompany dividends.

The earnings of subsidiaries acquired are consolidated as from the date the Group has control.

3.1.1.2 Equity-method accounting for joint ventures and associates

Joint arrangements organize the sharing of control of an entity by two or more parties. An arrangement in which the parties have rights to the net assets of that arrangement is called a joint venture. An arrangement in which the parties have rights to the assets, and obligations for the liabilities, relating to the arrangement, is known as a joint operation.

Valeo also exercises significant influence over certain entities, known as associates. Significant influence is the power to participate in decisions affecting the entity's financial and operating policies, but is not control or joint control over those policies. Significant influence is deemed to exist when Valeo holds over 20% of the voting rights of another entity. Joint ventures and associates are accounted for using the equity method. Under the equity method, an investment in an equity-accounted company is recognized in the consolidated statement of financial position on the date on which the entity becomes an associate or joint venture.

The investment is initially recognized at cost. In accordance with IFRS 10.25, in the specific case of loss of control of a subsidiary leading to recognition of an interest in a joint venture or associate, the initial cost of this investment is equal to its fair value at the date control is lost. The investment is subsequently adjusted after the acquisition date to reflect the Group's share of the retained comprehensive income of the investee. These items may be adjusted in line with Group accounting policies. Goodwill arising on the acquisition of associates or joint ventures is included in investments in equity-accounted companies.

The procedure used to measure investments in equity-accounted companies is governed by IFRS 9 – "Financial Instruments: Recognition and Measurement" and IAS 28 (revised) – "Investments in Associates and Joint Ventures".

Any impairment losses taken against investments in equity-accounted companies, along with any gains or losses on remeasuring the previously-held equity interest at fair value (on acquisition of a controlling interest in an equity-accounted company) are recorded in share in net earnings of equity-accounted companies.

A list of consolidated companies is provided in Note 14, pages 423 to 430.

3.1.2 Foreign currency translation

3.1.2.1 Foreign currency financial statements

The Group's consolidated financial statements are presented in euros.

The financial statements of each consolidated Group company are prepared in its functional currency. The functional currency is the currency of the principal economic environment in which it operates, and is generally the local currency.

The financial statements of foreign subsidiaries whose functional currency is not the euro are translated into euros as follows:

- statement of financial position items are translated into euros at the year-end exchange rate;
- statement of income items are translated into euros at the exchange rates applicable at the transaction dates or, in practice, at the average exchange rate for the period, as long as this is not rendered inappropriate as a basis for translation by major fluctuations in the exchange rate during the period;
- unrealized gains and losses arising from the translation of the financial statements of foreign subsidiaries are recorded under translation adjustment in other comprehensive income that may subsequently be recycled to income.

The Group applies the provisions of IAS 29 – "Financial Reporting in Hyperinflationary Economies" to entities whose functional currency is considered to be the currency of a hyperinflationary economy. The financial statements of the companies concerned are restated for the impacts of inflation (historical cost convention) and then translated into the Group's presentation currency at the closing exchange rate.

3.1.2.2 Foreign currency transactions

General principle

Transactions carried out in a currency other than Valeo's functional currency are translated using the exchange rate prevailing at the transaction date. Monetary assets and liabilities denominated in a foreign currency are translated at the year-end exchange rate. Non-monetary assets and liabilities denominated in a foreign currency are recognized at the historical exchange rate prevailing at the transaction date.

Differences arising from the translation of foreign currency transactions are generally recognized in income.

Net investment

Certain foreign currency loans and borrowings are considered in substance to be an integral part of the net investment in a subsidiary whose functional currency is not the euro when settlement is neither planned nor likely to occur in the foreseeable future. The foreign currency gains and losses arising on these loans and borrowings are recorded under translation adjustment in other comprehensive income for their net-of-tax amount. This specific accounting treatment applies until the disposal of the net investment, or when partial or full repayment of these loans or borrowings is highly probable.

When the net investment is derecognized, the translation adjustment arising after said date is taken to other financial income and expenses in the consolidated statement of income. Translation adjustments previously recognized in other comprehensive income are only recycled to income when the foreign operation is partially or fully disposed of. The Group examines whether these partial or full repayments of loans or borrowings equate to a partial or full disposal of the subsidiary.

3.1.3 Business combinations

Business combinations are accounted for using the acquisition method, whereby:

- the cost of a combination is determined at the acquisition-date fair value of the consideration transferred, including any contingent consideration. After the measurement period, any subsequent changes in the fair value of contingent consideration are recognized in income or in other comprehensive income as appropriate, in accordance with the applicable standards;
- the difference between the consideration transferred and the acquisition-date fair value of the net identifiable assets acquired and liabilities assumed is classified as goodwill within assets in the statement of financial position.

Adjustments to the provisional fair value of identifiable assets acquired and liabilities assumed resulting from independent analyses in progress or supplementary analyses are recognized as a retrospective adjustment to goodwill if they are made within 12 months of the acquisition date ("measurement period") and result from facts and circumstances that existed as of that date. The impact of any adjustments made after the measurement period is recognized directly in income as a change of accounting estimate.

Intangible assets may be recognized in respect of customer relationships that correspond in substance to contracts in progress at the date control is acquired and/or to relationships with regular customers of the acquired entity (opportunity to enter into new contracts). These intangible assets are measured based on the "excess earnings" method, whereby the value of the intangible asset corresponds to the present value of the cash flows generated by this asset, less a capital charge representing a return on the other assets concerned. Intangible assets may also be recognized in respect of patented or unpatented technologies and trademarks. These assets are measured based on the "royalties" method or "replacement cost" method.

For each business combination in which the acquirer holds less than 100% of the equity interests in the acquiree at the acquisition date, the amount of the non-controlling interest is measured:

- either at fair value: in this case, goodwill is recognized on the non-controlling interest ("full goodwill method");
- or at the proportionate share in the recognized amounts of the acquiree's net identifiable assets, in which case goodwill is recognized only on the interest acquired ("partial goodwill method").

Costs directly attributable to the combination are included within other income and expenses in the period in which they are incurred.

Adjustments to contingent consideration in a business combination are measured at the acquisition-date fair value, even if the consideration is not expected to materialize. After the acquisition date, changes to the estimated fair value of contingent consideration involve an adjustment to goodwill only if they are made within the measurement period (up to 12 months after the date of the combination) and result from facts and circumstances that existed as of that date. In all other cases, such changes are recognized in income or in other comprehensive income as appropriate, in accordance with the applicable standard.

In a business combination achieved in stages, the Group's previously-held interest in the acquiree is remeasured at its acquisition-date fair value in income. To determine goodwill at the acquisition date, the fair value of the consideration transferred (e.g., price paid) is increased by the fair value of any interest previously held by the Group. The amount previously recognized within other comprehensive income in respect of the previously-held interest is recycled to the statement of income.

3.1.4 Transactions involving non-controlling interests

Changes in transactions involving non-controlling interests that do not result in a change of control are recognized in equity. In particular, in the event of an acquisition of additional shares in an entity already controlled by the Group, the difference between the acquisition price of the shares and the additional interest acquired by the Group in consolidated equity is recorded in stockholders' equity. The value of the entity's identifiable assets and liabilities (including goodwill) for consolidation purposes remains unchanged.

3.1.5 Assets and liabilities held for sale and discontinued operations

When the Group expects to recover the value of an asset or a group of assets through its sale rather than through continuing use, such assets are presented separately under assets held for sale in the statement of financial position. Any liabilities related to such assets are presented on the liabilities held for sale line in the statement of financial position. Assets classified as held for sale are valued at the lower of their carrying amount and their estimated sale price less costs to sell, and are therefore no longer subject to depreciation and amortization.

In accordance with IFRS 5, a discontinued operation is a component of an entity that has either been disposed of or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the date of sale or at an earlier date if the business meets the criteria to be recognized as an asset held for sale. Income or losses generated by these operations, as well as any capital gains or losses on disposal, are presented net of tax on a separate line of the statement of income. To provide a meaningful year-on-year comparison, the same treatment is applied to these items in the previous year.

For assets relating to operations that have not been classified as discontinued, any related impairment losses or proceeds from their disposal are recognized through operating income.

3.2 Changes in the scope of consolidation

3.2.1 Transactions completed during the year

3.2.1.1 Sale of the Thermal Commercial Vehicles business

The assets and liabilities of Valeo's Thermal Commercial Vehicles Product Group business were classified as held for sale in the consolidated statement of financial position at December 31, 2023, in an amount of 217 million euros and 98 million euros, respectively.

On June 30, 2024, the Group sold the business to H.I.G Capital. The impacts of the transaction on Valeo's consolidated financial statements for the year ended December 31, 2024 are as follows:

- a capital gain of 91 million euros recorded in other income and expenses (see Note 5.6.2.1), page 379;
- a 244 million euro reduction in net debt;
- an off-balance sheet commitment of 72 million euros in respect of various guarantees given to the acquirer. It is unlikely that these guarantees will be called for material amounts. As a result, no provision was booked by the Group in this respect at December 31, 2024.

  This business represented sales of 159 million euros in 2024 (six months of operations) and 303 million euros in 2023 (12 months of operations).

3.2.1.2 Sale of industrial operations in Russia

In January 2024, Valeo completed the sale of its industrial activities in Russia to NPK Avtopribor. The transaction does not have a material impact on the Group's 2024 earnings. The Group has also discontinued its aftermarket business in the country and no longer has any industrial or commercial operations in Russia.

3.2.1.3 Sale of PIAA Corporation

On March 27, 2024, Ichikoh, a Valeo Group subsidiary, announced that it had reached an agreement with the Japanese group Usami Koyu Co., Ltd. for the sale of its PIAA business, a subsidiary that manufactures and sells automotive parts for the aftermarket. The sale of PIAA Corporation was completed in August 2024, with the related amounts recognized in other income and expenses (see Note 5.6.2.1, page 379).

This business represented sales of 32 million euros in 2024 (8 months of operations) and 52 million euros in 2023 (12 months of operations).

3.2.1.4 Sale of Asaphus Vision GmbH

On July 5, 2024, Valeo sold its entire stake in Asaphus Vision GmbH to Seeing Machines. The transaction did not have a material impact on the Valeo Group's consolidated financial statements for the year ended December 31, 2024.

3.2.2 Transactions that have not yet been completed

As part of its plan to dispose of its non-strategic assets, the Group has initiated a process to sell its automotive sensor business, which manufactures devices used to measure temperature, pressure and position for all types of powertrain systems. In accordance with IFRS 5, the assets and liabilities relating to this business were therefore classified as assets and liabilities held for sale in the consolidated statement of financial position at December 31, 2024. At that date, the amounts reclassified as assets and liabilities held for sale represented 100 million euros and 47 million euros, respectively. Based on the information available at the reporting date, Valeo has not identified any indications of impairment.

This business represented sales of 128 million euros in 2024 and 103 million euros in 2023.

3.3 Off-balance sheet commitments relating to the scope of consolidation

3.3.1 Commitments given

Valeo and V. Johnson Enterprises set up Detroit Thermal Systems in 2012. At December 31, 2024, Valeo and V. Johnson Enterprises had respective 49% and 51% interests in this company.

V. Johnson Enterprises has a put option that may be exercised if certain contractually defined events – not relating to a level of earnings – occur. For example, the option is exercisable in the event that Valeo is unable to contribute to the financing of the venture or if it sells all or part of its interest to a third party. If the put were to be exercised, all of the shares owned by V. Johnson Enterprises at that time would be sold to Valeo, with the price to be determined according to the provisions of the agreement defining the company's governance arrangements.

At December 31, 2024, Valeo had also granted various guarantees in connection with disposals. These guarantees totaled 94 million euros, including 72 million euros related to the sale of the Thermal Commercial Vehicles business (see Note 3.2.1.1, page 367).

3.3.2 Commitments received

At December 31, 2024, as at December 2023, Valeo had not received any commitments relating to the scope of consolidation.

NOTE 4 SEGMENT REPORTING

In accordance with IFRS 8 – "Operating Segments", the Group's segment information below is presented on the basis of internal reports that are reviewed by the Group's General Management in order to allocate resources to the segments and assess their performance. General Management represents the chief operating decision maker within the meaning of IFRS 8.

General Management represents the chief operating decision maker within the meaning of IFRS 8 – "Operating Segments". In accordance with IFRS 8, the Group's segment information below is presented on the basis of internal reports that are reviewed by the Group's General Management in order to allocate resources to the segments and assess their performance. Following the Group's reorganization, described in Note 2, page 365, the reporting segments correspond to the three Divisions:

- POWER Division – comprising seven Regional Operations with autonomous commercial, project and industrial functions, enabling them to adapt to the specific pace of transition to electric mobility in each region of the world. This Division is focused on electrification technologies and the overhaul of conventional technologies for internal combustion engines. It brings together the Group's thermal and powertrain activities, which develop and produce innovative solutions to improve vehicle range, performance and comfort. Its expertise includes energy efficiency improvement, thermal comfort for passengers and thermal management for batteries and electric powertrain systems;
- BRAIN Division – comprising two Product Groups: Driving Automation and Interior Experience, which develop solutions to make driving safer, more autonomous and more connected, thanks to detection systems and redesigned human-machine interfaces. These technologies, which are based on software and powerful computing units that act as the "brains" of the vehicle, are changing mobility and the onboard user experience;
- LIGHT Division – comprising two Product Groups: Lighting and Wipers. These Product Groups design and produce innovative, high-performance lighting and cleaning systems for comfortable, safer manual driving, and for an enhanced travel experience in automated driving mode.

Each of these Divisions is also responsible for production and for part of the distribution of products for the aftermarket. A significant portion of the earnings generated by Valeo Service, which almost exclusively sells products manufactured by the Group, is reallocated among each of the Divisions. The external trading operations of Valeo Service are presented within "Other", along with the operations of the holding companies and eliminations between the three operating segments.

During the year, the Group revised its internal reporting to reflect the new Group organization. The main indicators monitored by General Management and the Chief Executive Officers of the Divisions are unchanged from those analyzed under the previous organization.

In accordance with IFRS 8, segment information at December 31, 2023 has been restated to enable comparison under the Group's new organization by Division (see Note 4.1, pages 368 and 369).

4.1 Key performance indicators by Division

The key performance indicators for each Division as presented in the tables below are as follows:

- sales;
- EBITDA, which corresponds to (i) operating margin before depreciation, amortization and impairment losses (included in operating margin) and the impact of government subsidies and grants on non-current assets, and (ii) net dividends received from equity-accounted companies;
- Research and Development expenditure;
- investments in property, plant and equipment and intangible assets;
- segment assets, comprising intangible assets and property, plant and equipment (including goodwill), investments in equity-accounted companies and inventories.

2024

(in millions of euros)	POWER	BRAIN	LIGHT	Other	Total
Sales	**10,845**	**5,053**	**5,554**	**40**	**21,492**
• segment (excluding Group)	10,702	5,021	5,546	223	21,492
• intersegment (Group)	143	32	8	(183)	—
EBITDA	**1,256**	**831**	**732**	**44**	**2,863**
Research and Development expenditure	(861)	(867)	(386)	(13)	(2,127)
investments in property, plant and equipment and intangible assets	803	925	538	74	2,340
Segment assets(1)	6,559	3,829	3,020	319	13,727

(1) *The segment assets shown for the POWER Division do not include the amount relating to the automotive sensor business' assets, which are used to measure temperature, pressure and position for all types of powertrain systems. These assets were reclassified as held for sale at December 31, 2024 (see Note 3.2.2, page 367).*

2023

The Group monitors its activity according to the new operating segments presented on page 368.

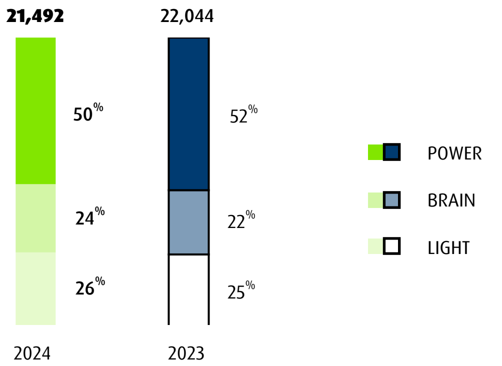
(in millions of euros)	POWER	BRAIN(2)	LIGHT	Other(2)	Total
Sales	**11,571**	**4,878**	**5,541**	**54**	**22,044**
• segment (excluding Group)	11,419	4,843	5,536	246	22,044
• intersegment (Group)	152	35	5	(192)	—
EBITDA	**1,171**	**689**	**736**	**51**	**2,647**
Research and Development expenditure	(895)	(728)	(396)	(10)	(2,029)
investments in property, plant and equipment and intangible assets	715	869	563	66	2,213
Segment assets(1)	6,947	3,549	2,967	246	13,709

(1) *The segment assets shown for the POWER Division do not include the amount relating to the assets of the Thermal Commercial Vehicles business reclassified as held for sale at December 31, 2023 (see Note 3.2.1.1, page 367).*

(2) *In line with the Group's new organizational structure effective as from December 31, 2024, the Top Column Module activity is presented as part of the BRAIN Division.*

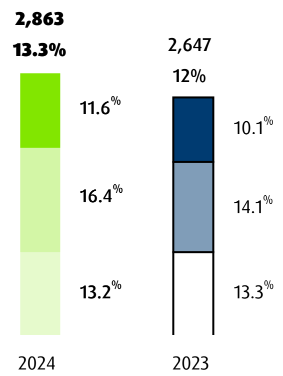
SALES BY DIVISION (INCLUDING INTERSEGMENT SALES)

(in millions of euros and as a % of sales)



EBITDA BY DIVISION

(in millions of euros and as a % of sales)



4.2 Reconciliation with Group data

EBITDA is used by General Management to monitor and track Division performance (see Note 4.1, pages 368 and 369) and to decide how to allocate resources. The table below reconciles EBITDA with consolidated operating margin:

(in millions of euros)	2024	2023
Operating margin	**919**	**838**
Amortization and depreciation of intangible assets and property, plant and equipment, and impairment losses[1]	1,972	1,836
Impact of government subsidies and grants on non-current assets recognized in the statement of income	(43)	(41)
Dividends paid by equity-accounted companies	15	14
EBITDA	**2,863**	**2,647**
as a % of sales	13.3%	12.0%

(1) Impairment losses recorded in operating margin only.

Total segment assets reconcile to total Group assets as follows:

(in millions of euros)	December 31, 2024	December 31, 2023
Segment assets	**13,727**	**13,709**
Accounts and notes receivable	2,656	2,734
Other current assets	699	852
Taxes receivable	64	33
Financial assets	3,668	3,600
Deferred tax assets	740	603
Assets held for sale[1]	104	225
TOTAL GROUP ASSETS	**21,658**	**21,756**

(1) At December 31, 2024, assets held for sale correspond to the automotive sensor business' assets, which are used to measure temperature, pressure and position for all types of powertrain systems (see Note 3.2.2. page 367). At end-2023, assets held for sale corresponded to the assets of the Thermal Commercial Vehicles business (see Note 3.2.1, page 367).

4.3 Reporting by geographic area

Non-current assets consist of property, plant and equipment, intangible assets (excluding goodwill) and investments in equity-accounted companies. Goodwill balances cannot be broken down by geographic area as they are allocated to Divisions that operate in several geographic areas.

2024

(in millions of euros)	Sales by market	Sales by production area	Non-current assets
Europe and Africa	10,621	11,083	4,930
North America	3,987	3,933	1,337
South America	465	379	42
Asia	6,419	6,819	2,226
o/w China	*2,992*	*3,675*	*1,211*
Eliminations	—	(722)	(4)
TOTAL	**21,492**	**21,492**	**8,531**

In 2024 and 2023, the main countries contributing to the Group's consolidated sales are China, France, Germany, Mexico and the United States.

2023

(in millions of euros)	Sales by market	Sales by production area	Non-current assets
Europe and Africa	10,632	11,060	4,681
North America	4,092	3,972	1,140
South America	506	430	49
Asia	6,814	7,340	2,365
o/w China	*3,239*	*3,966*	*1,283*
Eliminations	—	(758)	(3)
TOTAL	**22,044**	**22,044**	**8,232**

NOTE 5 OPERATING DATA

5.1 Sales

For each automotive project, the three main typically identified promises made by Valeo to an automaker are:

- Product Development, which includes determining the intrinsic technical features of parts and those related to the relevant production process. This promise is usually considered to be related to the supply of parts; any contributions from customers in respect of Product Development are therefore recognized in sales over the period of series production as the promise to deliver the parts is fulfilled, within a period of four years. However, the accounting treatment applied may vary based on each project's specific contractual or operational features;
- Supply of Tooling such as molds and other equipment used to manufacture parts:
  - for certain businesses, the supply of molds may be considered to be a distinct promise in view of the manner in which control is transferred. In such cases, sales are recognized at the start of series production for the project,
  - the supply of other equipment used to manufacture parts is considered to be related to the Supply of Parts. Any contributions received in this respect are therefore deferred and recognized over the duration of the manufacturing phase of the project as the promise to deliver the parts is fulfilled, within a period of four years;
- Supply of Parts, sales of which are recognized when control of the parts is transferred to the customer, i.e., generally upon delivery.

In this respect, sales primarily include sales of finished goods and all tooling revenues and customer contributions to Research and Development expenditure and prototypes. Sales are measured at the fair value of the consideration receivable, net of any trade discounts and volume rebates and excluding any VAT or other taxes. If the price of a contract is adjusted, the impact of the change is allocated to the performance obligations to which the change relates.

Under specific contracts, analysis of the relationship with the end customer leads Valeo to consider that it acts as agent when it supplies said end customer with "imposed" components. As such, the transactions in which Valeo acts as agent are recognized based on their net amount. This business model primarily concerns the front-end module operations of the POWER Division.

In general, customers award Valeo contracts to supply all the parts required for a specific project. Estimated future volumes cannot be included in the order book as defined by IFRS 15 until the customer has placed an order for a firm volume. Accordingly, disclosure of this information is not considered relevant.

Group sales contracted by 2.5% to 21,492 million euros in 2024, from 22,044 million euros in 2023.

Changes in exchange rates had a 1% negative impact, primarily due to the appreciation of the euro against the Chinese renminbi, Japanese yen and South Korean won. Changes in Group structure had a 1% negative impact, mainly due to the sale (i) on June 30, 2024 of the Thermal Commercial Vehicles business, (ii) in August 2024 of PIAA, a company specialized in the manufacture of innovative vehicle-lighting equipment, which was part of Valeo Service, and (iii) on August 1, 2023 of Ichikoh's Mirror business in Japan. Like for like (on a comparable Group structure and exchange rate basis), consolidated sales fell 0.5% in 2024 compared with 2023.

Sales can be analyzed as follows:

(in millions of euros)	2024	2023
Original equipment	17,950	18,701
Aftermarket	2,262	2,267
Other	1,280	1,076
SALES	**21,492**	**22,044**

In both 2024 and 2023, the Group's top two customers represented around 25% of original equipment sales.

Customer contributions to Research and Development expenditure and prototypes amounted to 631 million euros in 2024, compared with 534 million euros in 2023. They are presented under "Other".

Group sales take into account indemnities received from customers, notably linked to project cancellations or significant drops in volumes.

5.2 Accounts and notes receivable

Accounts and notes receivable are current financial assets which are initially recognized at fair value and subsequently carried at amortized cost, less any accumulated impairment losses. The fair value of accounts and notes receivable is deemed to be their nominal amount, since payment periods are generally less than three months.

Accounts and notes receivable may be written down for impairment. Impairment is recognized when it is probable that the receivable will not be recovered and when the amount of the loss can be measured reliably. The Group uses two impairment testing methods:

- impairment estimated taking into account historical loss experience, the age of the receivables, and a detailed risk assessment;
- impairment estimated taking into account customer credit risk.

Impairment losses are recognized in operating income or in other financial income and expenses if they relate to a credit risk on a debtor.

Accounts and notes receivable may be discounted and sold to banks within the scope of recurring or one-off transactions. In accordance with the principles for derecognizing financial assets, an analysis is performed at the time of these transactions to determine the extent to which the risks and rewards inherent to ownership of the receivables have been transferred, particularly in terms of credit, late payment and dilution risks. If the analysis shows that both the contractual rights to receive the cash flows relating to the receivables and substantially all of the risks and rewards have been transferred, the accounts and notes receivable are removed from the consolidated statement of financial position and all of the rights created or retained on transfer are recognized as appropriate.

If this is not the case, the accounts and notes receivable continue to be carried on the consolidated statement of financial position and a debt is recorded to the extent of the discounted amount.

Upstream price reductions granted to automakers are recognized within contract assets under accounts and notes receivable in the consolidated statement of financial position at the time of payment. They are subsequently recognized in the statement of income on a straight-line basis as a deduction from sales as from the start of volume production.

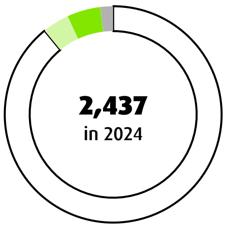
Accounts and notes receivable can be analyzed as follows:

(in millions of euros)	December 31, 2024	December 31, 2023
Contract assets	248	245
Accounts and notes receivable, gross	2,437	2,515
Impairment	(29)	(26)
ACCOUNTS AND NOTES RECEIVABLE, NET	**2,656**	**2,734**

At December 31, 2024, Valeo's largest automotive customer accounted for 14% of the Group's accounts and notes receivable (11% at December 31, 2023).

The average days' sales outstanding stood at 45 days at December 31, 2024, compared to 46 days at December 31, 2023.

The table below presents an aged analysis of accounts and notes receivable at the end of the reporting period:



(in millions of euros)	December 31, 2024	December 31, 2023
89.1% – Not yet due	2,170	2,270
4.0% – Less than 1 month past due	98	91
5.0% – More than 1 month but less than 1 year past due	123	122
1.9% – More than 1 year past due	46	32
ACCOUNTS AND NOTES RECEIVABLE, GROSS	**2,437**	**2,515**

Gross accounts and notes receivable not yet due and less than one month past due at December 31, 2024 totaled 2,170 million euros and 98 million euros respectively, and represented 93% of total gross accounts and notes receivable (94% at December 31, 2023). Past due receivables were written down in an amount of 29 million euros at December 31, 2024 (26 million euros at December 31, 2023).

Accounts and notes receivable falling due after December 31, 2024, for which substantially all risks and rewards have been transferred and which are no longer carried in assets in the statement of financial position, break down as follows:

(in millions of euros)	December 31, 2024	December 31, 2023
Receivables sold:		
• Recurring sales of receivables	168	123
• Non-recurring sales of receivables	152	217
ACCOUNTS AND NOTES RECEIVABLE SOLD	**320**	**340**
Financial cost	9	14

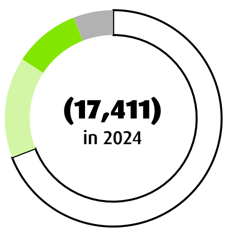
In December 2024, the Group signed a framework agreement with a bank to set up a program of recurring sales of trade receivables. This program involves the systematic sale of all invoices issued by Valeo regarding a list of debtors pre-approved by the bank. Given the contractual provisions of the program, the sold receivables are derecognized from the consolidated statement of financial position. Outstanding receivables sold under this program are reported under "Recurring sales of receivables" in the table above.

In the ordinary course of its operations in China, Valeo may be paid by its customers or may pay its suppliers using a payment instrument specific to the Chinese market known as a “bank acceptance draft”. Owing to their nature, receivables and payables under bank acceptance drafts continue to be recognized within accounts and notes receivable and payable until they fall due. At December 31, 2024, these instruments represented 135 million euros of accounts and notes receivable and 282 million euros of accounts and notes payable (182 million euros and 303 million euros, respectively, at December 31, 2023).

5.3 Cost of sales

Cost of sales may include insurance indemnities paid out for claims made within the scope of the Group’s operations. These claims can relate to product quality issues or property damage. An insurance gain is recognized in the statement of income at the date of the claim, if it is demonstrated that the claim is duly covered by a valid insurance policy. If this right is contingent on the subsequent completion of repairs or on the acquisition of new assets (contingent claim), the associated gain should be recognized at the time the aforementioned repairs or acquisitions are made.

Cost of sales can be analyzed as follows:



(in millions of euros)	2024	2023
56.0% (1) – Raw materials consumed	(12,038)	(12,643)
12.2% (1) – Labor	(2,627)	(2,643)
8.0% (1) – Direct production costs and production overheads	(1,724)	(1,796)
4.8% (1) – Depreciation, amortization and impairment losses(2)	(1,022)	(1,011)
COST OF SALES	**(17,411)**	**(18,093)**

(1) As a % of sales.
(2) This amount does not include amortization and impairment charged against capitalized development expenditure, which is recognized in Research and Development expenditure. It includes the impact of government subsidies and grants on non-current production assets (excluding Research and Development) recognized in the statement of income for the year.

5.4 Inventories

Inventories are stated at the lower of cost and net realizable value. Impairment losses are booked when the probable realizable value of inventories is lower than their cost price. Inventories of raw materials and goods for resale are carried at purchase cost. Inventories of finished products and work-in-progress are carried at production cost. Production cost includes the cost of raw materials, supplies and labor used in production, and other direct production and indirect plant costs, excluding overheads not related to production. These costs are determined by the "First-in-First-out" method which, due to the rapid inventory turnover rate, approximates the latest cost at the end of the reporting period.

Tooling specific to a given project is subject to an economic analysis of the contractual relationship with the automaker in order to determine if control of the tooling is transferred to that automaker. Tooling is capitalized in the consolidated statement of financial position (see Note 7.3, pages 391 to 393,"Property, plant and equipment") when Valeo has control of the tooling, or is otherwise carried in inventories (until control is transferred). A provision is made for any potential loss on the tooling contract (corresponding to the difference between the customer's contribution and the cost of the tooling) as soon as the amount of the loss is known.

At December 31, 2024, inventories break down as follows:

	December 31, 2024			December 31, 2023
(in millions of euros)	Gross carrying amount	Impairment	Net carrying amount	Net carrying amount
Raw materials	1,124	(243)	881	1,080
Work-in-progress	316	(47)	269	242
Finished goods and supplies	811	(169)	642	658
Specific tooling	324	(6)	318	385
INVENTORIES, NET	**2,575**	**(465)**	**2,110**	**2,365**

5.5 Operating margin including share in net earnings of equity-accounted companies

Operating margin is equal to sales less costs to sell, Research and Development expenditure and selling and administrative expenses.

Operating margin including share in net earnings of equity-accounted companies corresponds to operating income before other income and expenses.

In 2024, operating margin including share in net earnings of equity-accounted companies was 931 million euros, or 4.3% of sales (3.9% of sales in 2023).

Share in net earnings of equity-accounted companies represented a gain of 12 million euros in 2024 and a gain of 17 million euros in 2023.

Further details of the Group's share in earnings of equity-accounted companies are provided in Note 5.5.3, pages 376 to 378.

5.5.1 Research and Development expenditure

5.5.1.1 Capitalized development expenditure

Innovation can be analyzed as either research or development. Research is an activity which can lead to new scientific or technical knowledge and understanding. Development is the application of research findings with a view to creating new products, before the start of commercial production.

Research costs are recognized in expenses in the period in which they are incurred.

Development expenditure is capitalized where the Group can demonstrate that:

- it has the intention and the technical and financial resources to complete the development, evidenced in particular by an engagement letter from the customer stating that Valeo has been chosen as supplier for the project;
- the intangible asset will generate future economic benefits in excess of its carrying amount, i.e., based in particular on whether the project is expected to generate an adequate margin;
- and the cost of the intangible asset can be measured reliably.

Capitalized development expenditure recorded in assets in the statement of financial position therefore corresponds to projects for specific customer applications drawing on approved generic standards or technologies already applied in production. These projects are analyzed on a case-by-case basis to ensure they meet the criteria for capitalization as described opposite. Costs incurred before the formal decision to develop the product are included in expenses for the period. Costs incurred after the launch of series production are considered production costs.

Capitalized development expenditure related to projects that have not yet resulted in the start of series production is tested for impairment at least once a year and whenever there is an indication that it may be impaired. Following the start of series production, capitalized development expenditure is tested at the level of the cash-generating units (CGUs) (see Note 7.4, pages 394 to 397).

Capitalized development expenditure is amortized on a straight-line basis over a maximum period of four years as from the start of series production.

Changes in capitalized development expenditure in 2023 and 2024 are analyzed below:

(in millions of euros)	2024	2023
GROSS CARRYING AMOUNT AT JANUARY 1	**6,042**	**5,303**
Accumulated amortization and impairment	(3,625)	(3,295)
NET CARRYING AMOUNT AT JANUARY 1	**2,417**	**2,008**
Capitalized development expenditure	1,045	995
Disposals	—	—
Changes in scope	—	—
Reversals of/(additions to) impairment	(66)	16
Amortization	(625)	(554)
Reclassifications	(25)	(12)
Translation adjustment	39	(36)
NET CARRYING AMOUNT AT DECEMBER 31	**2,785**	**2,417**

5.5.1.2 Research and Development expenditure

Research and Development expenditure comprises the costs incurred during the period, including amortization charged against capitalized development expenditure, less research tax credits and the portion of Research and Development subsidies granted to the Group and taken to income.

Research and Development expenditure can be analyzed as follows for 2023 and 2024:

(in millions of euros)	2024	2023
Gross Research and Development expenditure	(2,590)	(2,607)
Subsidies and grants, and other income[(1)]	109	114
Capitalized development expenditure	1,045	995
Amortization and impairment of capitalized development expenditure[(2)]	(691)	(531)
RESEARCH AND DEVELOPMENT EXPENDITURE	**(2,127)**	**(2,029)**

(1) The impact of French research tax credits (Crédits d'Impôt Recherche), or any other similar tax arrangements in other jurisdictions outside the scope of IAS 12, as well as the impact of the subsidy calculated on the loan taken out with the European Investment Bank (EIB) in 2021, are presented on this line.

(2) Impairment losses recorded in operating margin only.

The Group continued its Research and Development efforts in 2024 in order to respond to the sharp increase in order intake recorded over the previous two years and in line with its strategy geared to technological innovation.

Customer contributions to Research and Development expenditure and prototypes are recognized in sales and presented under "Other" (see Note 5.1 pages 371 and 372).

The research tax credit in France is calculated based on certain research expenditure on "eligible" projects and is paid by the French State, regardless of the entity's income tax position. If the company collecting the research tax credit is liable for income tax, the credit will be deducted from its income tax liability. Otherwise, it will be paid by the French State within a period of three years.

The French research tax credit, or any other similar tax provision in other jurisdictions, does not therefore fall within the scope of IAS 12 – "Income Taxes" and is recognized as a deduction from Research and Development expenditure within the Group's operating margin as and when the related costs are taken to income.

The French research tax credit recognized in income for the year totaled 39 million euros in respect of 2024 (45 million euros in 2023).

5.5.2 Other current assets

Amounts receivable in respect of the French research tax credit as well as VAT credits may be discounted and sold to banks. The Group applies the principles for derecognizing financial assets in the same way as for accounts and notes receivable. An analysis is performed to determine the extent to which the risks and rewards inherent to ownership of the receivables are transferred.

If the analysis shows that substantially all of the risks and rewards are transferred, these receivables are removed from the consolidated statement of financial position. If this is not the case, the receivables continue to be carried on the consolidated statement of financial position and a debt is recorded for the discounted amount.

At December 31, 2024, amounts receivable in respect of the French research tax credit for 2021, 2022, 2023 and 2024 are no longer carried in the consolidated statement of financial position.

These receivables were transferred as follows:

- the prospective 2021 research tax credit receivable on December 15, 2021 for 51 million euros, and in June 2022 for the remaining 4 million euros;
- the prospective 2021 Valeo eAutomotive research tax credit receivable on September 8, 2022 for 4 million euros;
- the prospective 2022 research tax credit receivable on December 16, 2022 for 45 million euros, and in July 2023 for the remaining 1 million euros;
- the prospective 2023 research tax credit receivable on December 20, 2023 for 53 million euros, and in June 2024 for the remaining 3 million euros;
- the prospective 2024 research tax credit receivable on December 19, 2024 for 42 million euros.

At December 31, 2024, a portion of receivables in respect of the VAT credit in Mexico, amounting to 14 million euros, were sold and derecognized from the consolidated statement of financial position. At December 31, 2023, the receivables in respect of the VAT credit in Hungary and France were sold, representing an aggregate 20 million euros.

The cost of selling these receivables, recognized in cost of net debt in 2024, amounted to 5 million euros for the Group (unchanged from 2023).

5.5.3 Associates and joint ventures

5.5.3.1 Share in net earnings of equity-accounted companies

All investments accounted for using the equity method, either joint ventures or associates, contribute to the Group's operations and belong to one of its four operating segments. They are included in the Group's internal reporting within the meaning of IFRS 8 and their operating performance is reviewed at the level of the Division to which they belong.

(in millions of euros)	2024	2023
Share in net earnings of associates	**5**	**8**
Of which Detroit Thermal Systems	*4*	*7*
Of which Other	*1*	*1*
Share in net earnings of joint ventures	**7**	**9**
Including Shanghai Valeo Automotive Electrical Systems Company Ltd	*6*	*6*
Of which Other	*1*	*3*
SHARE IN NET EARNINGS OF EQUITY-ACCOUNTED COMPANIES	**12**	**17**

5.5.3.2 Investments in equity-accounted companies

Investments in associates

Changes in the investments in associates caption can be analyzed as follows:

(in millions of euros)	2024	2023
INVESTMENTS IN ASSOCIATES AT JANUARY 1	**22**	**14**
Share in net earnings of associates	5	8
Dividend payments	(6)	(3)
Impact of changes in scope	—	4
Other movements	—	—
Translation adjustment	1	(1)
INVESTMENTS IN ASSOCIATES AT DECEMBER 31	**22**	**22**

The Group's investments in associates are detailed below:

	Percentage interest *(in %)*		Carrying amount *(in millions of euros)*	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Detroit Thermal Systems	49.0	49.0	13	14
Other investments in associates	n.a.	n.a.	9	8
INVESTMENTS IN ASSOCIATES			**22**	**22**

Investments in joint ventures

Changes in the investments in joint ventures caption can be analyzed as follows:

(in millions of euros)	2024	2023
INVESTMENTS IN JOINT VENTURES AT JANUARY 1	**88**	**96**
Share in net earnings of joint ventures	7	9
Dividend payments	(9)	(11)
Changes in scope	(1)	—
Other movements	1	1
Translation adjustment	2	(7)
INVESTMENTS IN JOINT VENTURES AT DECEMBER 31	**88**	**88**

The Group's investments in joint ventures are detailed below:

	Percentage interest *(in %)*		Carrying amount *(in millions of euros)*	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Shanghai Valeo Automotive Electrical Systems Company Ltd	50.0	50.0	32	30
Faw-Valeo Climate Control Systems Co. Ltd	36.5	36.5	22	22
Other	N/A	N/A	34	36
INVESTMENTS IN JOINT VENTURES			**88**	**88**

5.5.3.3 Financial information on equity-accounted companies

This information is presented based on a 100% holding and according to IFRS.

Information for equity-accounted associates and joint ventures is presented on an aggregate basis since the entities are not material taken individually.

Associates

Aggregate financial data in respect of associates is set out below:

(in millions of euros)	December 31, 2024	December 31, 2023
Non-current assets	44	49
Current assets	78	77
Non-current liabilities	(7)	(13)
Current liabilities	(57)	(55)

(in millions of euros)	2024	2023
Sales	313	327
Operating expenses	(302)	(311)

Joint ventures

Summarized financial data in respect of joint ventures are set out in the table below:

(in millions of euros)	December 31, 2024	December 31, 2023
Non-current assets	150	160
Current assets	306	366
Non-current liabilities	(25)	(40)
Current liabilities	(324)	(367)

(in millions of euros)	2024	2023
Sales	651	735
Operating expenses	(632)	(696)

5.5.3.4 Transactions with equity-accounted companies (related parties)

The consolidated financial statements include transactions carried out in the normal course of operations between the Group and its associates and joint ventures. These transactions are carried out at arm's length.

Transactions with associates

(in millions of euros)	December 31, 2024	December 31, 2023
Accounts and notes receivable	5	5
Accounts and notes payable	(6)	(8)
Financial receivables/(net debt)	3	7

(in millions of euros)	2024	2023
Sales of goods and services	32	30
Purchases of goods and services	(41)	(42)

Transactions with joint ventures

(in millions of euros)	December 31, 2024	December 31, 2023
Accounts and notes receivable	42	79
Accounts and notes payable	(18)	(9)

(in millions of euros)	2024	2023
Sales of goods and services	104	121
Purchases of goods and services	(71)	(29)

5.6 Operating income and other income and expenses

5.6.1 Operating income

Operating income includes all income and expenses other than:

- interest income and expense comprising cost of net debt;
- other financial income and expenses;
- income taxes.

In 2024, the Group recorded operating income including share in net earnings of equity-accounted companies of 618 million euros, versus 744 million euros in 2023.

5.6.2 Other income and expenses

In order to facilitate interpretation of the statement of income and Group performance, unusual items that are material to the consolidated financial statements are presented separately within operating income under other income and expenses.

This caption mainly includes:

- transaction costs and capital gains and losses arising on changes in the scope of consolidation;
- major litigation and disputes unrelated to the Group's operations (excluding, therefore, the cost of any disputes relating to the quality of products sold, customers, suppliers or contract losses);
- net costs relating to restructuring plans;
- impairment losses on fixed assets notably recognized as a result of impairment tests on CGUs and goodwill.

Other income and expenses can be analyzed as follows in 2023 and 2024:

(in millions of euros)	Notes	2024	2023
Capital gains and losses and transaction costs arising on changes in the scope of consolidation	5.6.2.1	63	(9)
Claims and litigation	5.6.2.2	(11)	(8)
Restructuring plans	5.6.2.3	(305)	(90)
Reversals of/(additions to) impairment of assets	5.6.2.4	(60)	(4)
OTHER INCOME AND EXPENSES		**(313)**	**(111)**

5.6.2.1 Capital gains and losses and transaction costs arising on changes in the scope of consolidation

This item notably includes the 91 million-euro capital gain on the sale of the Thermal Commercial Vehicles business completed on June 30, 2024 (see Note 3.2.1.1, page 367).

5.6.2.2 Claims and litigation

In 2024, this item includes the impacts of various disputes and the related legal advisory costs.

5.6.2.3 Restructuring plans

Against a backdrop of transformational changes in the automotive market, in 2024 the Group announced a two-stage reorganization plan for its POWER Division. The first stage, announced in January 2024 following the reorganization of the Group's thermal and powertrain systems activities into a single Division, led to workforce reductions, mainly in support and management functions in France, Germany, China and Japan. The second stage, which was announced in November 2024, is aimed at adjusting the Division's manufacturing and R&D footprint, mainly in Europe, via workforce reductions and the closure of three sites.

This item also includes costs for other restructuring plans, particularly in Germany, France and China, as well as expenses relating to early retirement plans in Germany.

5.6.2.4 Impairment of assets

In the year ended December 31, 2024, the Group recorded a 48 million euro impairment loss against a customer relationship recognized in connection with the takeover of Valeo eAutomotive in 2022, in order to reflect the revision of the expected future economic benefits of a contract with a customer (see Note 7.2, pages 389 and 390). Impairment losses were also recognized against property, plant and equipment at sites subject to restructuring plans.

In 2023, the Group recognized an impairment loss of 20 million euros against the Top Column Module cash-generating unit. An impairment loss previously recognized against assets in Brazil was also reversed for 17 million euros, thereby increasing the carrying amount of the assets to the value that would have been determined (net of amortization and depreciation) had no impairment loss been recognized.

NOTE 6 PERSONNEL EXPENSES AND EMPLOYEE BENEFITS

6.1 Headcount

Including temporary staff, the Group's headcount is as follows:

	2024	2023
Total employees at December 31	106,100	112,700
Average employees during the year	109,957	112,275

6.2 Employee benefits

Employee benefits are measured in accordance with IAS 19. They comprise both short- and long-term benefits.

Group employees are entitled to short-term benefits such as paid annual leave, paid sick leave, bonuses and other benefits (other than termination benefits), payable within 12 months of the end of the period in which the corresponding services are rendered.

These benefits are shown in current liabilities and expensed in the period in which the related service is rendered by the employee.

Long-term benefits cover two categories of employee benefits:

- post-employment benefits, which include statutory retirement bonuses, supplementary pension benefits, and coverage of certain medical costs for retirees and early retirees;
- other long-term benefits payable (during employment), corresponding primarily to long-service bonuses.

Benefits offered to each employee depend on local legislation, collective bargaining agreements, or other agreements in place in each Group entity.

These benefits are broken down into:

- defined contribution plans, under which the employer pays fixed contributions on a regular basis and has no legal or constructive obligation to pay further contributions. These are recognized in expenses based on calls for contributions;
- defined benefit plans, under which the employer guarantees a future level of benefits. An obligation under defined benefit plans (see Note 6.3, pages 381 to 386) is recognized in liabilities in the statement of financial position.

The statement of income presents personnel expenses by function. They include the following items:

(in millions of euros)	2024	2023
Wages and salaries[(1)]	3,838	3,755
Social security charges	793	762
Share-based payment	22	25
Pension expenses under defined contribution plans	167	182
TOTAL	**4,820**	**4,724**

(1) Including temporary staff.

Pension expenses under defined benefit plans are set out in Note 6.3, pages 381 to 386.

Provisions for restructuring plans and employee disputes are set out in Note 8.1, pages 398 and 399.

6.3 Provisions for pensions and other employee benefits

As explained in Note 6.2, page 380, long-term benefits arising under defined benefit plans give rise to an obligation which is recognized in provisions for pensions and other employee benefits.

The pension provision is equal to the present value of Valeo's future benefit obligation less, where appropriate, the fair value of plan assets in funds allocated to finance such benefits. An asset is only recognized on overfunded plans if it represents future economic benefits that are available to the Group.

The provision for other long-term benefits is equal to the present value of the future benefit obligation. The expected cost of these benefits is recorded in personnel expenses over the employee's working life in the Company.

The calculation of these provisions is based on valuations performed by independent actuaries using the projected unit credit method and end-of-career salaries. These valuations incorporate both macroeconomic assumptions specific to each country in which the Group operates (discount rate, increases in salaries and medical costs) and demographic assumptions, including rate of employee turnover, retirement age and life expectancy.

Discount rates are determined by reference to market yields at the valuation date on high-quality corporate bonds (rated AA) with a term consistent with that of the employee benefits concerned. In countries where the market for investment-grade corporate bonds is insufficient, discount rates are determined by reference to the yield on government bonds.

The effects of differences between previous actuarial assumptions and what has actually occurred (experience adjustments) and the effect of changes in actuarial assumptions (assumption adjustments) give rise to actuarial gains and losses. Actuarial gains and losses arising on long-term benefits payable during employment are recognized immediately in income. However, actuarial gains and losses arising on post-employment benefits are taken directly to other comprehensive income net of deferred tax.

Past service costs resulting from the adoption of a new defined benefit plan or amendments to an existing defined benefit plan are recognized immediately in income.

The expense recognized in the statement of income includes:

- service cost for the period, past service costs, actuarial gains and losses arising on long-term benefits payable during employment and the impact of any plan curtailments, amendments or settlements;
- net interest cost on pension obligations recognized in financial income (including the impact of unwinding) and the expected yield on hedging assets.

6.3.1 Description of the plans in force within the Group

The Group has set up a large number of defined benefit plans covering most of its current and former employees. The specific characteristics of these plans (benefit formula, funded status) vary depending on the laws and regulations prevailing in each country in which its employees work. At December 31, 2024, 91% of provisions are related to post-employment benefits, while the remaining 9% cover other long-term benefits.

The main post-employment defined benefit plans concern:

- supplementary pension benefits in Germany, the United States, Japan and the United Kingdom, which top up the statutory pension plans in force in those countries:
  - pension entitlement is calculated based on end-of-career salaries and number of years' service within the Group. Certain plans are pre-funded due to local legal requirements in some countries (United States/South Korea/United Kingdom) or as a result of the choice made by the company on setting up the plan (Japan);
  - most plans in the United States have been frozen and no longer give rise to any additional benefits;
- retirement termination benefits in France or severance benefits in South Korea, Mexico and Italy:
  - these benefits are fixed amounts and are calculated depending on the number of years' service and the employee's annual compensation, either at the retirement date, as in France, or at the date the employee leaves the company for whatever reason (retirement, resignation or redundancy), as in South Korea, Mexico and Italy;
- health cover during retirement in the United States:
  - Valeo pays into health plans and life insurance plans for certain retired employees in the United States. These plans are not funded and have all been frozen (the last plan was frozen as of January 1, 2012). Accordingly, no additional benefits have since been offered by these plans to plan participants still working for the Group;
- top-up retirement plans for certain Group managers and executives in France:
  - these plans are now closed to new entrants (the last plan in force concerning a specific level of Valeo management *(cadres hors catégorie)* was closed to new entrants on June 30, 2017). With effect from July 3, 2019, no further conditional top-up pension rights may accrue under these defined benefit plans in respect of employment periods beyond January 1, 2020. For retirees, these plans are covered by an insurance company. A provision has been recognized in respect of the related obligation based on the probable present value of the future benefits payable, determined considering the number of years' service at the year-end relative to the number of years' service at retirement, it being specified that the beneficiaries must still finish their careers at Valeo.
  - the portion of the obligation relating to the Group's executive managers is detailed in Note 6.5, page 388.

The table below shows the average duration of the Group's main plans and the employees covered by these plans in each region at December 31, 2024:

	France	Other European countries	North America	Asia	Total
Active Valeo employees	11,268	22,251	12,248	8,072	53,839
Active employees having left the Group	—	3,469	829	578	4,876
Retirees	2	5,310	5,026	1,317	11,655
TOTAL NUMBER OF BENEFICIARIES	**11,270**	**31,030**	**18,103**	**9,967**	**70,370**
Average duration of post-employment benefit plans *(in years)*	10	14	8	9	11

The Group also grants other long-term benefits, chiefly long-service bonuses or loyalty awards, mainly in France, Germany, South Korea and China.

All of these plans are accounted for as described above.

6.3.2 Actuarial assumptions

The discount rates used to measure obligations in the countries representing the Group's most significant obligations were as follows:

Country	December 31, 2024	December 31, 2023
Eurozone	3.40	3.20
United Kingdom	5.50	4.50
United States	5.50	5.00
Japan	1.80	1.80
South Korea	4.30	4.80

The weighted average long-term salary inflation rate was around 3% at December 31, 2024, stable compared to December 31, 2023.

The sensitivity of the Group's main obligations to a 1-point rise or fall in discount rates and the inflation rate is set out in Note 6.3.7, page 386.

6.3.3 Breakdown and movements in obligations

Pension obligations and provisions break down as follows by major geographic area:

2024

(in millions of euros)	France	Other European countries	North America[(1)]	Asia	Total
Present value of unfunded obligations	125	442	104	109	780
Present value of funded obligations	31	145	307	133	616
Market value of plan assets	(15)	(93)	(312)	(146)	(566)
NET PROVISIONS RECOGNIZED AT DECEMBER 31, 2024	**141**	**494**	**99**	**96**	**830**
Permanent employees at December 31, 2024[(2)]	10,790	35,031	16,265	22,054	84,140

(1) Unfunded pension obligations in North America include medical plans in the United States representing 46 million euros.

(2) Permanent employees shown in the table above do not include permanent staff in South America, for which no obligation was recognized in respect of pensions or other long-term benefits. The Group's pension obligations in North America are significant with regard to the Group's permanent employees in this region, since a large portion of these obligations relates to retired personnel or employees having left the Group.

2023

(in millions of euros)	France	Other European countries	North America(1)	Asia	Total
Present value of unfunded obligations	142	457	105	108	812
Present value of funded obligations	32	147	311	140	630
Market value of plan assets	(18)	(97)	(309)	(165)	(589)
NET PROVISIONS RECOGNIZED AT DECEMBER 31, 2023	**156**	**507**	**107**	**83**	**853**
Permanent employees at December 31, 2023(2)	12,263	36,356	15,318	21,704	85,641

(1) Unfunded pension obligations in North America include medical plans in the United States representing 47 million euros.
(2) Permanent employees shown in the table above do not include permanent staff in South America, for which no obligation was recognized in respect of pensions or other long-term benefits. The Group's pension obligations in North America are significant with regard to the Group's permanent employees in this region, since a large portion of these obligations relates to retired personnel or employees having left the Group.

Movements in obligations in 2024 and 2023 are shown in the tables below by major geographic area:

2024

(in millions of euros)	France	Other European countries	North America	Asia	Total
BENEFIT OBLIGATIONS AT JANUARY 1, 2024	**174**	**604**	**416**	**248**	**1,442**
Actuarial gains and losses recognized in other comprehensive income	7	(24)	(17)	2	(32)
Benefits paid	(20)	(30)	(36)	(31)	(117)
Translation adjustment	—	2	25	(8)	19
Changes in scope	—	(2)	—	(7)	(9)
Expenses (income) for the year:	(5)	37	23	38	93
• *Service cost*	*15*	*19*	*5*	*30*	*69*
• *Interest cost*	*5*	*21*	*22*	*6*	*54*
• *Other(1)*	*(25)*	*(3)*	*(4)*	*2*	*(30)*
BENEFIT OBLIGATIONS AT DECEMBER 31, 2024	**156**	**587**	**411**	**242**	**1,396**

(1) The "Other" line mainly includes actuarial gains and losses recognized immediately in income, the impacts of past service costs and gains on settlements.

The 32 million euros in actuarial gains recorded in 2024 primarily stemmed from higher discount rates, mainly in the eurozone, the United States and the United Kingdom.

Reversals of provisions for the loss of pension entitlements of employees affected by restructuring plans amounted to 23 million euros in 2024 and were recognized under "Other income and expenses" (see Note 5.6.2.3, page 379).

2023

(in millions of euros)	France	Other European countries	North America	Asia	Total
BENEFIT OBLIGATIONS AT JANUARY 1, 2023	**166**	**532**	**415**	**246**	**1,359**
Actuarial gains and losses recognized in other comprehensive income	5	62	19	15	101
Benefits paid	(15)	(28)	(35)	(29)	(107)
Translation adjustment	—	(1)	(15)	(22)	(38)
Changes in scope	—	—	—	(5)	(5)
Reclassifications	—	—	—	8	8
Expenses (income) for the year:	18	39	32	35	124
• *Service cost*	*14*	*17*	*5*	*27*	*63*
• *Interest cost*	*7*	*19*	*22*	*6*	*54*
• *Other(1)*	*(3)*	*3*	*5*	*2*	*7*
BENEFIT OBLIGATIONS AT DECEMBER 31, 2023	**174**	**604**	**416**	**248**	**1,442**

(1) The "Other" line mainly includes actuarial gains and losses recognized immediately in income, the impacts of past service costs and gains on settlements.

The 101 million euros in actuarial losses recorded in 2023 primarily resulted from lower discount rates, in the eurozone, the United States, the United Kingdom and South Korea.

6.3.4 Movements in provisions

Movements in provisions in 2024 and 2023, including assets relating to pensions and other employee benefits, are shown in the table below:

(in millions of euros)	France	Other European countries	North America	Asia	Total
NET PROVISIONS AT JANUARY 1, 2023	**154**	**440**	**103**	**78**	**775**
Actuarial gains and losses recognized in other comprehensive income	5	62	—	9	76
Amounts utilized during the year	(20)	(28)	(9)	(32)	(89)
Translation adjustment	—	(2)	(4)	(7)	(13)
Reclassifications	—	—	—	4	4
Expenses (income) for the year:	17	35	17	31	100
• *Service cost*	*14*	*17*	*5*	*27*	*63*
• *Net interest cost*	*6*	*15*	*7*	*2*	*30*
• *Other*	*(3)*	*3*	*5*	*2*	*7*
NET PROVISIONS AT DECEMBER 31, 2023	**156**	**507**	**107**	**83**	**853**
Actuarial gains and losses recognized in other comprehensive income	6	(17)	(12)	17	(6)
Amounts utilized during the year	(16)	(25)	(10)	(33)	(84)
Translation adjustment	—	(2)	6	(1)	3
Changes in scope	—	(2)	—	(4)	(6)
Expenses (income) for the year:	(5)	33	8	34	70
• *Service cost*	*15*	*19*	*5*	*30*	*69*
• *Net interest cost*	*5*	*17*	*7*	*2*	*31*
• *Other*	*(25)*	*(3)*	*(4)*	*2*	*(30)*
NET PROVISIONS AT DECEMBER 31, 2024	**141**	**494**	**99**	**96**	**830**
Of which current portion (less than one year)	17	28	13	21	79

A 70 million euro net expense was recognized in 2024 in respect of pensions and other employee benefits, representing a decrease compared with 2023. Out of this amount, a 60 million euro expense was included in operating margin, a 31 million euro expense was recorded in other financial income and expenses, and income of 21 million euros was recognized under other income and expenses.

6.3.5 Breakdown and movements in plan assets

The breakdown of plan assets at December 31, 2024 and 2023 is shown in the tables below:

2024

(in millions of euros)	France	Other European countries[(1)]	North America	Asia[(1)]	Total
Cash at bank	—	1	63	34	98
Shares	15	4	—	21	40
Government bonds	—	46	125	51	222
Corporate bonds	—	40	124	30	194
Real estate	—	—	—	1	1
Other	—	2	—	9	11
BREAKDOWN OF PLAN ASSETS AT DECEMBER 31, 2024	**15**	**93**	**312**	**146**	**566**

(1) At December 31, 2024, plans in Japan, South Korea and Europe were overfunded, with the fair value of the plan assets exceeding the amount of the obligation. Following an analysis carried out in accordance with the provisions of IFRIC 14, non-current financial assets totaling 31 million euros have been recognized for the plans for which the Group considers it has an unconditional right to a refund.

2023

(in millions of euros)	France	Other European countries[1]	North America	Asia[1]	Total
Cash at bank	—	1	6	36	43
Shares	18	8	122	27	175
Government bonds	—	51	131	65	247
Corporate bonds	—	35	50	30	115
Real estate	—	—	—	1	1
Other	—	2	—	6	8
BREAKDOWN OF PLAN ASSETS AT DECEMBER 31, 2023	**18**	**97**	**309**	**165**	**589**

(1) At December 31, 2023, plans in Japan, South Korea and Europe were overfunded, with the fair value of the plan assets exceeding the amount of the obligation. The Group therefore recognized non-current financial assets for the amount of the surplus, i.e., 45 million euros, as it considers the right to a refund is unconditional within the meaning of IFRIC 14.

These assets are managed by specialized asset management companies.

In managing the risk arising on these assets, the diversification of the funds among the different asset classes (equities, bonds, cash equivalents or other) is defined by the investment committees or trustees specific to each country concerned, acting on recommendations from external advisors. Asset allocation decisions depend on the market outlook and the characteristics of the pension obligations. These committees carry out regular reviews of the investments made and of their performance.

Movements in the value of plan assets in 2024 and 2023 can be analyzed as follows:

2024

(in millions of euros)	France	Other European countries	North America	Asia	Total
PLAN ASSETS AT JANUARY 1, 2024	**18**	**97**	**309**	**165**	**589**
Expected return on plan assets	—	4	15	4	23
Contributions paid to external funds	4	—	—	12	16
Benefits paid	(8)	(5)	(26)	(10)	(49)
Actuarial gains and losses	1	(7)	(5)	(15)	(26)
Translation adjustment	—	4	19	(7)	16
Changes in scope	—	—	—	(3)	(3)
PLAN ASSETS AT DECEMBER 31, 2024	**15**	**93**	**312**	**146**	**566**

The decrease in the fair value of plan assets in 2024 is chiefly attributable to two plans for which surpluses were not recognized at December 31, 2024 in accordance with IFRIC 14.

Contributions totaling 16 million euros were paid to external funds in 2024, which was 6 million euros more than estimated. For 2025, the contributions have been estimated at 13 million euros.

2023

(in millions of euros)	France	Other European countries	North America	Asia	Total
PLAN ASSETS AT JANUARY 1, 2023	**12**	**92**	**312**	**168**	**584**
Expected return on plan assets	1	4	15	4	24
Contributions paid to external funds	6	3	—	14	23
Benefits paid	(1)	(3)	(26)	(11)	(41)
Actuarial gains and losses	—	—	19	6	25
Translation adjustment	—	1	(11)	(15)	(25)
Reclassifications	—	—	—	4	4
Changes in scope	—	—	—	(5)	(5)
PLAN ASSETS AT DECEMBER 31, 2023	**18**	**97**	**309**	**165**	**589**

The increase in the fair value of plan assets in 2023 is chiefly attributable to a good fund performance. The actual return on plan assets in the year represented a gain of 49 million euros.

6.3.6 Data for previous years

Benefit obligations, financial assets and actuarial gains and losses for previous years can be analyzed as follows:

(in millions of euros)	2024	2023	2022	2021	2020
Benefit obligations	1,396	1,442	1,359	1,802	1,829
Financial assets	(566)	(589)	(584)	(759)	(716)
NET BENEFIT OBLIGATIONS	**830**	**853**	**775**	**1,043**	**1,113**
Actuarial (losses) gains recognized in other comprehensive income	6	(76)	249	71	(18)

Actuarial gains recognized in other comprehensive income in 2024 mainly reflected:

- 48 million euros in net actuarial gains on changes in financial assumptions, mainly related to the increase in discount rates mostly in the eurozone, in the United States and the United Kingdom and comprising 52 million euros in actuarial gains on changes in assumptions on obligations and 4 million euros in actuarial losses on the return on plan assets;
- 24 million euros in actuarial losses resulting from experience adjustments;
- 22 million euros in actuarial losses resulting from the surpluses of two plans not recognized at December 31, 2024 in accordance with IFRIC 14.

6.3.7 Sensitivity of obligations

The discount rates and inflation rates applied in each geographic area or country have a significant impact on the amount of the Group's benefit obligations.

A 1-point increase or decrease in these rates would have the following impact on the projected benefit obligation at December 31, 2024:

(in millions of euros)	France	Other European countries	North America	Asia	Total
DISCOUNT RATE					
Impact of a 1-point increase	(14)	(74)	(32)	(16)	(136)
Impact of a 1-point decrease	15	84	35	18	152
SALARY INFLATION RATE					
Impact of a 1-point increase	15	1	3	8	27
Impact of a 1-point decrease	(13)	(1)	(3)	(8)	(25)

At December 31, 2024, the value of the Group's benefit obligation is less sensitive to changes in the salary inflation rate than to changes in the discount rate, particularly in the United States and the United Kingdom. This is due to the existence of plans that have now been frozen and that only bear obligations in relation to the Group's former employees.

Changes in the discount and inflation rates only have a limited impact on 2024 service cost. A 1-point decrease in the discount rate would have led to an additional expense of 4 million euros, while a 1-point increase in the discount rate would have reduced the expense by the same amount.

6.3.8 Estimated payouts over the next ten years

Payouts due over the next ten years by the Group in respect of pension plans and other employee benefits can be estimated as follows:

(in millions of euros)	France	Other European countries	North America	Asia	Total
2025	10	23	11	7	51
2026	7	23	11	8	49
2027	6	25	12	10	53
2028	9	27	12	9	57
2029	9	27	12	7	55
2030/2034	62	146	61	38	307
TOTAL	**103**	**271**	**119**	**79**	**572**

6.4 Share-based payment

Some Group employees receive equity-settled compensation in the form of share-based payment.

Free share plans

The fair value of the benefit granted to employees within the scope of free share plans is estimated based on the share price at the grant date, taking into account a discount corresponding to the dividends forfeited over the vesting period and a discount to reflect the lock-up period requirement when the shares are subject to post-vesting transfer restrictions.

The overall cost of equity-settled plans is calculated and fixed at the grant date of the plan concerned. The number of instruments that Valeo expects to remit to beneficiaries factors in the turnover of the beneficiary populations concerned by each plan.

Since the final allotment of free shares is subject to a presence condition, this personnel expense is recognized against equity on a straight-line basis over the vesting period of the rights. The Group periodically reviews the number of free shares to be allotted in light of expectations as regards the achievement of performance conditions. Where appropriate, the consequences of revising the number of free shares are reflected in the statement of income. The number of free shares that may be allotted based on total shareholder return (TSR) is determined on the date on which the plan is approved by the Board of Directors.

Free shares are included in the calculation of diluted earnings per share, as described in Note 11.2, page 420.

An expense of 22 million euros was recognized in 2024 in respect of free share plans, compared to an expense of 25 million euros in 2023.

6.4.1 Free share plans

The terms and conditions of the shareholder-approved employee free share plans operated by the Valeo Group at December 31, 2024 were as follows:

Year in which the plan was set up	Number of free shares authorized	*of which subject to conditions*[1]	December 31, 2024	Year of vesting[2]
2020	2,342,306	*1,134,116*	248,389	2023/2025
2021	2,070,829	*904,339*	350,891	2024/2026
2022	2,308,057	*1,143,042*	1,979,374	2025/2027
2023	2,794,057	*1,295,347*	2,536,100	2026
2024	2,925,243	*1,861,311*	2,884,419	2027
TOTAL	**12,440,492**	**6,338,155**	**7,999,173**	

(1) These free shares are subject to the Group meeting performance conditions over the three years following their allotment.
(2) For the 2020 and 2021 plans, only free shares allotted to the former Chairman of the Board of Directors and to the Chief Executive Officer are subject to a two-year holding period. As from the 2022 plan, this holding period applies to free shares granted to the Chief Executive Officer.

At the date it was set up, the fair value of the 2024 free share plan was measured based on a par value of 9.50 euros per share allocated. This amount was determined based on a share price of 11.71 euros at the date on which the plan was set up and a risk-free interest rate of 3.19%.

6.4.2 Movements in free share plans

Movements in free share plans in 2024 are detailed below:

	Number of free shares
FREE SHARES OUTSTANDING AT JANUARY 1, 2024	**6,883,917**
Free shares granted	2,925,243
Free shares canceled	(610,795)
Free shares remitted	(1,218,469)
Free shares – Changes related to performance conditions	19,277
FREE SHARES OUTSTANDING AT DECEMBER 31, 2024	**7,999,173**

6.5 Executive compensation (related party transactions)

The Group's key management personnel include the Chairman of the Board of Directors, the Chief Executive Officer, the members of the Board of Directors (corporate officers) and the members of the Executive Committee. At December 31, 2024, the Operations Committee had 12 members (including the Chief Executive Officer).

Corporate officer compensation is presented in Chapter 3 of the 2024 Universal Registration Document, "Corporate Governance".

Expenses linked to compensation and other benefits accruing to the corporate officers and to the members of the Executive Committee in respect of their duties in the Group can be analyzed as follows:

(in millions of euros)	2024	2023
SHORT-TERM BENEFITS		
• Fixed, variable, exceptional and other compensation	16	14
• Director's compensation(1)	1	1
OTHER BENEFITS		
• Post-employment benefits(2)	3	2
• Share-based compensation	3	4

(1) Executive corporate officers do not receive any compensation for their position as directors of Valeo SE.
(2) At December 31, 2024, provisions included in the Group's statement of financial position in respect of pension obligations accruing to executive managers amounted to 8 million euros, compared with 10 million euros in 2023.

NOTE 7 INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

7.1 Goodwill

Goodwill is initially recognized on business combinations as described in Note 3.1.3, page 366.

Goodwill is not amortized but is tested for impairment at least once a year and whenever there is an indication that it may be impaired. The impairment tests carried out in 2024 are described in Note 7.4, pages 394 to 397.

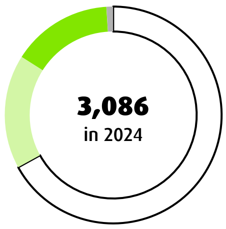
Changes in goodwill in 2024 and 2023 are analyzed below:

(in millions of euros)	2024	2023
NET CARRYING AMOUNT AT JANUARY 1	**3,112**	**3,245**
Acquisitions during the year	—	—
Disposal during the year	(3)	(13)
Translation adjustment	6	(63)
Other	(29)	(57)
NET CARRYING AMOUNT AT DECEMBER 31	**3,086**	**3,112**
Including accumulated impairment losses at December 31	—	—

The change in goodwill in 2024 is mainly due to the reclassification to "Assets held for sale" of 28 million euros in goodwill allocated to the automotive sensor businesses, which manufactures devices used to measure temperature, pressure and position for all types of powertrain systems (see Note 3.2.2), page 367.

The decrease in goodwill in 2023 mainly reflected (i) the reclassification of goodwill allocated to the Thermal Commercial Vehicles Product Group to assets held for sale in an amount of 59 million euros and (ii) the depreciation in Asian currencies against the euro (including losses of 26 million euros related to the Japanese yen and 15 million euros to the South Korean won).

Goodwill can be broken down by Division as follows:



(in millions of euros)		December 31, 2024	December 31, 2023[(1)]
66%	– Valeo POWER Division	2,053	2,093
18%	– Valeo BRAIN Division	541	544
15%	– Valeo LIGHT Division	491	469
1%	– Other	1	6
	GOODWILL	**3,086**	**3,112**

(1) For the year ended December 31, 2023, data have been restated to reflect the reorganization of the Powertrain Systems and Thermal Systems Business Groups and the creation of the new Valeo POWER Division (see Note 2, page 365).

7.2 Other intangible assets

Separately acquired intangible assets are initially recognized at cost. Intangible assets acquired as part of a business combination are recognized at fair value, separately from goodwill. Intangible assets are subsequently carried at cost, less accumulated amortization and impairment losses. They are tested for impairment using the methodology described in Note 7.4, pages 394 to 397.

Capitalized development expenditure recognized within other intangible assets in the statement of financial position corresponds to projects for specific customer applications that draw on approved generic standards or technologies already applied in production. These projects are analyzed on a case-by-case basis to ensure they meet the criteria for capitalization as described in Note 5.5.1.1, page 375.

Costs incurred before the formal decision to develop the product are included in expenses for the period. Costs incurred after the launch of series production are considered production costs.

Intangible assets are amortized on a straight-line basis over their expected useful lives:

• software	3 to 5 years
• patents and licenses	based on their useful lives or duration of protection
• capitalized development expenditure	4 years
• customer relationships acquired	up to 25 years
• other intangible assets	3 to 5 years

Other intangible assets can be analyzed as follows:

	December 31, 2024			December 31, 2023
(in millions of euros)	Gross carrying amount	Amortization and impairment losses	Net carrying amount	Net carrying amount
Software	503	(429)	74	61
Patents and licenses	554	(294)	260	297
Capitalized development expenditure	6,511	(3,726)	2,785	2,417
Customer relationships and other intangible assets	623	(423)	200	282
OTHER INTANGIBLE ASSETS	**8,191**	**(4,872)**	**3,319**	**3,057**

Changes in intangible assets in 2024 and 2023 are analyzed below:

2024

(in millions of euros)	Software	Patents and licenses	Capitalized development expenditure	Customer relationships and other intangible assets	Total
GROSS CARRYING AMOUNT AT JANUARY 1, 2024	**483**	**556**	**6,042**	**659**	**7,740**
Accumulated amortization and impairment	(422)	(259)	(3,625)	(377)	(4,683)
NET CARRYING AMOUNT AT JANUARY 1, 2024	**61**	**297**	**2,417**	**282**	**3,057**
Acquisitions	40	2	1,045	2	1,089
Reversals of/(additions to) impairment	—	—	(66)	(48)	(114)
Amortization	(29)	(37)	(625)	(36)	(727)
Translation adjustment	(1)	(2)	39	(3)	33
Reclassifications(1)	3	—	(25)	3	(19)
NET CARRYING AMOUNT AT DECEMBER 31, 2024	**74**	**260**	**2,785**	**200**	**3,319**

(1) Mainly includes the automotive sensor business' assets, which are used to measure temperature, pressure and position for all types of powertrain systems. These assets were reclassified as held for sale at December 31, 2024.

2023

(in millions of euros)	Software	Patents and licenses	Capitalized development expenditure	Customer relationships and other intangible assets	Total
GROSS CARRYING AMOUNT AT JANUARY 1, 2023	**485**	**554**	**5,303**	**756**	**7,098**
Accumulated amortization and impairment	(433)	(206)	(3,295)	(392)	(4,326)
NET CARRYING AMOUNT AT JANUARY 1, 2023	**52**	**348**	**2,008**	**364**	**2,772**
Acquisitions	33	1	995	2	1,031
Reversals of/(additions to) impairment	—	(2)	16	(9)	5
Amortization	(27)	(47)	(554)	(44)	(672)
Translation adjustment	—	(3)	(36)	(15)	(54)
Reclassifications(1)	3	—	(12)	(16)	(25)
NET CARRYING AMOUNT AT DECEMBER 31, 2023	**61**	**297**	**2,417**	**282**	**3,057**

(1) Mainly includes the assets of the Thermal Commercial Vehicles business reclassified as assets held for sale at December 31, 2023.

Impairment losses recognized in 2024 mainly relate to the cancellation of several contracts in the high-voltage electrification business in North America.

7.3 Property, plant and equipment

Separately acquired property, plant and equipment are initially recognized at cost. Cost includes expenses directly attributable to the acquisition of the asset and the estimated cost of the Group's obligation to rehabilitate certain assets, where appropriate. Property, plant and equipment acquired as part of a business combination are recognized at fair value, separately from goodwill.

Property, plant and equipment are subsequently carried at cost, less accumulated depreciation and impairment losses. Material revaluations, recorded in accordance with the laws and regulations applicable in the countries in which the Group operates, have been eliminated in order to ensure that consistent valuation methods are used for all capital assets in the Group.

Any subsequent costs incurred in respect of property, plant and equipment are expensed as incurred, unless they are designed to extend the asset's useful life.

Property, plant and equipment are tested for impairment using the methodology described in Note 7.4, pages 394 to 397.

Depreciation method and useful life

All property, plant and equipment except land are depreciated over their estimated useful lives using the components approach.

Depreciation is calculated on a straight-line basis over the following estimated useful lives:

• buildings	20 years
• fixtures and fittings	8 years
• machinery and industrial equipment	8 to 15 years
• other property, plant and equipment	3 to 8 years

Tooling

Depending on its nature, tooling specific to a given project is subject to an economic analysis of the contractual relationship with the automaker in order to determine if control of the tooling is transferred to that automaker. Tooling is capitalized in the consolidated statement of financial position when Valeo has control of the tooling, or is otherwise carried in inventories (until control is transferred).

Any financing received from customers in respect of capitalized tooling is recognized under liabilities in the statement of financial position and taken to income under sales in line with the depreciation charged against the related assets.

Tooling is depreciated on a straight-line basis over its estimated useful life, not exceeding four years.

Tax credits

In certain countries, the government can contribute to the Group's investment expenditure in the form of tax credits. The tax credits received are analyzed to determine whether they fall within the scope of IAS 12 – "Income Taxes" or whether they should be considered as a government subsidy. In the latter case, the tax credit is recognized in income over the period during which the subsidized assets are depreciated, as a deduction from depreciation expense.

Property, plant and equipment can be analyzed as follows:

	December 31, 2024			December 31, 2023
(in millions of euros)	Gross carrying amount	Depreciation and impairment losses	Net carrying amount	Net carrying amount
Land	303	(22)	281	287
Buildings	2,856	(1,768)	1,088	1,070
Machinery and industrial equipment	10,659	(7,685)	2,974	3,047
Specific tooling	2,720	(2,237)	483	396
Other property, plant and equipment	859	(599)	260	240
Property, plant and equipment in progress	16	—	16	25
PROPERTY, PLANT AND EQUIPMENT	**17,413**	**(12,311)**	**5,102**	**5,065**

Certain items of property, plant and equipment were pledged as security at December 31, 2024 (see Note 7.5.2, page 397).

Changes in property, plant and equipment in 2024 and 2023 are analyzed below:

2024

(in millions of euros)	Land	Buildings	Machinery and industrial equipment	Specific tooling	Other property, plant and equipment	Property, plant and equipment in progress	Total
GROSS CARRYING AMOUNT AT JANUARY 1, 2024	**309**	**2,752**	**10,210**	**2,617**	**839**	**27**	**16,754**
Accumulated depreciation and impairment	(22)	(1,682)	(7,163)	(2,221)	(599)	(2)	(11,689)
NET CARRYING AMOUNT AT JANUARY 1, 2024	**287**	**1,070**	**3,047**	**396**	**240**	**25**	**5,065**
Acquisitions	8	186	706	208	140	3	1,251
Disposals	(1)	(5)	(24)	(3)	(4)	(9)	(46)
Changes in scope	—	—	—	—	—	—	—
Reversals of/(additions to) impairment	—	1	(50)	—	(2)	—	(51)
Depreciation	(2)	(177)	(728)	(160)	(75)	—	(1,142)
Translation adjustment	(4)	7	60	6	—	—	69
Reclassifications(1)	(7)	6	(37)	36	(39)	(3)	(44)
NET CARRYING AMOUNT AT DECEMBER 31, 2024	**281**	**1,088**	**2,974**	**483**	**260**	**16**	**5,102**

(1) *Mainly includes the automotive sensor business' assets, which are used to measure temperature, pressure and position for all types of powertrain systems. These assets were reclassified as held for sale at December 31, 2024.*

2023

(in millions of euros)	Land	Buildings	Machinery and industrial equipment	Specific tooling	Other property, plant and equipment	Property, plant and equipment in progress	Total
GROSS CARRYING AMOUNT AT JANUARY 1, 2023	**329**	**2,740**	**10,122**	**2,573**	**835**	**26**	**16,625**
Accumulated depreciation and impairment	(23)	(1,591)	(6,887)	(2,201)	(614)	—	(11,316)
NET CARRYING AMOUNT AT JANUARY 1, 2023	**306**	**1,149**	**3,235**	**372**	**221**	**26**	**5,309**
Acquisitions	12	177	697	165	126	5	1,182
Disposals	(5)	(15)	(22)	(4)	(3)	(1)	(50)
Changes in scope	10	—	(2)	—	(2)	—	6
Reversals of/(additions to) impairment	(1)	(19)	(76)	4	(1)	—	(93)
Depreciation	(2)	(179)	(692)	(169)	(77)	—	(1,119)
Translation adjustment	(15)	(30)	(78)	(9)	5	(1)	(128)
Reclassifications(1)	(18)	(13)	(15)	37	(29)	(4)	(42)
NET CARRYING AMOUNT AT DECEMBER 31, 2023	**287**	**1,070**	**3,047**	**396**	**240**	**25**	**5,065**

(1) *Mainly includes the assets of the Thermal Commercial Vehicles business reclassified as assets held for sale at December 31, 2023.*

Leases

For leases falling within the scope of IFRS 16 – "Leases", the lessee recognizes:

- a financial liability representing its obligation to pay for the right to use the asset, in the consolidated statement of financial position;
- a non-current asset representing its right to use the leased asset, in the consolidated statement of financial position;
- depreciation of the right-of-use asset and interest expenses on the lease liability, in the consolidated statement of income.

Lease liabilities

At the lease commencement date, the lease liability is measured at the present value of the minimum lease payments outstanding at that date, plus payments under any options that the lessee is reasonably certain to exercise.

The lease term used to calculate the lease liability is determined based on an economic analysis of any early termination, extension or renewal options or any options to purchase the underlying asset included in the enforceable term of the lease.

This amount is then measured at amortized cost using the effective interest rate. The carrying amount of the lease liability is subsequently increased by the interest due on the lease liability and reduced by the lease payments made.

The discount rates are determined based on the Group's incremental borrowing rate, plus a margin to reflect the economic conditions in each country, the currency, and the lease term.

Right-of-use assets

At the lease commencement date, the right-of-use asset is measured at cost. The cost of the right-of-use asset comprises (i) the initial lease liability, (ii) any prepaid lease payments made, less any lease incentives received, (iii) any initial direct costs incurred by the lessee in establishing the lease, and (iv) an estimate of costs to be incurred by the lessee in dismantling or rehabilitating the underlying asset as required by the terms and conditions of the lease.

It is subsequently reduced by depreciation and any impairment losses. The right-of-use asset is depreciated on a straight-line basis. Any non-removable leasehold improvements are depreciated over either the adopted lease term or the estimated period of use, whatever is shorter.

If the lease transfers ownership of the underlying asset to the lessee or when the lease includes a purchase option that the lessee is reasonably certain to exercise, the right-of-use asset is depreciated over the useful life of the underlying asset under the same conditions as those applied to assets owned by the lessee. In all other cases, the right-of-use asset is depreciated over the reasonably certain useful life of the underlying asset.

Subsequently, the lease liability and the right-of-use asset are remeasured to reflect the following:

- changes in the lease term;
- changes in the assessment of whether it is reasonably certain an option will be exercised;
- changes in the amounts expected to be payable under residual value guarantees;
- changes in the rates or indexes used to determine the lease payments;
- changes in the lease payments.

The main exemptions provided under IFRS 16 and adopted by the Group are:

- exclusion of short-term leases;
- exclusion of leases of low-value assets.

Lease payments on leases falling outside the scope of IFRS 16 and any variable payments not included in the initial measurement of the lease liability are recognized in operating expenses and presented within net cash flows from operating activities in the consolidated statement of cash flows.

For leases falling within the scope of IFRS 16, payments for the interest portion of the lease liability and payments for the principal portion are recorded under cash flows from financing activities in the consolidated statement of cash flows. Payments for the principal portion of the lease liability are added back to calculate free cash flow.

Movements in right-of-use assets included within property, plant and equipment can be analyzed as follows:

	Right-of-use assets					
(in millions of euros)	**Land**	**Buildings**	**Machinery and industrial equipment**	**Specific tooling**	**Other property, plant and equipment**	**Total**
GROSS CARRYING AMOUNT AT JANUARY 1, 2024	**17**	**676**	**105**	**11**	**115**	**924**
Accumulated depreciation and impairment	(4)	(271)	(47)	(11)	(55)	(388)
NET CARRYING AMOUNT AT JANUARY 1, 2024	**13**	**405**	**58**	**—**	**60**	**536**
New contracts/Renewals/Modifications	3	95	37	—	43	178
Depreciation	(2)	(91)	(15)	—	(29)	(137)
Reversals of/(additions to) impairment	—	—	—	—	—	—
Changes in scope	—	—	—	—	—	—
Translation adjustment	—	(1)	—	—	—	(1)
Reclassifications	—	(2)	2	—	(2)	(2)
NET CARRYING AMOUNT AT DECEMBER 31, 2024	**14**	**406**	**82**	**—**	**72**	**574**

In 2024, the expenses recorded with respect to payments on leases excluded from the scope of IFRS 16 and any variable payments amounted to 47 million euros.

7.4 Impairment of fixed assets

Intangible assets and property, plant and equipment with definite useful lives are tested for impairment whenever objective indicators exist that they may be impaired. Goodwill and intangible assets not yet ready to be brought into service are tested for impairment at least once a year and whenever there is an indication that they may be impaired.

Cash-generating units (CGUs) and goodwill

CGUs are operating entities that generate independent cash flows. Based on the Group's organizational structure, CGUs generally correspond to groups of plants belonging to the same Product Line or Product Group or the same regional operations. At December 31, 2024, there was a total of 19 CGUs.

CGUs represent the level at which all intangible assets and property, plant and equipment are tested for impairment if there is an indication that they may be impaired. However, specific impairment tests may be carried out on certain idle intangible assets and property, plant and equipment. Valeo may review the value in use of certain assets and recognize non-recurring impairment losses where appropriate, if significant, prolonged adverse factors arise for the Group such as a deterioration in a country's economic environment or in one of the Group's plants, or contractual disputes.

Goodwill is tested for impairment at the level of the Divisions, as set out in Note 4, pages 368 to 371 "Segment reporting". The Divisions are groups of CGUs and correspond to the level at which management monitors goodwill.

At the end of the year, goodwill is tested for impairment using the same methodology and assumptions as those used for CGUs and as described below.

Impairment tests

Impairment tests compare the recoverable amount of a fixed asset with its net carrying amount. If the asset's carrying amount is greater than its recoverable amount, it is written down to its recoverable amount. The recoverable amount of an asset or group of assets is the higher of its fair value less costs to sell and its value in use.

Fair value less costs to sell is determined using available information allowing Valeo to establish a best estimate of the selling price net of the costs necessary to make the sale, between knowledgeable, willing parties in an arm's length transaction.

Value in use corresponds to the present value of the future cash flows expected to be derived from an asset or group of assets, taking into account its residual value.

Since there is seldom a reliable basis to measure the fair value less costs to sell of a group of assets belonging to Valeo, the Group uses value in use for CGU and goodwill impairment tests to determine the recoverable amount of an asset or group of assets, unless otherwise specified.

The value in use of CGUs and goodwill is determined as follows:

- post-tax cash flow projections covering a period of five years, prepared on the basis of medium-term business plans drawn up by Group entities and approved by General Management and the Board of Directors, are discounted;
- cash flows beyond the five-year period are extrapolated by applying a perpetuity growth rate to normative forecast cash flows, corresponding to the last year of the medium-term business plan adjusted where applicable for non-recurring items;
- cash flows are discounted based on a rate which reflects current market assessments of the time value of money and the risks specific to the asset (or group of assets). This rate corresponds to the post-tax weighted average cost of capital (WACC). The use of a post-tax rate applied to post-tax cash flows results in recoverable amounts that are similar to those that would have been obtained by applying pre-tax rates to pre-tax cash flows.

In certain circumstances in which this method is not appropriate for determining the value in use of a CGU or item of goodwill, cash flow projections beyond a five-year period may be used. This may be the case for fast-growing markets that will not have reached maturity at the end of the business plan period, as well as for activities that have a finite timeframe. When this method is applied, business plan projections beyond five years are based on the most reliable market data available.

Leases falling within the scope of IFRS 16 – "Leases" are accounted for as follows:

- capital employed tested for impairment includes right-of-use assets;
- the recoverable amount is calculated using post-tax cash flows, which include investment flows resulting from setting up new leases;
- post-tax WACC is determined taking into account lease liabilities.

Impairment losses recognized for goodwill cannot be reversed.

Impairment losses recognized for assets other than goodwill may only be reversed if there are indications that the impairment may no longer exist or may have decreased. If this is the case, the carrying amount of the asset is increased to its revised estimated recoverable amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset.

7.4.1 Impairment testing

The tests are carried out using the following assumptions:

- the projections used are based on past experience, macroeconomic data for the automotive market, order intake and products under development;
- a perpetuity growth rate of 1.5%, which is the same as that used in 2023 and is in line with the average long-term growth rate for the Group's business sector;
- a post-tax discount rate (WACC) of 10.0%, calculated using the discount rate method reviewed by an independent expert, which is the same as that used for 2023. The main components of WACC are a market risk premium, a risk-free rate corresponding to the average yield on long-term government bonds, and beta calculated based on a sample of companies in the industry, which came out at 0.96 (0.97 in 2023). Despite a decline in market risk premiums in 2024, Valeo used a discount rate corresponding to the upper end of the calculated range given the level of uncertainty currently facing European automotive suppliers. This meant that the discount rate applied was the same as that used for 2023.

The key assumptions underpinning the perpetuity growth rate and the discount rate are the same for each group of CGUs to which goodwill is allocated, as well as for CGUs that have a global geographic footprint and relations with the world's leading automakers. For the CGUs of the POWER Division, which correspond to the Division's Regional Operations (see Note 4.1 pages 368 and 369), the impairment tests were performed based on a WACC and a perpetuity growth rate related to the CGUs' main countries of production.

To prepare the medium-term business plans used to perform impairment tests on CGUs and goodwill, the Group based itself on projected data for the automotive market, as well as its order intake and its development prospects on emerging markets.

Forecasts are made at the smallest level (for each CGU), based on detailed projections of the automotive market by automaker, country, model and powertrain, taking into account expected product developments in the CGU's official and potential order intake. Valeo is committed to addressing the challenges currently shaping the automotive industry, with the aim of meeting the expectations of consumers and international regulators in terms of reducing CO_2 emissions, implementing ADAS, and increasing the use of interior and exterior lighting. The medium-term business plans are based on the assumption that the share of electrification and ADAS solutions in the Group's sales will increase throughout the term of the plans. The plans are drawn up taking into account the tax, customs and regulatory frameworks applicable at the date they are prepared.

The medium-term business plans for 2025-2029 are underpinned by the following assumptions:

- global automotive production of 89.0 million light vehicles in 2025 and 93.6 million light vehicles in 2029, representing average annual growth of 0.9% for 2024-2029. This production assumption is consistent with those underlying several independent external forecasts and has been revised downwards slightly compared with the forecasts used in 2023 for the 2024-2028 medium-term business plan. At the end of the period covered by the new business plan, Asia and the Middle East should represent 60% of global production, Europe and Africa 20%, North America 16% and South America 4%;
- a growing share of electrification solutions in the Group's market and sales forecasts over the term of the medium-term business plan. Given recent postponements of production launches by customers, combined with demand being affected by uncertainty regarding take-up of electric vehicles, the Group has applied an assumption of less robust growth in sales of electrification solutions than in 2023.
- inflation assumptions based on (i) forecasts by a panel of banks and the International Monetary Fund for general price inflation, and (ii) on internal estimates of market prices for raw materials, electronic components, energy and transportation; The medium-term business plan was prepared on the assumption that (i) raw materials, electronic components and transportation costs will remain high, with a moderate increase over the period 2025-2029, (ii) inflation in labor and energy costs will be high, and (iii) compensation will be obtained from customers for the increase in the cost of sales;
- exchange rate assumptions based on projections of a panel of banks at the time the business plan is drawn up. The exchange rates used for the main currencies featured in the business plan are 1 euro for: 1.16 US dollars, 8.13 Chinese renminbi, 151 Japanese yen, 1,405 South Korean won and 5.91 Brazilian real on average over the five years of the plan;
- Group sales were forecast based on the orders known at the time the business plan was drawn up and by reference to an estimate of the orders to be taken over the term of the business plan. The order book at December 31, 2024 already represents 69% of cumulative original equipment sales for the next five years, and around 46% of sales for the final year of the plan.

7.4.2 Intangible assets and property, plant and equipment (excluding goodwill)

The Group carries out impairment tests on CGUs that (i) have been written down in previous periods and remain sensitive to the criteria set out in Note 7.4.3, page 396 or (ii) present an indication of impairment.

The main impairment indicators used by the Group as the basis for impairment tests of CGUs are a negative operating margin for 2024, a fall of more than 20% in 2024 sales compared to 2023, and a recurring substantial shortfall with respect to the objectives set in the medium-term business plans. Any CGUs experiencing strong growth and whose value in use was significantly above their capital employed were excluded from the scope of the impairment tests.

Based on the above factors, six CGUs were tested for impairment at December 31, 2024:

- the Thermal Europe Regional Operation, part of the POWER Division;
- the Drive Americas Regional Operation, part of the POWER Division;
- the Thermal Europe Regional Operation, part of the POWER Division;
- the Connect Product Line, part of the BRAIN Division, which was created by combining the activities previously managed within the Valeo Telematics & Acoustics and Remote Access Product Lines;
- the Top Column Module Product Line, part of the BRAIN Division;
- the Special Products – Lighting Systems Product Line, part of the LIGHT Division.

The impairment tests carried out on the Group's cash-generating units (CGUs) in 2024 did not lead to the recognition of any impairment losses.

7.4.3 Sensitivity of CGU impairment tests

The following changes in assumptions were used to determine the sensitivity of CGU impairment tests, projected over an infinite time period (for the Thermal Europe Regional Operation, Drive Americas Regional Operation, Thermal Americas Regional Operation, Connect Product Line, and Special Products – Lighting Systems Product Line):

- 1-point increase in the discount rate;
- 0.5-point decrease in the perpetuity growth rate;
- 1-point decrease in the rate of operating income over sales used to calculate the terminal value.

The headroom of the tests, representing the difference between value in use and net carrying amount, as well as the impacts of changes in key assumptions on this headroom, are presented in the table below:

				Impact on the headroom of the test			
(in millions of euros)	WACC	Perpetuity growth rate	Head-room of the test 2024	WACC (+1 pt)	Perpetuity growth rate (-0.5 pts)	1-pt decrease in the rate of operating income used to calculate the terminal value	Combination of all three factors
Thermal Europe Regional Operation CGU	10.6%	1.4%	502	(68)	(32)	(104)	(179)
Drive Americas Regional Operation CGU	10.8%	2.1%	169	(38)	(16)	(57)	(97)
Thermal Americas Regional Operation CGU	10.3%	1.9%	213	(47)	(19)	(75)	(123)
Connect Product Line CGU	10.0%	1.5%	57	(41)	(18)	(66)	(109)
Special Products – Lighting Systems CGU	10.0%	1.5%	390	(68)	(28)	(53)	(133)

Since the impairment test on the Top Column Module Product Line CGU assumes a finite time period, its sensitivity to changes in the following assumptions was verified:

- 1-point increase in the discount rate;
- 5% fall in sales for each year of the plan;
- 0.5-point decrease in the materials consumption rate for each year of the plan.

			Impact on the headroom of the test			
(in millions of euros)	WACC	Head-room of the test 2024	11% WACC (+1 pt)	5% fall in sales for each year	0.5-pt decrease in the materials consumption rate	Combination of all three factors
Top Column Module Product Line CGU	10.0%	3	—	—	(2)	(2)

7.4.4 Goodwill

No impairment losses were recognized against goodwill at December 31, 2024 as a result of the impairment tests carried out at the level of the Divisions in line with the methodology described above. This was also the case in 2023.

7.4.5 Sensitivity of goodwill impairment tests

A one-year pushback in medium-term business plans would have no impact on the results of goodwill impairment tests.

The following changes in the three main assumptions were also used to check the sensitivity of goodwill impairment tests:

- 1-point increase in the discount rate;
- 0.5-point decrease in the perpetuity growth rate;
- 1-point decrease in the rate of operating income over sales used to calculate the terminal value.

No additional impairment losses would be recognized as a result of these changes in assumptions, either individually or taken as a whole.

The headroom of the tests, representing the difference between the value in use and the net carrying amount, as well as the impacts of changes in key assumptions on this headroom, are presented by Division in the table below:

(in millions of euros)	Headroom of the test Based on 2024 assumptions	Impact on the headroom of the test 11% WACC (+1 pt)	1% perpetuity growth rate (-0.5 pts)	1-pt decrease in the rate of operating income used to calculate the terminal value	Combination of all three factors
Valeo POWER Division	3,538	(807)	(351)	(708)	(1,658)
Valeo BRAIN Division	2,875	(721)	(322)	(572)	(1,438)
Valeo LIGHT Division	2,439	(496)	(224)	(442)	(1,031)

7.4.6 Sensitivity of impairment tests to the impacts of climate change

Climate change could have various impacts on the value of Valeo's assets. The Group's consideration of physical risks when measuring its assets is described in Note 1.3, pages 363 and 364.

The main transition risk facing the automotive industry results from the gradual shift to electric mobility. The Group has long prepared for this profound transformation of its industry and this is reflected in its medium-term business plan, which is used as the basis for its impairment tests on non-current assets.

As part of impairment testing of CGUs and goodwill, an impairment test simulation was carried out based on a pessimistic scenario. For those businesses most affected by electrification, this scenario assumes a rapid, sharp decline in sales of internal combustion engine vehicles worldwide (excluding the United States) coupled with much slower than expected growth in sales of products for electric vehicles due to an unfavorable customer mix and a smaller addressable market for automotive suppliers.

When testing the POWER Division for impairment, this scenario simulated:

- a 10% drop in sales each year compared with the forecasts in the Division's medium-term plan, leading to a 1% reduction in the percent operating margin;
- a perpetuity growth rate of zero beyond the projected cash flow in the last year of the plan.

In this very pessimistic simulation, an impairment loss would not have been recognized. The headroom of the impairment test on the POWER Division would fall by around 75%.

On the other hand, using an optimistic scenario, a sharper and faster decline in worldwide sales of internal combustion engine vehicles and an acceleration in electrification could also lead to higher sales and profitability growth than is currently expected by Valeo for the Division.

Given the US government's political stance, a scenario involving a sharp and rapid fall in sales of internal combustion engine vehicles in the United States was not considered relevant by the Group. Consequently, no sensitivity analysis was carried out on the impairment test for the Drive Americas Regional Operation CGU in relation to the consequences of climate change.

Thermal management equipment is being adapted to meet the specific requirements of electrically powered vehicles, in particular to guarantee their efficiency. However, some thermal management components and processes are common to both internal combustion and electric vehicles. In addition, no risk of the value chain transferring from automotive suppliers to automakers is identified in this market. As a result, the value in use of the Thermal Europe Regional Operation and Thermal Americas Regional Operation CGUs is less sensitive to the electrification of mobility.

7.5 Off-balance sheet commitments relating to leases and investments

Binding asset purchase commitments, including those on leases signed but not yet commenced, are down compared with December 31, 2023. The Group initiated major asset purchase orders in 2023 in response to a high level of order intake from customers in 2022 and 2023.

7.5.1 Leases

At December 31, 2024, future minimum commitments on outstanding leases excluded from the scope of IFRS 16 and on leases signed but not yet in force are as follows:

(in millions of euros)	December 31, 2024	December 31, 2023
Less than 1 year	25	35
1 to 5 years	88	97
More than 5 years	18	30
TOTAL	**131**	**162**

7.5.2 Other commitments given

At December 31, 2024, Valeo had given binding asset purchase commitments totaling 666 million euros (910 million euros at December 31, 2023), as well as 2 million euros worth of other commitments relating to operating activities.

At December 31, 2024, as at December 31, 2023, no Group assets were pledged.

NOTE 8 OTHER PROVISIONS AND CONTINGENT LIABILITIES

8.1 Other provisions

A provision is recognized when:

- the Group has a present legal, contractual or constructive obligation resulting from a past event;
- it is probable that future outflows of resources embodying economic benefits will be necessary to settle the obligation; and
- the amount of the obligation can be estimated reliably.

Provisions are measured in accordance with IAS 37 and take into account assumptions deemed most probable at the end of the reporting period.

Provisions for customer warranties are set aside to cover the estimated cost of returns of goods sold and are computed either on a statistical basis or based on specific quality risks. Statistical warranty provisions cover risks related to contractual warranty obligations, and are determined based on both historical data and probability calculations. The provision for specific quality risks covers costs arising in specific situations not covered by usual warranties. The corresponding expense is recognized in cost of sales.

Commitments resulting from restructuring plans are recognized when an entity has a detailed formal plan and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or by announcing its main features.

A provision for onerous contracts is recognized when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received by the Group under said contracts.

Provisions intended to cover commercial, tax and employee-related risks and disputes arising in the ordinary course of operations are also included in this caption.

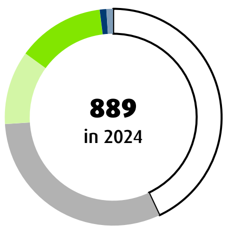
When the Group expects all or part of the expenditure required to settle a provision to be reimbursed, it recognizes a receivable, if and only if the reimbursement is virtually certain.

Provisions relating to events that are expected to materialize in more than one year or whose timing cannot be reliably determined are classified within other provisions – long-term portion.

Movements in other provisions in 2024 are shown in the table below:

(in millions of euros)	Provisions for product warranties	Provisions for onerous contracts	Provisions for restructuring costs	Other provisions for contingencies and disputes	Total
PROVISIONS AT JANUARY 1, 2024	**465**	**236**	**68**	**219**	**988**
Additions	165	57	283	63	568
Amounts utilized during the year	(189)	(26)	(60)	(26)	(301)
Reversals	(66)	(183)	(17)	(104)	(370)
Changes in scope	3	—	—	—	3
Reclassifications	(1)	—	(1)	—	(2)
Translation adjustment	4	2	1	(4)	3
PROVISIONS AT DECEMBER 31, 2024	**381**	**86**	**274**	**148**	**889**
Of which current portion (less than one year)	188	68	234	83	573

At December 31, 2024 and 2023, provisions break down as follows:



(in millions of euros)		December 31, 2024	December 31, 2023
43%	– Provisions for product warranties	381	465
31%	– Provisions for restructuring costs	274	68
13%	– Provisions for employee-related and other disputes	113	150
10%	– Provisions for onerous contracts	86	236
1%	– Provisions for tax-related disputes	16	18
1%	– Provisions for unfavorable contracts	11	42
1%	– Provisions for environmental risks	8	9
	TOTAL OTHER PROVISIONS	**889**	**988**

Provisions for product warranties are set aside to cover the estimated cost of returns of goods sold, either as a result of contractual warranty obligations or arising in specific situations not covered by standard warranties. The decrease compared with December 31, 2023 is mainly due to the resolution of a quality dispute for which the Group was compensated in an amount of 62 million euros. The accrued income recognized as an asset in this respect at December 31, 2023 was received during the year.

Provisions for restructuring costs cover certain future costs that Valeo expects to incur on the implementation of the restructuring plans announced prior to December 31, 2024. The 206 million euro increase compared with December 31, 2023 is due to the announcement of several large-scale reorganization plans during the year (see Note 5.6.2.3, page 379), for which some of the costs will only be disbursed in 2025.

Expected future losses on customer contracts were lower in 2024, which resulted in a reduction in provisions for onerous contracts. This is due in part to a decrease in the volumes remaining to be delivered on the contracts as they are executed, which accounted for 26 million euros in provision utilizations during the year. Provision reversals amounted to 183 million euros, mainly as a result of contract renegotiations carried out in 2024 as well as cost reduction measures implemented during the year. These reversals were partially offset by additions to provisions of 57 million euros.

Provisions for employee-related and other disputes, which totaled 113 million euros at December 31, 2024, cover risks arising in connection with former employees (in particular relating to asbestos) and various other disputes related to Valeo's operating activities across the globe. Each known dispute was reviewed at the date on which the consolidated financial statements were authorized for issue. Based on the advice of the Group's legal counsel, where appropriate, the provisions deemed necessary were set aside to cover the estimated outflows of resources.

The 31 million euro decrease in provisions for unfavorable contracts that were recognized in connection with the acquisition of full control over the Valeo Siemens eAutomotive joint venture in July 2022 is due to the lower volumes remaining to be delivered under these contracts.

8.2 Antitrust investigations

At the end of July 2011, antitrust investigations were initiated against several automotive suppliers (including Valeo) by the US and European antitrust authorities related to components and systems supplied to the automotive industry.

In the United States, the Department of Justice and Valeo's Japanese subsidiary, Valeo Japan Co. Ltd, reached a settlement of the Department of Justice's investigation into conduct involving thermal systems products on September 20, 2013. In addition, following on from the agreements signed with the Department of Justice, Valeo reached settlement agreements putting an end to all class action and prospective class action lawsuits with car dealers, direct purchasers and/or automotive end-payers.

In Europe, the European Commission issued a decision on March 8, 2017, fining certain automotive air conditioning and compressor suppliers for conduct involving thermal systems products. On June 21, 2017, the European Commission issued a further decision fining various automotive lighting system suppliers. However, Valeo was granted immunity and was therefore not fined. This second decision put an end to the investigations against Valeo.

In addition, Valeo terminated a certain number of claims for damages and interest from automakers resulting from the European Commission's proceedings, and remains in contact with others.

The Group sets aside provisions whenever the payment of compensation is likely and can be quantified.

8.3 Contingent liabilities

Unlike a provision (see definition above), a contingent liability is:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

The Group has contingent liabilities relating to legal, arbitration or regulatory and fiscal proceedings arising in the normal course of its business. Known or ongoing claims and litigation involving Valeo or its subsidiaries were reviewed at the date on which the consolidated financial statements were authorized for issue. Based on the advice of legal counsels, all provisions deemed necessary have been made to cover the related risks.

These include contingent liabilities relating to a tax dispute involving a significant amount, which Valeo is contesting, as well as its employee-related consequences, for which a legal escalation process has been initiated.

8.4 Subsequent events

Since Donald Trump's inauguration as President of the United States on January 20, 2025, policy statements have been announced worldwide concerning the introduction of new customs duties. Given the potentially significant impact of some of these measures, the Group is closely monitoring changes and developments in customs duties in the various countries where it operates.

NOTE 9 FINANCING AND FINANCIAL INSTRUMENTS

9.1 Financial assets and liabilities

Financial assets and liabilities mainly comprise:

- long-term debt, liabilities associated with put options granted to holders of non-controlling interests, short-term financing and bank overdrafts, which make up gross debt (see Note 9.1.2, pages 401 to 406);
- long-term loans and receivables (see Note 9.1.3.1, page 406);
- cash and cash equivalents (see Note 9.1.3.2, page 407);
- derivative instruments (see Note 9.1.4, pages 408 to 413);
- other current and non-current financial assets and liabilities (see Note 9.1.5, pages 414).

9.1.1 Fair value measurement of financial assets and liabilities

9.1.1.1 Measurement methods

	2024 carrying amount under IFRS 9			December 31, 2024	December 31, 2023
(in millions of euros)	Amortized cost	Fair value through OCI	Fair value through income	Carrying amount	Carrying amount
ASSETS					
Non-current financial assets:					
• Long-term investments	—	26	286	312	321
• Long-term loans and receivables (including accrued interest)	25	—	—	25	—
• Deposits and guarantees	34	—	—	34	33
• Other non-current financial assets	1	—	—	1	7
• Hedging derivatives	—	17	5	22	29
• Trading derivatives	—	—	1	1	2
Assets relating to pensions and other employee benefits	—	31	—	31	45
Accounts and notes receivable	2,656	—	—	2,656	2,734
Other current financial assets:					
• Hedging derivatives	—	37	—	37	80
• Trading derivatives	—	—	20	20	32
• Accrued interest and other current financial assets	—	—	32	32	26
Cash and cash equivalents	—	—	3,153	3,153	3,025
LIABILITIES					
Non-current financial liabilities:					
• Hedging derivatives	—	—	—	—	—
• Trading derivatives	—	—	2	2	1
Bonds	4,087	—	—	4,087	3,936
Schuldschein loans (German private placements)	553	—	—	553	552
European Investment Bank (EIB) loan	540	—	—	540	587
Bilateral bank loans	250	—	—	250	250
Other long-term debt	763	—	—	763	689
Accounts and notes payable	5,382	—	—	5,382	5,449
Other current financial liabilities:					
• Hedging derivatives	—	32	—	32	8
• Trading derivatives	—	—	9	9	51
Short-term financing	840	—	—	840	922
Bank overdrafts	—	—	4	4	135

9.1.1.2 Fair value estimates

IFRS 13 establishes a hierarchy of valuation techniques for financial instruments based on the following categories:

- Level 1: inputs directly based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3: prices established using valuation techniques drawing on non-observable inputs.

The fair value of bonds is calculated based on prices quoted on an active bond market. This method corresponds to Level 1 in the fair value hierarchy.

For the *Schuldschein* private placements, the European Investment Bank (EIB) loans and the bilateral bank loans, fair value is measured by discounting future cash flows at the market interest rate at the reporting date. This method corresponds to Level 2 in the fair value hierarchy.

Since they fall due in the short term, the fair value of other components of Group debt, as well as of accounts and notes payable and receivable, is deemed equal to their carrying amount.

	December 31, 2024			December 31, 2023		
(in millions of euros)	Carrying amount	Fair value	Level	Carrying amount	Fair value	Level
ASSETS						
Cash and cash equivalents	3,153	3,153	1	3,025	3,025	1
Derivative financial instruments[(1)]	80	80	2	143	143	2
LIABILITIES						
Bonds	4,087	4,094	1	3,936	3,899	1
Schuldschein loans (German private placements)	553	563	2	552	562	2
European Investment Bank (EIB) loan	540	519	2	587	548	2
Bilateral bank loans	250	251	2	250	251	2
Other long-term debt	763	763	2	689	689	2
LOANS RECOGNIZED AT AMORTIZED COST	**6,193**	**6,190**		**6,014**	**5,949**	
Short-term financing	840	840	2	922	922	2
Bank overdrafts	4	4	1	135	135	1
Derivative financial instruments	43	43	2	60	60	2

(1) *The method used to estimate the fair value of derivative financial instruments recorded in assets and liabilities corresponds to Level 2 in the fair value hierarchy for derivatives hedging foreign currency, commodity and interest rate risks.*

IFRS 13 prescribes the methods for assessing fair value and for taking into account the credit risk on derivatives, through:

- a Credit Valuation Adjustment (CVA), which is a component of the market value of a derivative financial instrument that reflects the exposure in the event of counterparty default;
- a Debit Valuation Adjustment (DVA), which is a component of the market value of a derivative financial instrument that reflects the entity's own credit risk.

The credit risk on derivatives is calculated according to historical probabilities of default and a recovery rate, as observed on the market.

At December 31, 2023 and 2024, this had only a minimal impact on the Group.

9.1.2 Gross debt

Gross debt includes long-term debt, short-term financing and bank overdrafts.

At December 31, 2024, the Group's gross debt can be analyzed as follows:

(in millions of euros)	December 31, 2024			December 31, 2023		
	Non-current	Current	Total	Non-current	Current	Total
Long-term debt	4,859	1,334	6,193	5,057	957	6,014
Short-term financing	—	840	840	—	922	922
Bank overdrafts	—	4	4	—	135	135
GROSS DEBT	**4,859**	**2,178**	**7,037**	**5,057**	**2,014**	**7,071**

9.1.2.1 Long-term debt

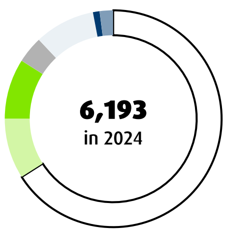
Long-term debt primarily includes bonds, private placements, European Investment Bank (EIB) loans, lease liabilities and other borrowings.

Bonds and other borrowings are valued at amortized cost. The amount of interest recognized in financial expenses is calculated by multiplying the loan's effective interest rate by its carrying amount. Any difference between the expense calculated using the effective interest rate and the actual interest payment impacts the value at which the loan is recognized.

When a fixed-rate loan is designated as a hedged item in a fair value hedging relationship, its carrying amount is adjusted at each reporting date to reflect the change in fair value attributable to the hedged risk.

Lease liabilities are measured as described in Note 7.3, pages 391 to 393.

Breakdown of long-term debt



(in millions of euros)	December 31, 2024	December 31, 2023
66% – Bonds	4,087	3,936
9% – *Schuldschein* loans (German private placements)	553	552
9% – European Investment Bank (EIB) loan	540	587
4% – Bilateral bank loans	250	250
10% – Lease liabilities	626	581
1% – Other borrowings	30	23
1% – Accrued interest	107	85
LONG-TERM DEBT	**6,193**	**6,014**

Change in and characteristics of long-term debt

(in millions of euros)	Bonds	*Schuldschein* loans (German private placements)	European Investment Bank (EIB) loans	Bilateral bank loans	Lease liabilities	Other borrowings	Accrued interest	Total
CARRYING AMOUNT AT JANUARY 1, 2024	**3,936**	**552**	**587**	**250**	**581**	**23**	**85**	**6,014**
Increases/Subscriptions	841	—	—	—	—	17	—	858
New contracts/Renewals/Modifications	—	—	—	—	176	—	—	176
Redemptions/Repayments	(700)	—	(50)	—	(135)	(11)	—	(896)
Changes in scope	—	—	—	—	—	—	—	—
Value adjustments	10	1	3	—	—	—	—	14
Translation adjustment	—	—	—	—	4	—	—	4
Other movements	—	—	—	—	—	1	22	23
CARRYING AMOUNT AT DECEMBER 31, 2024	**4,087**	**553**	**540**	**250**	**626**	**30**	**107**	**6,193**

The Group completed several financing transactions in 2024:

- in January 2024, Valeo redeemed the 700 million euro bond issued in 2014 under the Euro Medium Term Note (EMTN) financing program;
- in April 2024, as part of the Euro Medium Term Note financing program, Valeo issued 850 million euros' worth of six-year bonds maturing in April 2030 and paying a fixed coupon of 4.50%. The proceeds from these bonds, which were issued under Valeo's Green and Sustainability-Linked Financing Framework, will be used for financing projects and investments linked to the portfolio of technologies that contribute to low-carbon mobility, in particular vehicle electrification;
- repayment of a 50 million euro installment on the European Investment Bank loan.

At December 31, 2024, the key terms and conditions of long-term debt were as shown below:

Type	Outstanding at December 31, 2024 *(in millions of euros)*	Issuance	Maturity	Nominal amount outstanding *(in millions of euros)*	Currency	Nominal interest rate
BONDS						
EMTN program	600	June 2018	June 2025	600	EUR	1.50%
EMTN program	599	March 2016	March 2026	600	EUR	1.625%
EMTN program(1)	698	July 2021	August 2028	700	EUR	1.00%
EMTN program(1)(3)	752	November 2022	May 2027	750	EUR	5.375%
EMTN program(2)	597	October 2023	April 2029	600	EUR	5.875%
EMTN program(2)	841	April 2024	April 2030	850	EUR	4.50%
***SCHULDSCHEIN* LOAN ISSUED IN 2019**						
Tranche 3	90	April 2019	April 2025	90	EUR	1.291%
Tranche 4(4)	122	April 2019	April 2025	122	EUR	6-month Euribor +1.15%
***SCHULDSCHEIN* LOAN ISSUED IN 2022**						
Tranche 1	30	October 2022	October 2025	30	EUR	4.95%
Tranche 2	149	October 2022	October 2025	149	EUR	6-month Euribor +1.90%
Tranche 3(1)	30	October 2022	October 2027	30	EUR	5.251%
Tranche 4(1)	52	October 2022	October 2027	52	EUR	6-month Euribor +2.10%
Tranche 5(1)	30	December 2022	October 2027	30	EUR	6-month Euribor +2.10%
Tranche 6(1)	5	October 2022	October 2029	5	EUR	5.503%
Tranche 7(1)	45	December 2022	October 2029	45	EUR	6-month Euribor +2.30%
EUROPEAN INVESTMENT BANK (EIB) LOAN						
Tranche 1(5)	247	June 2021	June 2029	250	EUR	0.885%
Tranche 2(6)	293	February 2022	February 2030	300	EUR	1.083%
OTHER						
Lease liabilities	626	—	—	626	—	—
Bilateral bank loans	250	—	—	250	—	—
Other long-term debt(7)	137	—	—	137	—	—
LONG-TERM DEBT	**6,193**					

(1) Indexed to a 2025 carbon footprint objective.
(2) Issues carried out under Valeo's Green and Sustainability-Linked Financing Framework.
(3) Fixed-rate coupons partly exchanged for floating-rate coupons indexed to six-month Euribor via interest rate swaps with a notional amount of 600 million euros.
(4) Variable-rate coupons exchanged for fixed-rate coupons via interest rate swaps.
(5) Reduced-rate loan repayable in six annual installments of 50 million euros as from June 2024.
(6) Reduced-rate loan repayable in six annual installments of 50 million euros as from February 2025.
(7) Other long-term debt chiefly comprises accrued interest for 107 million euros.

At December 31, 2024, the Group had drawn an amount of 4.1 billion euros (up 150 million euros compared with December 31, 2023) under its Euro Medium Term Note (EMTN) financing program capped at 5 billion euros.

The Group also has confirmed bank credit lines with an average maturity of 2.8 years, representing an aggregate amount of 1.6 billion euros. None of these credit lines had been drawn down at December 31, 2024. These bilateral credit lines were taken out with nine banks with an average rating of A from S&P and A1 from Moody's.

Maturity of long-term debt

		Maturity					
			≥1 year and ≤5 years				>5 years
(in millions of euros)	Carrying amount	<1 year	2026	2027	2028	2029	2030 and beyond
Bonds	4,087	600	599	753	698	597	840
Schuldschein loans (German private placements)	553	391	—	112	—	50	—
European Investment Bank (EIB) loan	540	98	98	98	98	98	50
Lease liabilities	626	118	102	86	76	55	189
Bilateral bank loans	250	—	100	50	100	—	—
Other borrowings	30	20	3	3	2	1	1
Accrued interest	107	107	—	—	—	—	—
LONG-TERM DEBT	**6,193**	**1,334**	**902**	**1,102**	**974**	**801**	**1,080**

Contractual maturity of long-term debt

In managing its liquidity risk, the Group seeks to ensure a balanced long-term debt repayment profile. At December 31, 2024, the average maturity of Valeo's (the parent company) debt was 2.8 years, compared to three years at December 31, 2023.

The future cash outflows presented below, comprising both interest payments and principal repayments, are not discounted. The forward interest rate curve at December 31, 2024 was used for variable-rate interest.

		Contractual cash flows						
			≥1 year and ≤5 years				>5 years	
(in millions of euros)	Carrying amount	<1 year	2026	2027	2028	2029	2030 and beyond	Total
Bonds	4,087	740	731	871	781	674	888	4,685
Schuldschein loans (German private placements)	553	411	7	119	2	52	—	591
European Investment Bank (EIB) loan	540	105	104	103	103	102	51	568
Lease liabilities	626	145	117	102	88	58	217	727
Bilateral bank loans	250	10	108	55	104	—	—	277
Other borrowings	30	20	3	3	2	1	1	30
Accrued interest(1)	107	107	—	—	—	—	—	107
LONG-TERM DEBT	**6,193**	**1,538**	**1,070**	**1,253**	**1,080**	**887**	**1,157**	**6,985**

(1) Cash flows relating to accrued interest are included in the short-term (i.e., less than one year) contractual cash flows of the debt to which they relate.

Off-balance sheet commitments relating to Group financing

Certain financing contracts include early repayment clauses in the event of failure to comply with specified financial ratios. The table below sets out the main covenant:

Financing agreements	Ratio	Thresholds	Ratio at December 31, 2024(1)
Credit lines European Investment Bank (EIB) loan Bilateral bank loans *Schuldschein* loans (German private placements)	Consolidated net debt/consolidated EBITDA	<3.5	1.3

(1) Calculated over 12 months.

Bonds issued within the scope of the Euro Medium Term Note (EMTN) financing program include an option granted to bondholders who can request early repayment or redemption of their bonds in the event of a change of control at Valeo leading to a withdrawal of the rating or a downgrade in the rating to below investment grade (assuming that the bonds were previously rated investment grade). If Valeo's bonds had previously been rated below investment grade, bondholders may request the early repayment or redemption of their bonds in the event of a change of control at Valeo resulting in a one-category downgrade in the rating (e.g., from Ba1 to Ba2).

The Schuldschein loans (German private placements) and the European Investment Bank (EIB) loan also include a change of control clause under which investors can request early repayment.

The Group's credit lines and bilateral loans arranged with commercial banks include a change of control clause under which the banks can require early repayment in the event of a change of control of Valeo that results in the borrower's rating being downgraded to below investment grade.

The credit lines set up by the Group's subsidiaries include early repayment clauses in the event of failure to comply with specified financial ratios. Based on the due diligence performed, the Group believes that the subsidiaries concerned complied with these covenants at December 31, 2024.

Lastly, the credit lines and bilateral credit facilities set up with Valeo's banking pool, as well as the Group's European Investment Bank loan and its long-term debt, include cross-default clauses. This means that if a default event triggering early repayment occurs on a certain amount of debt, then other debt may also be deemed to be in default with early repayment triggered.

At the date these consolidated financial statements were authorized for issue, the Group expects to comply with all debt covenants over the next few months.

Group credit ratings

The Group is rated by several credit rating agencies.

Rating agency	Publication date	Long-term debt	Outlook	Short-term debt
Standard & Poor's	April 3, 2024	BB+	Negative	B
Moody's	September 26, 2024	Ba1	Negative	Non-prime

Subsequent events

On January 22, 2025, Valeo took out a 100 million euro bilateral loan maturing in January 2029.

9.1.2.2 Liabilities associated with put options granted to holders of non-controlling interests

The Group may grant put options to third parties holding non-controlling interests, on all or some of their shares. These puts are considered by the Group as non-interest bearing debt.

This debt is recognized at the present value of the option exercise price. The offsetting entry for the debt associated with these commitments is a decrease in stockholders' equity – non-controlling interests.

The difference between the present value of the exercise price of the options granted and the carrying amount of non-controlling interests is recorded in stockholders' equity as a deduction from consolidated retained earnings.

The amount of the debt is adjusted at the end of each period in order to reflect changes in the option exercise price and a corresponding entry is recorded in stockholders' equity.

At December 31, 2024 and December 31, 2023, the Group no longer had any liabilities associated with put options granted to holders of non-controlling interests.

At December 31, 2023, Marco Polo had a put option on its 40% stake in Spheros Climatização do Brasil S.A., which was controlled by Valeo. The fair value of this put option was classified under liabilities held for sale in the consolidated statement of financial position at that date. The Group's interest in this company was sold in the first half of 2024 (see Note 3.2.1.1, page 367). As part of the transaction, Valeo also transferred to the buyer the obligation to purchase shares in Spheros Climatização do Brasil S.A. in the event of Marco Polo exercising its put option.

9.1.2.3 Short-term financing and bank overdrafts

Short-term debt mainly includes Negotiable European Commercial Paper (NEU CP) (previously "commercial paper") issued by Valeo for its short-term financing needs. NEU CP has a maturity of between one and twelve months and is valued at amortized cost.

In order to reflect the Group's cash requirements, short-term financing is presented in net cash flows from financing activities in the consolidated statement of cash flows.

(in millions of euros)	December 31, 2024	December 31, 2023
Negotiable European Commercial Paper	525	698
Other short-term financing	315	224
Bank overdrafts	4	135
SHORT-TERM FINANCING AND BANK OVERDRAFTS	**844**	**1,057**

Valeo has a short-term commercial paper financing program for a maximum amount of 2.5 billion euros. At December 31, 2024, a total of 525 million euros had been drawn on this program, compared with 698 million euros at December 31, 2023.

9.1.3 Net debt

Net debt comprises all long-term debt, liabilities, short-term financing and bank overdrafts (see Note 9.1.2.3, page 406), less loans and other long-term financial assets, cash and cash equivalents, and the fair value of derivative instruments hedging interest rate and currency risks associated with these items (see Note 9.1.4, pages 408 to 413).

	December 31, 2024			December 31, 2023		
(in millions of euros)	Non-current	Current	Total	Non-current	Current	Total
Long-term debt	4,859	1,334	6,193	5,057	957	6,014
Short-term financing	—	840	840	—	922	922
Bank overdrafts	—	4	4	—	135	135
GROSS DEBT	**4,859**	**2,178**	**7,037**	**5,057**	**2,014**	**7,071**
Long-term loans and receivables (including accrued interest)	(25)	—	(25)	—	—	—
Accrued interest	—	(32)	(32)	—	(26)	(26)
Cash and cash equivalents	—	(3,153)	(3,153)	—	(3,025)	(3,025)
Derivative instruments associated with interest rate and foreign currency risks(1)	(3)	(11)	(14)	(6)	14	8
NET DEBT	**4,831**	**(1,018)**	**3,813**	**5,051**	**(1,023)**	**4,028**

(1) *At end-December 2024 and end-December 2023, the fair value of derivative instruments associated with an item of net debt reflects the fair value of currency and interest rate instruments hedging assets and liabilities relating to the Group's financing activities.*

9.1.3.1 Long-term loans and receivables

This category consists essentially of long-term loans, which are measured on an amortized cost basis using the effective interest rate. They are shown in the statement of financial position as other non-current financial assets.

9.1.3.2 Cash and cash equivalents

Cash and cash equivalents are comprised of marketable securities such as money market and short-term money market funds, deposits and very short-term risk-free securities which can be readily sold or converted into cash, and cash at bank.

The cash equivalents included in this line are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value. These current financial assets are carried at fair value through income and are held with a view to meeting short-term cash requirements.

(in millions of euros)	December 31, 2024	December 31, 2023
Marketable securities	1,585	2,286
Cash and other liquid resources	1,568	739
CASH AND CASH EQUIVALENTS	**3,153**	**3,025**

Cash and cash equivalents totaled 3,153 million euros at December 31, 2024, consisting of 1,585 million euros of marketable securities with a very low price volatility risk, and 1,568 million euros in cash. Marketable securities consist solely of money market mutual funds (FCP).

These items were measured using Level 1 inputs of the fair value hierarchy.

Short-term liquidity management

Cash is pooled whenever this is permitted by local legislation. In such cases, subsidiaries' surplus cash or financing requirements are pooled and invested or funded by Valeo, the parent company. The Group has set up a cross-border, multi-currency cash pooling arrangement in euros, Hungarian forint and Czech koruna for European subsidiaries, in US dollars for US subsidiaries, and in Chinese renminbi for Chinese subsidiaries. This arrangement enables day-to-day cash to be managed on a centralized basis. In other countries, local cash pooling arrangements exist and loans and borrowings are regularly taken out with the parent company (Valeo). In some countries, these cross-border transactions can give rise to tax issues or may be subject to specific regulations and require approval from the local tax authorities.

The Group also manages liquidity by ensuring that dividends from subsidiaries are transferred to Valeo.

Bank counterparty risk management

The Group invests its surplus liquidity with asset management companies that are subsidiaries of leading banks. Securities are held by leading custodians.

9.1.3.3 Analysis of net debt by currency

Net debt can be analyzed as follows by currency:

(in millions of euros)	December 31, 2024	December 31, 2023
Euro	4,104	4,046
US dollar	116	138
Brazilian real	(56)	(72)
South Korean won	(298)	(134)
Other currencies	(53)	50
TOTAL	**3,813**	**4,028**

9.1.4 Derivative financial instruments

The Group uses derivative financial instruments to manage and reduce its exposure to foreign exchange, commodity and interest rate risks.

Derivatives are recognized in the statement of financial position at fair value under other non-current financial assets or other non-current financial liabilities when the underlying transaction matures beyond one year, and under other current financial assets or other current financial liabilities when the underlying transaction matures within one year.

The accounting impact of changes in the fair value of these derivative instruments depends on whether or not hedge accounting is applied.

When hedge accounting is applied:

- for fair value hedges of assets and liabilities recognized in the statement of financial position, the hedged item of these assets or liabilities is stated at fair value. Changes in fair value are recognized through income and offset (for the effective portion of the hedge) by symmetrical changes in the fair value of the derivative;
- for future cash flow hedges, changes in the fair value of the derivatives relating to the effective portion of the hedge are recognized directly in other comprehensive income, while the ineffective portion is taken to other financial income and expenses. The amounts recognized in other comprehensive income are recycled to income when the hedged risk itself affects income.

Changes in the fair value of derivatives that do not qualify for hedge accounting are recognized within other financial income and expenses in the statement of income.

Foreign currency derivatives

Although they may act as hedges, foreign currency derivatives hedging balance sheet positions in foreign currencies are not designated as part of a hedging relationship for accounting purposes. In these cases, changes in the fair value of the derivatives are recognized in financial income and expenses and are generally offset by the impact of remeasuring the underlying foreign currency receivables and payables.

Foreign currency derivatives hedging highly probable future transactions that are generally material and will impact operating margin are classified as hedges. In these cases, changes in the fair value of the derivatives are recognized in other comprehensive income for the effective portion of the hedge, and subsequently taken to operating income when the hedged item itself affects operating income. The ineffective portion of the hedge is recognized in other financial income and expenses.

Commodities

In principle, the Group applies cash flow hedge accounting to commodity derivatives. Gains and losses relating to the effective portion of the hedge are reclassified from other comprehensive income to operating margin when the hedged position itself affects income. Gains and losses relating to the ineffective portion of the hedge are recognized in other financial income and expenses. When a forecast transaction is no longer highly probable, the cumulative gains and losses carried in other comprehensive income are transferred immediately to other financial income and expenses.

Interest rate derivatives

The Group may need to protect itself against fluctuations in cash flows relating to interest payments on variable-rate borrowings. These hedges are eligible for cash flow hedge accounting.

Hedging instruments are measured at fair value and recognized in the statement of financial position. When there is a designated cash flow hedging relationship, changes in the fair value of the instrument relating to the effective portion of the hedge are recognized in other comprehensive income, while changes relating to the ineffective portion are recognized in other financial income and expenses in the statement of income. Amounts carried in other comprehensive income in respect of the effective portion of the hedge are taken to income as and when the hedged interest expenses themselves affect income.

The Group’s operating entities are responsible for identifying and measuring financial risks. However, the Group’s Finance Department is responsible for hedging and managing these risks using derivatives on behalf of subsidiaries with risk exposure.

At monthly Treasury Committee meetings, the main risks and exposures are assessed, the required hedges are approved (in accordance with the strategy described below), and the results of these hedges are analyzed.

The Group uses derivative financial instruments to reduce its expose to market risk. At December 31, 2024 and 2023, these instruments had the following fair values:

(in millions of euros)	Accounting classification	Nominal purchase price(1)	Nominal sale price(1)	OCI reserves	Other financial assets Non-current	Other financial assets Current	Other financial liabilities Non-current	Other financial liabilities Current	December 31, 2024 Total	December 31, 2023 Total
Forward foreign currency contracts	*Cash flow hedge*	884	(396)	24	17	34	—	(27)	24	93
Forward foreign currency contracts	*Trading*	421	(463)	—	—	7	—	(6)	1	(5)
OPERATING FOREIGN CURRENCY DERIVATIVES		**1,305**	**(859)**	**24**	**17**	**41**	**—**	**(33)**	**25**	**88**
Swaps	*Trading*	1,815	(1,815)	—	1	13	(2)	(2)	10	(8)
Forward foreign currency contracts	*Trading*	33	(47)	—	—	—	—	—	—	1
Cross-currency swaps	*Trading*	24	(24)	—	—	—	—	—	—	(6)
FINANCIAL FOREIGN CURRENCY DERIVATIVES		**1,872**	**(1,886)**	**—**	**1**	**13**	**(2)**	**(2)**	**10**	**(13)**
Swaps	*Cash flow hedge*	217	(6)	(3)	—	2	—	(5)	(3)	3
COMMODITY DERIVATIVES		**217**	**(6)**	**(3)**	**—**	**2**	**—**	**(5)**	**(3)**	**3**
Swaps	*Cash flow hedge*	123	(123)	1	—	1	—	—	1	5
Swaps	*Fair value hedge*	600	(600)	—	5	—	—	—	5	—
Cross-currency swaps	*Trading*	24	(24)	—	—	—	—	(1)	(1)	—
INTEREST RATE DERIVATIVES		**747**	**(747)**	**1**	**5**	**1**	**—**	**(1)**	**5**	**5**
TOTAL DERIVATIVE FINANCIAL INSTRUMENTS					**23**	**57**	**(2)**	**(41)**	**37**	**83**

(1) The nominal amounts of the derivatives are expressed in euros.

Bank counterparty risk management

The Group contracts derivatives with leading banks and carries out periodic counterparty risk monitoring.

9.1.4.1 Fair value of foreign currency derivatives

Operational currency risk management

The Group's subsidiaries are exposed to foreign currency risk arising within the scope of their industrial and commercial activities. These risks and the related hedges are monitored by the Financing and Treasury Department.

The Group systematically hedges statement of financial position exposures (non-financial foreign currency receivables and payables). Subsidiaries primarily hedge their transactions with Valeo, the parent company, which then hedges net Group positions with external counterparties. As the corresponding foreign currency derivatives are not designated as part of a hedging relationship for accounting purposes, they are accounted for as derivatives held for trading.

The Group also hedges its operating margin against foreign currency risk, on a regular basis over the budget period and on an exceptional basis over a contractual period for specific major contracts. The principal hedging instruments used by the Group are forward purchases and sales of foreign currencies. In this case, the Group applies cash flow hedge accounting to commodity derivatives.

The fair value of these derivatives is computed as follows: future cash flows are calculated using forward exchange rates at the end of the reporting period and are then discounted using the interest rate of the functional currency. This method corresponds to Level 2 in the fair value hierarchy.

At December 31, 2024, the ineffective portion of these hedges represented a negligible amount, compared with an unrealized loss of 1 million euros at December 31, 2023.

Financial currency risk management

Centralizing cash surpluses, the financing needs of foreign subsidiaries and certain Group financing transactions exposes the Group to financial currency risk. This risk corresponds to the risk of changes in the value of financial receivables or payables denominated in currencies other than the functional currency of the borrowing or lending entity. This currency risk is primarily hedged by currency swaps.

The Group tends to finance its subsidiaries in their local currencies and systematically enters into hedges to protect itself against the resulting currency risk.

The Group's external borrowings and investments are generally denominated in euros, in particular for debt issues under the Euro Medium Term Note financing program.

The unrealized gain of 10 million euros mainly concerns currency swaps relating to hedges of the Group's current accounts and bank accounts.

Analysis of the Group's overall net exposure

The Group's overall net exposure (on its balance sheet positions) at December 31, 2024, based on notional amounts, arises on the following main currencies (excluding entities' functional currencies):

	December 31, 2024					December 31, 2023
(in millions of euros)	USD	JPY	EUR	Other currencies	Total	Total
Accounts and notes receivable	315	42	620	36	1,013	1,009
Other financial assets	71	58	194	1,003	1,326	1,681
Accounts and notes payable	(504)	(57)	(886)	(153)	(1,600)	(1,391)
Long-term debt	(702)	(186)	(323)	(1,928)	(3,139)	(2,707)
GROSS EXPOSURE	**(820)**	**(143)**	**(395)**	**(1,042)**	**(2,400)**	**(1,408)**
Forward sales	(115)	(94)	(109)	(1,173)	(1,491)	(1,582)
Forward purchases	836	253	103	2,062	3,254	2,761
NET EXPOSURE	**(99)**	**16**	**(401)**	**(153)**	**(637)**	**(229)**

In the table above, the EUR column represents the net euro exposure of Group entities whose functional currency is not the euro. Exposure arises in particular on subsidiaries based in Central Europe and the Mediterranean area, which are financed in euros by Valeo.

Analysis of the sensitivity of net foreign currency risk exposure

The sensitivity analysis was based on an exchange rate of 1.0389 US dollars and 163.06 Japanese yen to 1 euro at December 31, 2024 (1.105 and 156.33, respectively, at December 31, 2023).

An increase of 10% in the value of the euro against these currencies at December 31, 2024 and December 31, 2023 would have had the following pre-tax impacts:

	December 31, 2024		December 31, 2023	
(in millions of euros)	Income Gain (loss)	Equity Gain (loss)	Income Gain (loss)	Equity Gain (loss)
Exposure to US dollar	10	(27)	(4)	(35)
Exposure to Japanese yen	(2)	(2)	2	(3)
Exposure to euro	(40)	4	(8)	4
TOTAL	**(32)**	**(25)**	**(10)**	**(34)**

For the purpose of these analyses, it is assumed that all other variables, particularly interest rates, remained unchanged.

Assuming that all other variables remained unchanged, a 10% fall in the value of the euro against these currencies at December 31, 2024 would have had the opposite impacts to the ones shown above.

Remaining contractual maturities of foreign currency derivatives

The European Central Bank (ECB) closing rates and forward rates at December 31, 2024 were used to value foreign currency derivatives.

(in millions of euros)	Carrying amount	Contractual cash flows						Total
		<1 year	≥1 year and ≤5 years				>5 years	
			2026	2027	2028	2029	2030 and beyond	
Forward foreign currency contracts used as hedges:								
• Assets	58	41	13	3	1	—	—	58
• Liabilities	(33)	(33)	—	—	—	—	—	(33)
Currency swaps used as hedges:								
• Assets	14	13	1	—	—	—	—	14
• Liabilities	(4)	(2)	(2)	—	—	—	—	(4)

9.1.4.2 Fair value of commodity (non ferrous metals) derivatives

Commodity risk management

The Group manages its exposure to raw materials by using price indexation clauses in commercial contracts as much as possible. This is the case particularly for non-ferrous metals and steel, for which such clauses cover over 80% of the Group's exposure.

Exposure to non-ferrous metals (mainly listed on the London Metal Exchange (LME) and the Shanghai Futures Exchange) and, to a lesser extent, exposure to propylene is hedged with leading banks using derivative hedging instruments. These hedges are designed to limit the impact of fluctuations in commodity prices on the Group's earnings and to give Valeo the time it needs to negotiate the corresponding price rises with its customers.

Exposures resulting from sales price indexation over periods different to those provided for in the raw materials purchasing agreements are also hedged.

The hedges correspond to derivative instruments which do not involve physical delivery of the underlying commodity (primarily swaps on the average monthly price). These transactions are eligible for cash flow hedge accounting within the meaning of IFRS 9.

Steel, most plastics, and rare-earth metals cannot be hedged on the financial market as they are not listed on an organized exchange.

Inventory values in the Group's statement of financial position are not significantly affected by the rise in commodity prices because the rapid inventory turnover and optimization of logistics flows reduce the amount.

Volumes of non-ferrous metals hedged at December 31, 2024 and 2023 break down as follows:

(in tons)	December 31, 2024	December 31, 2023
Aluminum	44,483	52,230
Secondary aluminum	9,600	7,642
Copper	11,326	9,457
TOTAL	**65,409**	**69,329**

Base metals derivatives used by the Group are designated as cash flow hedges. An unrealized loss of 3 million euros relating to existing hedges was recognized in other comprehensive income for 2024.

The unrealized gain of 3 million euros recognized in other comprehensive income in 2023 and relating to existing hedges was reclassified in full to operating income in 2024.

Analysis of the sensitivity of hedges in place at December 31, 2024

The table below shows the pre-tax impact on equity and income of a 10% increase in metal forward prices at December 31, 2024 and 2023:

	December 31, 2024		December 31, 2023	
(in millions of euros)	Income Gain (loss)	Equity Gain (loss)	Income Gain (loss)	Equity Gain (loss)
Impact of a 10% rise in metal forward prices	—	18	—	16

At December 31, 2024, a 10% fall in metal forward prices would have had an unfavorable impact for the same amount.

For the purposes of the sensitivity analysis, it is assumed that all other variables remain unchanged over the period.

Remaining contractual maturities of commodity derivatives

Forward prices on the London Metal Exchange (LME) at December 31, 2024 were used to determine contractual maturities for commodity derivatives.

		Contractual cash flows						
			≥1 year and ≤5 years				>5 years	
(in millions of euros)	Carrying amount	<1 year	2026	2027	2028	2029	2030 and beyond	Total
Commodity derivatives:								
• Assets	2	2	—	—	—	—	—	2
• Liabilities	(5)	(5)	—	—	—	—	—	(5)

9.1.4.3 Fair value of interest rate derivatives

Interest rate risk management

The Group may use interest rate swaps to convert the contractual interest rates on its debt into either a variable or a fixed rate. Cash and cash equivalents are invested in both fixed- and variable-rate instruments. At December 31, 2024, 80% of long-term debt (i.e., due in more than one year) was at fixed rates, up compared to end-2023.

In March 2019, the Group converted the 159 million euro loan granted to one of its Czech subsidiaries into Czech koruna. At the same time, the Group set up a cross currency swap in Czech koruna for the same amount and with the same maturity. This swap is designated as a hedging instrument in a cash flow hedge.

In 2023, a Group subsidiary in Japan converted the 3.7 billion Japanese yen loan granted to one of its Indonesian subsidiaries into Indonesian rupiah. At the same time, the Japanese subsidiary set up two cross-currency swaps in Indonesian rupiah for the same total amount and with the same maturity. These derivatives are not designated as hedging instruments for accounting purposes.

The variable-rate tranche of the *Schuldschein* loan (German private placement) issued in April 2019 was hedged by an interest rate swap, which exchanged the variable coupon for a fixed rate. This instrument was designated as a hedging instrument in a cash flow hedge.

Two interest rate swaps for a total of 600 million euros were put in place in November 2022 to partially hedge the interest on the 750 million euro EMTN financing issued at the same time. These swaps are designated as hedging instruments in a fair value hedge.

	December 31, 2024		December 31, 2023	
(in millions of euros)	Nominal	Fair value	Nominal	Fair value
Interest rate swaps:				
• Loan in Czech koruna[(1)]	—	—	159	(6)
• Loan in Indonesian rupiah[(1)]	24	(1)	23	—
• *Schuldschein* loans (German private placements)	123	1	123	5
• EMTN due 2027	600	5	600	—
TOTAL	**747**	**5**	**905**	**(1)**

(1) *The nominal amounts of the cross-currency swaps correspond to the non-exposed foreign currency leg, converted into euros using the December 31, 2024 exchange rates.*

Analysis of the Group's net exposure

At the end of the reporting period, the Group's net interest rate position based on nominal values can be analyzed as follows:

2024

	Less than 1 year		1 to 5 years		More than 5 years		Total nominal amount		
(in millions of euros)	Fixed portion	Variable portion	Fixed portion	Variable portion	Fixed portion	Variable portion	Fixed portion	Variable portion	Total
Financial liabilities	1,910	272	3,413	377	1,090	—	6,413	649	7,062
Loans	—	—	(25)	—	—	—	(25)	—	(25)
Accrued interest	(32)	—	—	—	—	—	(32)	—	(32)
Cash and cash equivalents	(788)	(2,365)	—	—	—	—	(788)	(2,365)	(3,153)
NET POSITION BEFORE HEDGING	**1,090**	**(2,093)**	**3,388**	**377**	**1,090**	**—**	**5,568**	**(1,716)**	**3,852**
Derivative instruments	122	(122)	(600)	600	—	—	(478)	478	—
NET POSITION AFTER HEDGING	**1,212**	**(2,215)**	**2,788**	**977**	**1,090**	**—**	**5,090**	**(1,238)**	**3,852**

2023

	Less than 1 year		1 to 5 years		More than 5 years		Total nominal amount		
(in millions of euros)	Fixed portion	Variable portion	Fixed portion	Variable portion	Fixed portion	Variable portion	Fixed portion	Variable portion	Total
Financial liabilities	2,010	6	3,485	603	950	45	6,445	654	7,099
Loans	—	—	—	—	—	—	—	—	—
Accrued interest	(26)	—	—	—	—	—	(26)	—	(26)
Cash and cash equivalents	(385)	(2,640)	—	—	—	—	(385)	(2,640)	(3,025)
NET POSITION BEFORE HEDGING	**1,599**	**(2,634)**	**3,485**	**603**	**950**	**45**	**6,034**	**(1,986)**	**4,048**
Derivative instruments	—	—	(477)	477	—	—	(477)	477	—
NET POSITION AFTER HEDGING	**1,599**	**(2,634)**	**3,008**	**1,080**	**950**	**45**	**5,557**	**(1,509)**	**4,048**

Financial liabilities mainly include the nominal amount of long-term debt, short-term financing, lease liabilities and bank overdrafts.

Analysis of sensitivity to interest rate risk

At December 31, 2024, almost all long-term debt was at fixed rates. Fixed-rate debt carried at amortized cost is not included in the calculation of sensitivity to interest rate risk. The Group's exposure to interest rate risk therefore arises solely on its variable-rate debt.

The table below shows the pre-tax impact on income and other comprehensive income of a sudden 1% rise in the interest rates applied to variable-rate financial assets and liabilities, after hedging:

	December 31, 2024		December 31, 2023	
(in millions of euros)	Income Gain (loss)	Equity Gain (loss)	Income Gain (loss)	Equity Gain (loss)
Impact of a 1% rise in interest rates	(12)	—	(15)	—

At December 31, 2024, a sudden 1% fall in interest rates would have had a favorable impact for the same amount.

9.1.5 Other financial assets and liabilities

Other financial assets and liabilities mainly comprise the following current and non-current items:

- guarantee deposits, valued at amortized cost;
- derivative financial instruments (see Note 9.1.4, pages 408 to 413);
- long-term investments.

Long-term investments primarily include investments in non-consolidated companies and mutual funds, which are measured at fair value.

Changes in the fair value of investments in non-consolidated companies are recorded in the statement of income, unless the investment is neither held for trading nor contingent consideration is recognized by an acquirer as part of a business combination. In such cases, the Group may make an irrevocable election at initial recognition of each investment to present subsequent changes in fair value in other comprehensive income, and dividend income in the statement of income. Once this election has been made, unrealized gains and losses recognized in other comprehensive income may not subsequently be recycled to the statement of income, even in the event of disposal of the related investment.

The election described above for equity instruments is not available for mutual funds. Accordingly, changes in fair value are recognized under other financial income and expenses in the consolidated statement of income.

The fair value of securities listed on an active market is their stock market value.

Long-term investments totaled 312 million euros at end-December 2024 and can be analyzed as follows:

(in millions of euros)	2024	2023
LONG-TERM INVESTMENTS AT JANUARY 1	**321**	**366**
Acquisitions	—	9
Disposals	(1)	—
Changes in scope	(2)	—
Changes in fair value recognized in equity	—	(1)
Changes in fair value recognized in income	(2)	(33)
Dividends paid by Company mutual funds	(9)	(13)
Translation adjustment	5	(7)
LONG-TERM INVESTMENTS AT DECEMBER 31	**312**	**321**

They mainly comprise investments in the following companies:

(in millions of euros)	December 31, 2024	December 31, 2023
Hubei Cathay China	54	52
Hubei Cathay China II	20	20
Sino-French Innovation Fund (Cathay)	78	80
Sino-French Innovation Fund II (Cathay)	30	31
Sino-French Innovation Fund III (Cathay)	30	29
Iris Capital	24	28
Aledia	20	20
Other long-term investments(1)	56	61
LONG-TERM INVESTMENTS AT DECEMBER 31	**312**	**321**

(1) Other investments in investment funds and in companies over which Valeo exercises neither control nor significant influence with an individual value of no more than 20 million euros.

9.1.6 Accounts and notes payable

Accounts and notes payable are initially recognized at fair value and subsequently carried at amortized cost. The fair value of accounts and notes payable is deemed to be their nominal amount, since payment periods are generally less than three months.

A reverse factoring program is available to Valeo's suppliers worldwide. Under the program, participating suppliers can sell receivables owed to them by Valeo to a financial institution ("factor") before their due date. Relations between the parties are structured based on two separate agreements:

- Valeo's suppliers enter into an agreement with the factor under which they may sell to them the amounts owed from Valeo. The decision to sell receivables is entirely at the discretion of the suppliers, who bear the financial cost;
- Valeo enters into an agreement under which it pays the factor for amounts owed under supplier invoices at the date they fall due.

Receivables acquired by the factor through this program are allocated to a syndicate of several financial institutions (four at December 31, 2024), including the factor.

Two local reverse factoring programs are also available to Group suppliers in Japan.

Given the characteristics of these programs, the sale of these accounts and notes payable does not change the substance of the liabilities concerned. As such, all amounts included in these programs are presented under accounts and notes payable, whether or not they have been sold.

At December 31, 2024, the liabilities concerned broke down as follows:

(in millions of euros)	2024	2023
Accounts and notes payable for which suppliers have signed up to reverse factoring agreements	864	929
O/w payables sold to the factor by suppliers	*471*	*511*
Other operating payables	4,518	4,520
ACCOUNTS AND NOTES PAYABLE	**5,382**	**5,449**

At end-2024, days payable outstanding for accounts and notes payable stood at approximately 120 days for the Group as a whole. For suppliers who have signed up to reverse factoring agreements, days payable outstanding stood at around 10 days longer. These payment times are broadly unchanged compared with December 31, 2023.

9.2 Financial income and expenses

Net financial income comprises interest income, interest expense (cost of net debt) and other financial income and expenses.

Cost of net debt

Interest expense mainly corresponds to interest recognized on debt, while interest income corresponds to interest earned on cash and cash equivalents.

Other financial income and expenses

Other financial income and expenses notably include:

- the ineffective portion of gains and losses on interest rate hedging transactions;
- gains and losses on foreign exchange transactions or non-ferrous metals purchases that do not meet the definition of hedges of financial instruments;
- the cost of credit insurance and write-downs taken in respect of credit risk and losses on bad debts in the event of client default;
- the net interest cost arising on provisions for pensions and other employee benefits, which includes the impact of unwinding the discount on the obligations to take into account the passage of time, and financial income related to the expected return on plan assets;
- changes in the fair value of long-term investments held for trading.

(in millions of euros)	2024	2023
Cost of gross debt(1)	(363)	(340)
Interest income on cash and investments	112	97
COST OF NET DEBT	**(251)**	**(243)**
Net interest cost on provisions for pensions and other employee benefits(2)	(31)	(30)
Currency gains (losses)	3	14
Gains (losses) on commodity derivatives (ineffective portion)	—	—
Gains (losses) on interest rate derivatives (ineffective portion)	—	(1)
Gains (losses) on long-term investments held for trading(3)	(2)	(33)
Other(4)	(4)	3
OTHER FINANCIAL INCOME AND EXPENSES	**(34)**	**(47)**
NET FINANCIAL INCOME (EXPENSE)	**(285)**	**(290)**

(1) Including, in 2024, finance costs for 4 million euros on undrawn credit lines, interest on lease liabilities for 27 million euros and financial expenses for 15 million euros arising on discounting arrangements for accounts and notes receivable and amounts receivable under French research tax credits.
(2) See Note 6.3.4, page 384.
(3) See Note 9.1.5, page 414.
(4) Of which a 4 million euro expense related to hyperinflation in Turkey.

The cost of net debt was 251 million euros in 2024, an increase of 8 million euros compared with 2023.

NOTE 10 INCOME TAXES

10.1 Income taxes

Income tax expense includes current income taxes and deferred taxes of consolidated companies.

Taxes relating to items reported directly in other comprehensive income are also reported in other comprehensive income and not in the statement of income.

Effective from January 1, 2024, the Group is subject to the "Global Anti-Base Erosion Rules" (the "GloBE Rules"), which provide for a minimum tax rate of 15% in each of the jurisdictions in which it operates.

10.1.1 Breakdown of income tax expense

	2024	2023
Current taxes	(217)	(244)
Deferred taxes	118	90
INCOME TAXES	**(99)**	**(154)**

The Group recognized an income tax expense of 99 million euros for 2024, corresponding to an effective tax rate of 30.8%. This income tax expense includes, in particular, 5 million euros recognized under the Pillar Two global minimum tax rules.

10.1.2 Tax proof

(in millions of euros)	2024	2023
INCOME BEFORE INCOME TAXES EXCLUDING SHARE IN NET EARNINGS OF EQUITY-ACCOUNTED COMPANIES	**321**	**437**
Standard tax rate in France	25.83%	25.83%
THEORETICAL INCOME TAX (EXPENSE)/BENEFIT	**(83)**	**(113)**
Impact of:		
• Unrecognized deferred tax assets and unused tax losses (current year)	(53)	(153)
• Recognition of previously unrecognized deferred tax assets	48	73
• Other income tax rates	3	43
• Utilization of prior-year tax losses	26	23
• Permanent differences between accounting income and taxable income	(43)	(27)
• Tax credits	6	5
• *Cotisation sur la valeur ajoutée des entreprises* (CVAE)	(3)	(5)
GROUP INCOME TAX (EXPENSE)/BENEFIT	**(99)**	**(154)**
Effective tax rate	30.8%	35.2%

The tax expense at December 31, 2024 takes into account the recognition of deferred tax assets in China for 40 million euros and an increase in deferred tax assets in Romania for 8 million euros.

The Group considers that the *cotisation sur la valeur ajoutée des entreprises* (CVAE) tax on company value-added meets the definition of income tax set out in IAS 12. Income tax in 2024 therefore includes a net expense of 3 million euros in respect of the CVAE tax (5 million euros in 2023).

The favorable 3 million euro impact relating to tax rates that are different from the standard tax rate breaks down as follows:

Country	Current tax rate(1)	2024	2023
China	25.0%	(1)	19
Brazil	34.0%	(2)	(6)
Japan	31.7%	(1)	(3)
Ireland	12.5%	3	4
Poland	19.0%	(1)	4
Hungary	9.0%	8	4
Czech Republic	21.0%	8	2
South Korea	24.2%	13	2
Morocco	8.8%	—	1
United States	21.0%	6	6
Germany	27.8%	(26)	13
Other countries	n.a.	(4)	(3)
TOTAL		**3**	**43**

(1) The current tax rate shown is the effective tax rate at the end of the reporting period. The tax rate used to calculate deferred taxes takes into account any changes adopted in the tax rate for the coming years.

10.2 Deferred taxes

Deferred taxes are accounted for using the liability method for all temporary differences between the tax base and the carrying amount of assets and liabilities in the consolidated financial statements, and for all tax loss carryforwards.

The main temporary differences relate to tax loss carryforwards, provisions for pensions and other employee benefits, other temporarily non-deductible provisions and capitalized development expenditure. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply when the temporary differences reverse, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are only recognized to the extent that it appears probable that Valeo will generate future taxable profits against which these tax assets will be able to be recovered. The Group reviews the probability of future recovery of deferred tax assets on a periodic basis for each tax entity. This review can, where appropriate, lead the Group to derecognize deferred tax assets that it had recognized in prior years. The probability of recovery is assessed using the approach deemed most appropriate in light of the entity's legal and tax organization, tax history and projected taxable earnings outlook.

Each entity or tax consolidation group assesses the recoverability of its tax loss carryforwards annually using future taxable profit projections covering a period of five years, prepared on the basis of medium-term business plans drawn up by Group entities and approved by General Management. Where an entity or tax consolidation group reports a net deferred tax asset position, tax loss carryforwards may generally be recognized in the statement of financial position for a maximum period of five years. Taxes payable and tax credits receivable on planned dividend distributions by subsidiaries are recorded in the statement of income.

Deferred tax assets and liabilities are offset when a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities concern income taxes levied by the same taxation authority. In France, Valeo has elected for tax consolidation. The tax group includes the parent company and its principal French subsidiaries that are eligible for tax consolidation. Valeo has also elected for tax consolidation for its subsidiaries in other countries where this is permitted by local legislation (Germany, Spain, the United Kingdom and the United States).

Deferred taxes broken down by temporary differences are shown below:

(in millions of euros)	December 31, 2024	December 31, 2023
Loss carryforwards	1,670	1,576
Capitalized development expenditure	(431)	(339)
Pensions and other employee benefits	163	178
Other provisions	164	189
Inventories	133	112
Provisions for restructuring costs	46	7
Tooling	2	2
Non-current assets	101	21
Other	271	281
TOTAL DEFERRED TAXES, GROSS	**2,119**	**2,027**
Unrecognized deferred tax assets	(1,427)	(1,470)
TOTAL DEFERRED TAXES	**692**	**557**
Of which:		
Deferred tax assets	740	603
Deferred tax liabilities	(48)	(46)

At December 31, 2024, the main countries for which deferred tax assets were recognized in the statement of financial position for tax loss carryforwards are as follows:

(in millions of euros)	Loss carryforwards	Potential tax saving
United States	251	53
Germany[(1)]	632	175
Brazil	165	26
Czech Republic	105	12
MAIN COUNTRIES	**1,153**	**266**
Other countries		101
DEFERRED TAX ASSETS RECOGNIZED FOR TAX LOSS CARRYFORWARDS		**367**

(1) Tax loss carryforwards are recognized up to the amount of deferred tax liabilities.

At December 31, 2024, deferred tax assets not recognized by the Group can be analyzed as follows:

(in millions of euros)	Tax basis	Potential tax saving
Tax losses available for carryforward from 2025 through 2028	247	(40)
Tax losses available for carryforward in 2029 and thereafter	214	(39)
Tax losses available for carryforward indefinitely	6,073	(1,223)
CURRENT TAX LOSS CARRYFORWARDS	**6,534**	**(1,302)**
Unrecognized deferred tax assets on temporary differences		(125)
TOTAL		**(1,427)**

NOTE 11 STOCKHOLDERS' EQUITY AND EARNINGS PER SHARE

11.1 Stockholders' equity

11.1.1 Change in share capital

11.1.1.1 Change in the number of shares outstanding

The number of shares outstanding and the number of treasury shares held at December 31, 2024 can be analyzed as follows:

	2024	2023
NUMBER OF SHARES OUTSTANDING AT JANUARY 1	**243,921,120**	**241,116,367**
Number of treasury shares purchased/sold under the liquidity agreement(1) or delivered following the exercise of free shares granted	1,230,883	1,673,193
Number of shares purchased under the share buyback program(2)	(2,175,683)	—
Number of shares issued under employee share ownership plans: Shares4U(3)	—	1,131,560
NUMBER OF SHARES OUTSTANDING AT DECEMBER 31	**242,976,320**	**243,921,120**
Number of treasury shares held by the Group	1,657,184	712,384
NUMBER OF SHARES REPRESENTING THE COMPANY'S SHARE CAPITAL AT DECEMBER 31(4)	**244,633,504**	**244,633,504**

(1) See Note 11.1.1.2, page 419.
(2) See Note 11.1.1.3, page 419.
(3) As part of the Shares4U 2023 plan, a 16 million euro capital increase reserved for employees took place on November 15, 2023, issuing 1,131,560 new shares, each with a par value of 1 euro. This plan allows employees to subscribe to Valeo shares directly or through a Company mutual fund, at a subscription price set on September 15, 2023 by the Group's Chief Executive Officer, acting on the authority of the Board of Directors, at 14.24 euros. This gave rise to 15 million euros in additional paid-in capital.
(4) At December 31, 2024 and December 31, 2023, each share had a par value of 1 euro and was fully paid up.

11.1.1.2 Equity management

The Group seeks to maintain a solid capital base in order to retain the confidence of investors, creditors and the market, and to secure its future development. Its objective is to strike a balance between levels of debt and equity.

The Group may be required to buy back treasury shares on the market to cover its obligations with regard to free share and employee share ownership plans, as well as the liquidity agreement. The liquidity agreement, which is consistent with the Code of Ethics published by the French Association of Investment Firms *(Association Française des Entreprises d'Investissement – AFEI)*, was signed with an investment services provider on March 25, 2019. At December 31, 2024, 17,321,056 euros had been allocated to the liquidity agreement compared with 17,032,618 euros at December 31, 2023.

11.1.1.3 Share buyback program

Valeo requested the assistance of an investment services provider to meet certain objectives of its 2024 share buyback program as authorized by the Ordinary and Extraordinary Shareholders' Meeting of May 24, 2023.

Pursuant to the agreement signed on March 11, 2024, the parties agreed that the investment services provider would sell a certain quantity of Valeo shares to Valeo, which undertook to acquire them at term, within the limit of 25 million euros, at an average price determined in an objective and independent manner by the market during the full term of the agreement. This average price could not in any case exceed the maximum purchase price set by the Ordinary and Extraordinary Shareholders' Meeting of May 24, 2023.

Under the program, Valeo bought back a total of 2,175,683 shares. They have been allocated in full to cover the allotment of shares to employees under free share plans designed to involve them in the Company's growth, and the implementation of any Company savings plans.

The main features of the 2024 share buyback program are as follows:

	2024 program
Date agreement took effect	March 11, 2024
Expiration date	May 13, 2024
Maximum nominal amount of buyback *(in millions of euros)*	25
Treasury shares delivered *(in number of shares)*	2,175,683
Average share price *(in euros per share)*	11.49

11.1.2 Translation adjustment

Movements in the translation adjustment (attributable to the Group) in the year resulted in an unrealized gain of 101 million euros (unrealized loss of 336 million euros December 31, 2023). This gain primarily reflects the favorable impacts of the depreciation against the euro of the US dollar (120 million euros) and the Chinese renminbi (90 million euros). The gain is partially offset by the negative impact of the depreciation against the euro of the South Korean won, the Brazilian real and the Japanese yen.

11.1.3 Non-controlling interests

Changes in non-controlling interests can be analyzed as follows:

(in millions of euros)	2024	2023
NON-CONTROLLING INTERESTS AT JANUARY 1	**785**	**790**
Share in net earnings	72	79
Dividends paid	(42)	(33)
Changes in scope	6	2
Fair value adjustments to put options granted to holders of non-controlling interests(1)	(2)	(3)
Other movements	(11)	(4)
Translation adjustment	(12)	(46)
NON-CONTROLLING INTERESTS AT DECEMBER 31	**796**	**785**

(1) See Note 9.1.2.2, page 405.

Non-controlling interests can be analyzed as follows:

	Percentage interest held by non-controlling interests *(in %)*		Stockholders' equity attributable to non-controlling interests *(in millions of euros)*	
	December 31, 2024	December 31, 2023	2024	2023
Pyeong Hwa Company(1)	50.0	50.0	571	574
Ichikoh China Alliance entities	5.8	5.8	43	37
Other Ichikoh entities	38.8	38.8	150	148
Other individually non-material interests	n.a.	n.a.	32	26
NON-CONTROLLING INTERESTS			**796**	**785**

(1) Pyeong Hwa Company is the longstanding partner in Valeo Pyeong Hwa and Valeo-Kapec, particularly in South Korea.

11.2 Earnings per share

Basic earnings per share is calculated by dividing consolidated net income by the weighted average number of shares outstanding during the year, excluding the average number of shares held in treasury stock.

Diluted earnings per share is calculated by dividing consolidated net income by the weighted average number of shares outstanding during the year, plus the weighted average number of ordinary shares that would be outstanding had all the potentially dilutive ordinary shares been converted.

Stock options and free shares have a dilutive impact when their exercise price is below market price. This calculation method – known as the treasury stock method – serves to determine the "unpurchased" shares to be added to the shares of common stock outstanding for the purposes of computing the dilution.

	2024	2023
Net income for the year attributable to owners of the Company *(in millions of euros)*	162	221
Weighted average number of ordinary shares outstanding *(in thousands of shares)*	242,977	242,936
ATTRIBUTABLE BASIC EARNINGS PER SHARE *(IN EUROS)*	**0.67**	**0.91**

	2024	2023
Weighted average number of ordinary shares outstanding *(in thousands of shares)*	242,977	242,936
Potential dilutive effect from free shares *(in thousands)*	1,656	1,698
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES OUTSTANDING ADJUSTED FOR IMPACT OF DILUTIVE SHARES *(in thousands of shares)*	**244,634**	**244,634**
ATTRIBUTABLE DILUTED EARNINGS PER SHARE *(IN EUROS)*	**0.66**	**0.90**

NOTE 12 BREAKDOWN OF CASH FLOWS

12.1 Expenses (income) with no cash effect

Expenses and income with no cash effect can be analyzed as follows in 2024 and 2023:

(in millions of euros)	2024	2023
Depreciation, amortization and impairment of fixed assets	1,989	1,835
Net additions to (reversals from) provisions	(112)	(155)
Losses (gains) on sales of fixed assets	30	(2)
Expenses related to share-based payment	22	25
Losses (gains) on long-term investments	2	33
Losses (gains) on assets held for sale	—	9
Losses (gains) on previously held interests	(71)	1
Other losses (gains) with no cash effect	(25)	(31)
TOTAL	**1,835**	**1,715**

12.2 Change in working capital

Changes in the main components of working capital in 2024 and 2023 are shown in the table below:

(in millions of euros)	2024	2023
Inventories	251	(108)
Accounts and notes receivable and other operating receivables	186	(178)
Accounts and notes payable and other operating payables	55	564
TOTAL	**492**	**278**

The positive change in working capital in 2024 is chiefly due to lower inventory levels and higher contributions received from customers for product development. The Group also received a significant amount in insurance compensation in 2024, which had been recorded as accrued income at December 31, 2023.

Accounts and notes receivable falling due after December 31, 2024 for which substantially all risks and rewards have been transferred and which are no longer carried in assets in the statement of financial position are detailed in Note 5.2, pages 372 and 373 for accounts and notes receivable and in Note 5.5.2, page 376 for amounts receivable under French research and VAT tax credits.

12.3 Disposals of investments with loss of control, net of cash transferred

In 2024, the positive 211 million euro impact on the Group's net cash position corresponds mainly to the disposals of the Thermal Commercial Vehicles business (see Note 3.2.1.1, page 367) and PIAA Corporation (see Note 3.2.1.3, page 367).

In 2023, the positive impact of 38 million euros on the Group's net cash position corresponded mainly to the disposal of Ichikoh's Mirror business and of Kuantic.

12.4 Issuance and repayment of long-term debt

In 2024, the Group issued 850 million euros' worth of bonds maturing in 2030 (see Note 9.1.2.1, pages 402 to 405).

In parallel, in 2024 Valeo redeemed (i) the 700 million euros in notes issued in 2014 under the Euro Medium Term Note (EMTN) financing program, and (ii) 135 million euros in lease liabilities recognized in accordance with IFRS 16 – "Leases".

In 2023, issuances and repayments of long-term debt primarily corresponded to (i) the issuance of 600 million euros worth of bonds maturing in 2029, (ii) two bank loans taken out by the Group, representing an aggregate 150 million euros, (iii) the redemption of the 500 million euros worth of notes issued in 2017 under the Euro Medium Term Note (EMTN) financing program, and (iv) repayment of two tranches of the *Schuldschein* loan (German private placement) for a total amount of 336 million euros. Net payments of the principal portion of lease liabilities recognized in accordance with IFRS 16 – "Leases" amounted to 115 million euros.

12.5 Free cash flow and net cash flow

Free cash flow corresponds to net cash from operating activities (excluding changes in non-recurring sales of accounts and notes receivable) after taking into account acquisitions and disposals of intangible assets and property, plant and equipment and payments for the principal portion of lease liabilities. This indicator reflects the Group's ability to generate cash from its operations and is taken into account by General Management to define its investment strategy and financing policy.

Net cash flow corresponds to free cash flow less (i) cash flows in respect of investing activities, relating to acquisitions and disposals of investments and to changes in certain items shown in non-current financial assets, (ii) cash flows in respect of financing activities relating to share capital, dividends paid, treasury share purchases and sales, interest paid and received, loan issuance costs and premiums and acquisitions of investments without gain of control, and (iii) changes in non-recurring sales of accounts and notes receivable.

Free cash flow and net cash flow can be reconciled as follows with the consolidated statement of cash flows between 2024 and 2023:

(in millions of euros)	2024	2023
Gross operating cash flows	2,422	2,409
Income taxes paid	(227)	(225)
Changes in working capital	492	278
NET CASH FLOWS FROM OPERATING ACTIVITIES	**2,687**	**2,462**
Net payments for purchases of intangible assets and property, plant and equipment	(2,136)	(1,925)
Net payments for the principal portion of lease liabilities	(135)	(115)
Elimination of change in non-recurring sales of accounts and notes receivable[(1)]	65	(43)
FREE CASH FLOW	**481**	**379**
Change in non-recurring sales of accounts and notes receivable[(1)]	(65)	43
Net change in non-current financial assets	(27)	(11)
Acquisitions of investments with gain of control, net of cash acquired	—	—
Acquisitions of investments in associates and/or joint ventures	—	(8)
Disposals of investments with loss of control, net of cash transferred	211	38
Acquisitions of investments without gain of control	—	(2)
Dividends paid to owners of the Company and to non-controlling interests of consolidated subsidiaries	(139)	(127)
Capital increase in cash	—	16
Sale (purchase) of treasury stock	(25)	—
Net interest paid/received	(234)	(209)
NET CASH FLOW	**202**	**119**

(1) *Valeo carries out recurring and one-off sales of its accounts and notes receivable to banks. An agreement at a specific date is drawn up for one-off, or non-recurring, transactions of this type. An agreement spanning one or more years is drawn up for recurring transactions. Each contract is analyzed in light of IFRS 9 on the derecognition of financial assets in order to determine whether the risks and rewards inherent to ownership of the receivables has been transferred (see Note 5.2, pages 372 and 373).*

NOTE 13 FEES PAID TO THE STATUTORY AUDITORS

Fees paid to the Group's Statutory Auditors (excluding their network) and recognized in the consolidated statement of income for the Valeo parent company and the French subsidiaries, are as follows:

	Ernst & Young		Forvis Mazars SA	
(in millions of euros)	2024	2023	2024	2023
AUDIT				
Statutory audit, certification and review of the individual and consolidated financial statements	2.0	1.9	1.6	1.6
Certification of sustainability disclosures		—	0.5	—
Non-audit services	0.1	0.2	0.1	0.2
TOTAL FEES	**2.1**	**2.1**	**2.2**	**1.8**

Non-audit services provided by Ernst & Young et Autres and Forvis Mazars SA to the Group and the entities it controls generally correspond to (i) comfort letters in connection with bond issues, (ii) statements issued to validate information presented in expenditure reports relating to subsidized projects, and (iii) audits of the combined financial statements of some of the Group's operating structures.

NOTE 14 LIST OF CONSOLIDATED COMPANIES

Company	December 31, 2024		December 31, 2023	
	Consolidation method	% interest	Consolidation method	% interest
EUROPE				
FRANCE				
Valeo (parent company)				
DAV	FC	100	FC	100
Equipement 2	FC	100	FC	100
Equipement 11	FC	100	FC	100
SC2N	FC	100	FC	100
Valeo Bayen(3)	—	—	FC	100
Valeo Embrayages	FC	100	FC	100
Valeo Equipements Electriques Moteur(3)	—	—	FC	100
Valeo Bayen (formerly Valeo Finance)	FC	100	FC	100
Valeo Management Services	FC	100	FC	100
Valeo Matériaux de Friction(3)	—	—	FC	100
Valeo Comfort and Driving Assistance	FC	100	FC	100
Valeo Service	FC	100	FC	100
Valeo Electrification (formerly Valeo Systèmes de Contrôle Moteur)	FC	100	FC	100
Valeo Systèmes d'Essuyage	FC	100	FC	100
Valeo Systèmes Thermiques	FC	100	FC	100
Valeo Vision	FC	100	FC	100
Valeo eAutomotive France SAS(3)	—	—	FC	100
Valeo Power France (formerly Valeo Detection Systems)	FC	100	FC	100
Equipement 22	FC	100	FC	100
Valeo ExpertIn(1)	FC	50.1	—	—
SPAIN				
Valeo España, SAU	FC	100	FC	100
Valeo Service España, SAU	FC	100	FC	100
Valeo Termico, SAU	FC	100	FC	100
ITALY				
Valeo Service Italia, SpA	FC	100	FC	100
Valeo, SpA	FC	100	FC	100

FC: fully consolidated/EM: equity method (see Note 3.1.1, page 365).
(1) Creation during the year with no material impact on the consolidated financial statements.
(2) Disposals.
(3) Mergers and liquidations.
(4) These entities, which have been consolidated by the Valeo Group, have chosen to exercise their right under section 264 – sub-section 3 of the German Commercial Code (HGB) on exemption and preparation. The consolidated financial statements of Valeo include the financial statements of the identified entities. They will be published in the German Federal Gazette.

Company	December 31, 2024 Consolidation method	December 31, 2024 % interest	December 31, 2023 Consolidation method	December 31, 2023 % interest
GERMANY				
Valeo Auto-Electric GmbH[4]	FC	100	FC	100
Valeo GmbH[4]	FC	100	FC	100
Valeo Holding GmbH[4]	FC	100	FC	100
Valeo Klimasysteme GmbH[4]	FC	100	FC	100
Valeo Schalter und Sensoren GmbH[4]	FC	100	FC	100
Valeo Service Deutschland GmbH[4]	FC	100	FC	100
Valeo Wischersysteme GmbH[4]	FC	100	FC	100
Valeo Telematik und Akustik GmbH[4]	FC	100	FC	100
CloudMade Deutschland GmbH[2]	—	—	EM	50
Valeo Thermal Commercial Vehicles Germany GmbH[2]	—	—	FC	100
Valeo eAutomotive Germany GmbH[4]	FC	100	FC	100
Valeo eAutomotive BSAES Holding GmbH[4]	FC	100	FC	100
FTE Verwaltungs GmbH[4]	FC	100	FC	100
Valeo Powertrain GmbH[4]	FC	100	FC	100
FTE automotive systems GmbH[4]	FC	100	FC	100
FTE automotive Möve GmbH[4]	FC	100	FC	100
gestigon GmbH[4]	FC	100	FC	100
Asaphus Vision GmbH[2]	—	—	FC	100
Valeo Detection Systems GmbH[4]	FC	100	FC	100
UNITED KINGDOM				
Valeo (UK) Limited	FC	100	FC	100
Valeo Climate Control Limited	FC	100	FC	100
Valeo Engine Cooling UK Limited	FC	100	FC	100
Valeo Management Services UK Limited	FC	100	FC	100
Valeo Service UK Limited	FC	100	FC	100
Valeo Air Management UK Limited	FC	100	FC	100
CloudMade Holdings Limited[2]	—	—	EM	50
CloudMade Limited[2]	—	—	EM	50
IRELAND				
Connaught Electronics Limited	FC	100	FC	100
HI-KEY Limited	FC	100	FC	100
Valeo Ichikoh Holding Limited	FC	94	FC	94

FC: fully consolidated/EM: equity method (see Note 3.1.1, page 365).
(1) Creation during the year with no material impact on the consolidated financial statements.
(2) Disposals.
(3) Mergers and liquidations.
(4) These entities, which have been consolidated by the Valeo Group, have chosen to exercise their right under section 264 – sub-section 3 of the German Commercial Code (HGB) on exemption and preparation. The consolidated financial statements of Valeo include the financial statements of the identified entities. They will be published in the German Federal Gazette.

Company	December 31, 2024 Consolidation method	December 31, 2024 % interest	December 31, 2023 Consolidation method	December 31, 2023 % interest
BELGIUM				
Valeo Service Belgique	FC	100	FC	100
Valeo Vision Belgique	FC	100	FC	100
LUXEMBOURG				
Coreval	FC	100	FC	100
FINLAND				
Valeo Thermal Commercial Vehicles Finland Oy (Ltd)(2)	—	—	FC	100
NETHERLANDS				
Valeo Sub-Holdings C.V.	FC	100	FC	100
Valeo Holding Netherlands BV	FC	100	FC	100
Valeo International Holding BV	FC	100	FC	100
Lucia Technologies B.V.	FC	100	FC	100
CZECH REPUBLIC				
Valeo Autoklimatizace k.s.	FC	100	FC	100
Valeo Compressor Europe s.r.o.	FC	100	FC	100
Valeo Vymeniky Tepla s.r.o.	FC	100	FC	100
FTE automotive Czechia s.r.o.	FC	100	FC	100
Valeo Detection Systems s.r.o	FC	100	FC	100
SLOVAKIA				
FTE automotive Slovakia s.r.o.	FC	100	FC	100
POLAND				
Valeo Autosystemy SpZOO	FC	100	FC	100
Valeo Electric and Electronic Systems SpZOO	FC	100	FC	100
Valeo Service Eastern Europe SpZOO	FC	100	FC	100
Valeo eAutomotive Poland SpZOO(3)	—	—	FC	100
HUNGARY				
Valeo Auto-Electric Hungary LLC	FC	100	FC	100
Valeo eAutomotive Hungary Kft.	FC	100	FC	100
ROMANIA				
Valeo Lighting Injection SA	FC	100	FC	100
Valeo Sisteme Termice SRL	FC	100	FC	100
RUSSIA				
Valeo Technology Rus Limited Liability Company	FC	100	FC	100
Valeo Service Limited Liability Company	FC	100	FC	100

FC: fully consolidated/EM: equity method (see Note 3.1.1, page 365).

(1) Creation during the year with no material impact on the consolidated financial statements.

(2) Disposals.

(3) Mergers and liquidations.

(4) These entities, which have been consolidated by the Valeo Group, have chosen to exercise their right under section 264 – sub-section 3 of the German Commercial Code (HGB) on exemption and preparation. The consolidated financial statements of Valeo include the financial statements of the identified entities. They will be published in the German Federal Gazette.

Company	December 31, 2024 Consolidation method	December 31, 2024 % interest	December 31, 2023 Consolidation method	December 31, 2023 % interest
UKRAINE				
CloudMade Ukraine LLC[(2)]	—	—	EM	50
Spheros-Elektron TzOV[(2)]	—	—	EM	20
TURKEY				
Valeo Otomotiv Sanayi ve Ticaret AS	FC	100	FC	100
Valeo Ticari Tasitlar Termo Sistemleri AS[(2)]	—	—	FC	100
AFRICA				
TUNISIA				
DAV Tunisie SA	FC	100	FC	100
Valeo Embrayages Tunisie SA	FC	100	FC	100
Valeo Tunisie SA	FC	100	FC	100
MOROCCO				
Valeo Vision Maroc, SA	FC	100	FC	100
EGYPT				
Valeo Internal Automotive Software Egypt	FC	100	FC	100
Valeo Detection Systems LLC	FC	100	FC	100
SOUTH AFRICA				
Valeo Systems South Africa (Proprietary) Ltd	FC	51	FC	51
Valeo Thermal Commercial Vehicles South Africa (Pty) Ltd[(2)]	—	—	FC	100
Valeo Thermal Systems East London (Pty) Ltd	FC	51	FC	51
NORTH AMERICA				
UNITED STATES				
Valeo North America, Inc.	FC	100	FC	100
Valeo Radar Systems, Inc.	FC	100	FC	100
Detroit Thermal Systems LLC	EM	49	EM	49
CloudMade, Inc.[(2)]	—	—	EM	50
Valeo Thermal Commercial Vehicles North America, Inc.[(2)]	—	—	FC	100
Valeo Kapec North America, Inc.	FC	50	FC	50
Valeo Detection Systems Inc.[(3)]	—	—	FC	100

FC: fully consolidated/EM: equity method (see Note 3.1.1, page 365).
(1) Creation during the year with no material impact on the consolidated financial statements.
(2) Disposals.
(3) Mergers and liquidations.
(4) These entities, which have been consolidated by the Valeo Group, have chosen to exercise their right under section 264 – sub-section 3 of the German Commercial Code (HGB) on exemption and preparation. The consolidated financial statements of Valeo include the financial statements of the identified entities. They will be published in the German Federal Gazette.

Company	December 31, 2024 Consolidation method	December 31, 2024 % interest	December 31, 2023 Consolidation method	December 31, 2023 % interest
CANADA				
Valeo Canada, Inc.	FC	100	FC	100
MEXICO				
Delmex de Juarez, S de RL de CV	FC	100	FC	100
Valeo Sistemas Automotrices de México, SA de CV	FC	100	FC	100
Valeo Sistemas Electricos, SA de CV	FC	100	FC	100
Valeo Sistemas Electronicos, S de RL de CV	FC	100	FC	100
Valeo Termico Servicios, S de RL de CV(3)	—	—	FC	100
Valeo Mexico Tech Center, SA de CV	FC	100	FC	100
Valeo Thermal Commercial Vehicles Mexico, SA de CV(2)	—	—	FC	60
Valeo Telematica y Acustica, SA de CV	FC	100	FC	100
Valeo Kapec, SA de CV	FC	50	FC	50
FTE Mexicana, SA de CV	FC	100	FC	100
SOUTH AMERICA				
BRAZIL				
Valeo Sistemas Automotivos Ltda	FC	100	FC	100
Valeo climatizacao do Brasil – veiculos comerciais S/A(2)	—	—	FC	60
ARGENTINA				
Emelar Sociedad Anonima(2)	—	—	FC	100
Valeo Climatizacion de vehiculos comerciales SAS(2)	—	—	FC	100
COLOMBIA				
Spheros Thermosystems Colombia SAS(2)	—	—	FC	60
ASIA PACIFIC				
THAILAND				
Valeo Niles (Thailand) Co. Ltd	FC	100	FC	100
Valeo Siam Thermal Systems Co. Ltd	FC	74.9	FC	74.9
Valeo Comfort and Driving Assistance Systems (Thailand) Ltd	FC	100	FC	100
Ichikoh Industries (Thailand) Co. Ltd	FC	61.2	FC	61.2

FC: fully consolidated/EM: equity method (see Note 3.1.1, page 365).
(1) Creation during the year with no material impact on the consolidated financial statements.
(2) Disposals.
(3) Mergers and liquidations.
(4) These entities, which have been consolidated by the Valeo Group, have chosen to exercise their right under section 264 – sub-section 3 of the German Commercial Code (HGB) on exemption and preparation. The consolidated financial statements of Valeo include the financial statements of the identified entities. They will be published in the German Federal Gazette.

Company	December 31, 2024 Consolidation method	December 31, 2024 % interest	December 31, 2023 Consolidation method	December 31, 2023 % interest
SOUTH KOREA				
Valeo Automotive Korea Co. Ltd	FC	100	FC	100
Valeo Electrical Systems Korea, Ltd	FC	100	FC	100
Valeo Pyeong HWA Co. Ltd	FC	50	FC	50
Valeo Pyeong Hwa Automotive Components Co. Ltd	FC	50	FC	50
Valeo Pyeong HWA International Co. Ltd	FC	50	FC	50
Valeo Samsung Thermal Systems Co. Ltd	EM	50	EM	50
Valeo Pyeong HWA Metals Co. Ltd	EM	50	EM	49
Valeo Kapec Co. Ltd	FC	50	FC	50
Valeo PHC Co. Ltd	FC	50	FC	50
Valeo Detection Systems Korea Co. Ltd	FC	100	FC	100
Valeo PHC Thermal Systems Co. Ltd.	EM	50	EM	50
Valeo Mobility Korea Co. Ltd	FC	100	FC	100
INDONESIA				
PT Valeo AC Indonesia	FC	100	FC	100
PT VPH Asean Transmission	FC	50	FC	50
PT. Ichikoh Indonesia	FC	61.2	FC	61.2
MALAYSIA				
Valeo Malaysia SDN.BHD.	FC	100	FC	100
Ichikoh (Malaysia) SDN.BHD.	FC	42.8	FC	42.8
Valeo Malaysia CDA SDN.BHD.	FC	100	FC	100
UNITED ARAB EMIRATES				
Valeo Thermal Commercial Vehicles Middle East FZE(2)	—	—	FC	100
AUSTRALIA				
Valeo Service Australia Pty Ltd	FC	100	FC	100
Valeo Thermal Commercial Vehicles Australia Pty Ltd(2)	—	—	FC	100

FC: fully consolidated/EM: equity method (see Note 3.1.1, page 365).

(1) Creation during the year with no material impact on the consolidated financial statements.

(2) Disposals.

(3) Mergers and liquidations.

(4) These entities, which have been consolidated by the Valeo Group, have chosen to exercise their right under section 264 – sub-section 3 of the German Commercial Code (HGB) on exemption and preparation. The consolidated financial statements of Valeo include the financial statements of the identified entities. They will be published in the German Federal Gazette.

Company	December 31, 2024		December 31, 2023	
	Consolidation method	% interest	Consolidation method	% interest
JAPAN				
Ichikoh Industries Limited	FC	61.2	FC	61.2
Kyushu Ichikoh Industries Ltd	FC	61.2	FC	61.2
PIAA Corporation(2)	—	—	FC	61.2
Valeo Japan Co. Ltd	FC	100	FC	100
Valeo Kapec Japan K,K.	FC	50	FC	50
CloudMade Co. Ltd(2)	—	—	EM	50
CHINA				
Faw-Valeo Climate Control Systems Co. Ltd	EM	36.5	EM	36.5
Foshan Ichikoh Valeo Auto Lighting Systems Co. Ltd	FC	94.2	FC	94.2
Guangzhou Valeo Engine Cooling Co. Ltd	FC	100	FC	100
Huada Automotive Air Conditioner (Hunan) Co. Ltd	FC	66	FC	66
Nanjing Valeo Clutch Co. Ltd	FC	37.5	FC	37.5
Shanghai Valeo Automotive Electrical Systems Co. Ltd	EM	50	EM	50
Shenyang Valeo Auto Lighting Co. Ltd	FC	94.2	FC	94.2
Shenyang Valeo Pyeong-Hwa Transmission Systems Co. Ltd	FC	50	FC	50
Taizhou Valeo Wenling Automotive Systems Company Ltd	FC	100	FC	100
Valeo Auto Parts Trading (Shanghai) Co. Ltd	FC	100	FC	100
Valeo Automotive Air Conditioning Hubei Co. Ltd	FC	100	FC	100
Valeo Kapec Torque Converters (Nanjing) Co. Ltd	FC	50	FC	50
Valeo Engine Cooling (Foshan) Co. Ltd	FC	100	FC	100
Valeo Compressor (Changchun) Co. Ltd	FC	100	FC	100
Valeo Friction Materials (Nanjing) Co. Ltd	FC	50	FC	50
Valeo Ichikoh (China) Auto Lighting Co. Ltd	FC	94.2	FC	94.2
Valeo Interior Controls (Shanghai) Co. Ltd	FC	100	FC	100
Valeo Interior Controls (Shenzhen) Co. Ltd	FC	100	FC	100
Valeo Lighting Hubei Technical Center Co. Ltd	FC	94.2	FC	94.2
Valeo Management (Shanghai) Co. Ltd	FC	100	FC	100
Valeo Comfort Driving Assistance Systems (Guangzhou) Co. Ltd	FC	100	FC	100

FC: fully consolidated/EM: equity method (see Note 3.1.1, page 365).

(1) Creation during the year with no material impact on the consolidated financial statements.

(2) Disposals.

(3) Mergers and liquidations.

(4) These entities, which have been consolidated by the Valeo Group, have chosen to exercise their right under section 264 – sub-section 3 of the German Commercial Code (HGB) on exemption and preparation. The consolidated financial statements of Valeo include the financial statements of the identified entities. They will be published in the German Federal Gazette.

Company	December 31, 2024		December 31, 2023	
	Consolidation method	% interest	Consolidation method	% interest
Valeo Shanghai Automotive Electric Motors & Wiper Systems Co. Ltd	FC	100	FC	100
Wuxi Valeo Automotive Components and System Co. Ltd	FC	100	FC	100
Changshu Valeo Automotive Wiper System Co. Ltd	FC	100	FC	100
Shanghai Valeo Pyeong Hwa International Co. Ltd	FC	50	FC	50
Valeo eAutomotive (Shenzhen) Co. Ltd	FC	100	FC	100
Valeo Automotive ePowertrain Systems (Shanghai) Co. Ltd	FC	100	FC	100
Valeo Bluepark Automotive E-Drive Systems (Changzhou) Co. Ltd	FC	60	FC	60
Foshan Valeo Electronic Auto Parts Co. Ltd	FC	100	FC	100
Valeo Thermal Commercial Vehicles System (Suzhou) Co. Ltd(2)	—	—	FC	100
Valeo Powertrain (Nanjing) Co. Ltd	FC	100	FC	100
Valeo Powertrain (Shanghai) Co. Ltd(3)	—	—	FC	100
Valeo ePowertrain (Tianjin) Co. Ltd	FC	100	FC	100
Valeo eAutomotive (Changshu) Co. Ltd	FC	100	FC	100
Fawer Valeo eAutomotive Parts Changshu	EM	49.5	EM	49.5
Valeo Power Technology (Nanjing) Co., Ltd. (formerly FTE automotive (Taicang) Co. Ltd)	FC	100	FC	100
Zhihui Valeo (Zhejiang) Auto Parts Co. Ltd	EM	20	EM	20
Valeo Mobility Systems (Shanghai) Co. Ltd	FC	100	FC	100
Valeo Detection Systems (Shenzhen) Co. Ltd	FC	100	FC	100
Valeo Special Products eAutomotive Lighting (Changshu) Co., Ltd. (1)	FC	100	—	—
INDIA				
Amalgamations Valeo Clutch Private Ltd	EM	50	EM	50
Valeo Friction Materials India Ltd	FC	60	FC	60
Valeo India Private Ltd	FC	100	FC	100
Valeo Motherson Thermal Commercial Vehicles India Ltd(2)	—	—	EM	51

FC: fully consolidated/EM: equity method (see Note 3.1.1, page 365).
(1) Creation during the year with no material impact on the consolidated financial statements.
(2) Disposals.
(3) Mergers and liquidations.
(4) These entities, which have been consolidated by the Valeo Group, have chosen to exercise their right under section 264 – sub-section 3 of the German Commercial Code (HGB) on exemption and preparation. The consolidated financial statements of Valeo include the financial statements of the identified entities. They will be published in the German Federal Gazette.

5.4.7 Statutory Auditors' report on the consolidated financial statements

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditor's report includes information required by French law, such as the verification of the management report and other documents provided to the shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

FORVIS MAZARS SA
Tour Exaltis
61, rue Henri Regnault
92075 Paris-La Défense Cedex
S.A. à directoire et conseil de surveillance
au capital de € 8.320.000
784 824 153 R.C.S. Nanterre

Commissaire aux Comptes
Membre de la compagnie régionale de Versailles et du Centre

ERNST & YOUNG et Autres
Tour First
TSA 14444
92037 Paris-La Défense Cedex
S.A.S à capital variable
438 476 913 R.C.S. Nanterre

Commissaire aux Comptes
Membre de la compagnie régionale de Versailles et du Centre

To the Shareholders of Valeo,

Opinion

In compliance with the engagement entrusted to us by your General Meeting of Shareholders, we have audited the accompanying consolidated financial statements of Valeo for the year ended 31 December 2024.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2024 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit and Risk Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from 1 January 2024 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in article 5(1) of Regulation (EU) No 537/2014 or in the French Code of Ethics for Statutory Auditors *(Code de déontologie de la profession de commissaire aux comptes)*.

Justification of Assessments – Key Audit Matters

In accordance with the requirements of articles L. 821-53 and R. 821-180 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Impairment testing of goodwill, cash generating units (CGUs), capitalized development costs and specific fixed assets

Risk identified

As at December 31, 2024, goodwill amounted to €3,086m and other tangible and intangible fixed assets to €8,421m, including €2,785m in net capitalized development costs.

Tangible and intangible assets with a specified useful life are impairment-tested when objective impairment indicators exist. Goodwill and intangible fixed assets that are not yet ready to be brought online are the subject of impairment testing as soon as impairment indicators appear and, in any event, at least once per year.

These tests are carried out at the division level, which corresponds to groups of cash generating units (CGU) for goodwill, or directly at CGU level for all property, plant and equipment and intangible assets, except for those which are unused, which are subject to a specific impairment test.

The conditions for the tests performed and the details of the assumptions used are presented in Note 7.4.1 to the consolidated financial statements.

During FY 2024, these tests were performed in an unsettled geopolitical and macroeconomic environment, marked notably by the delay of certain production startups by customers who are reconsidering their product offer, and demand impacted by uncertainties relating to the adoption of electric vehicles.

The impairment recognized by the Group after these tests, as well as the sensitivity tests, are presented in Notes 5.5.1.1, 5.5.1.2, 7.4.1, 7.4.2, 7.4.3. 7.4.4, 7.4.5 and 7.4.6 to the consolidated financial statements, specifically for capitalized development costs, the CGUs and goodwill.

We considered that the recoverable amount of the goodwill, the CGUs, capitalized development costs and specific fixed assets, which represent a significant amount, constitute a key audit matter as the valuation of the recoverable amount of these assets, based on the value of future discounted cash flows, relies on significant assumptions, estimates or judgements made by the company's Management.

Our response

We performed the following procedures:

- Analyzed the consistency of the definition of the CGUs with regard to the rules set out in IAS 36;
- Analyzed the existence of impairment indicators causing impairment testing of goodwill, the CGUs, development costs and specific fixed assets.

With the support of our valuation experts, for all impairment tests including the annual goodwill testing:

- Reconciled the carrying amount of each division and the assets of each CGU used for the tests with the consolidated financial statements, as well as the carrying amount of the capitalized development costs and specific fixed assets relating to contracts in progress;
- Analyzed the internal control procedures and Management's involvement to ensure the quality of the preparation of key information;
- Assessed the consistency of the cash flow projections with the most recent Management estimates as presented to the Board of Directors in the context of the preparation of a medium-term plan, the revised volume forecasts, and the agreements or negotiations with automobile builders;
- Analyzed business plans drawn up by the Management per division and per CGU when these plans present a significant impairment risk;
- Analyzed forecasts of volume and internal costs for projects that present an impairment risk;
- Analyzed the main valuation assumptions (discount rate and perpetual growth rate) which we compared to the amounts used by the main financial analysts;
- Reviewed the conditions of implementation and the methods used to value recoverable amounts and the arithmetic accuracy of the calculations made;
- Evaluated the impact of a variation in the discount rate and the main operational assumptions by means of sensitivity analyses.

Lastly, we reviewed the content of the information disclosed in Notes 7.4 and 5.5.1.2 to the consolidated financial statements concerning impairment of goodwill, CGU assets, capitalized development costs and specific fixed assets.

Assets and liabilities relating to specific quality risks

Risk identified

As at 31 December 2024, provisions for customer guarantees stood at €381m. They are intended to cover the estimated cost of future returns of products sold. They notably include provisions for specific quality risks.

Said provisions cover the costs relating to occasional situations which exceed the framework of the legal or contractual guarantees.

The estimated costs to be borne in the context of these specific quality risks are based on both historical data and probability calculations: the expected rates of return and estimated replacement/repair costs. The Group also analyzes the potential indemnities and records accrued income, net of any deductibles, if it is proven that some or all of the costs of implementing the guarantees is/are covered by your Group's insurance policies or by the suppliers concerned.

These provisions are discussed in Note 8.1 to the consolidated financial statements.

We considered the valuation of assets and liabilities relating to specific quality risks to be a key audit matter as this valuation requires your company's Management to make significant estimates and judgements.

Our response

We familiarized ourselves with the process for identifying the specific quality risks and for valuing the provisions and the corresponding accrued income.

Our work also consisted in:

- Analyzing the valuation methodology used by the Group;
- Verifying the completeness of the provisions for specific quality risks by interviewing managers from the divisions' quality departments and the site financial controllers, and by analyzing the Group's internal reporting;
- Analyzing the assumptions used to determine the provisions for specific quality risks, notably by considering the summary notes prepared by the divisions' quality departments summarizing the main causes, as well as the main scenarios for correcting the technical problems identified;
- Familiarizing ourselves with the Group's insurance policy and the policies in place, by interviewing the Group's insurance department manager;
- Evaluating the available documentation, in particular the exchanges between the Group and its customers, as well as the exchanges between the Group and its insurers and/or providers to assess the existence and documented nature of the compensation expected when accrued income is recognized;
- Interviewing the site financial controllers and the finance departments at division level to assess the main assumptions underlying the risk estimates and the corresponding accrued income where applicable.

Lastly, assessing the content of the information disclosed in Note 8.1 to the consolidated financial statements concerning specific quality risks.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the information relating to the Group given in the Board of Directors' management report.

We have no matters to report as to their fair presentation and their consistency with the consolidated financial statements.

Report on Other Legal and Regulatory Requirements

Format of presentation of the consolidated financial statements to be included in the annual financial report

In accordance with the professional standards applicable to the statutory auditors' procedures for annual and consolidated financial statements presented according to the European single electronic report format, we have also verified that the presentation of the consolidated financial statements to be included in the annual financial report referred to in Article L. 451-1-2, I of the French Monetary and Financial Code *(Code monétaire et financier)* and prepared under the responsibility of the Chief Executive Officer complies with the format defined by Delegated Regulation (EU) 2019/815 of 17 December 2018. As it relates to the consolidated financial statements, our work included verifying that the tagging in the financial statements comply with the format defined by the aforementioned Regulation.

On the basis of our work, we conclude that the presentation of the consolidated financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

It is not our responsibility to ensure that the consolidated financial statements to be included by Valeo in the annual financial report filed with the AMF (French Financial Markets Authority) correspond to those on which we carried out our work.

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Valeo by the Annual General Meeting held on 3 June 2010.

As at 31 December 2024, both our firms were in their fifteenth year of total uninterrupted engagement.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the company or to cease operations.

The Audit and Risk Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and Audit Approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in article L. 821-55 of the French Commercial Code *(Code de commerce)*, our statutory audit does not include assurance on the viability of the company or the quality of management of the affairs of the company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.;
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the consolidated financial statements;
- Assesses the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit and Risk Committee

We submit a report to the Audit and Risk Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit and Risk Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit and Risk Committee with the declaration provided for in article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by articles L. 821-27 to L. 821-34 of the French Commercial Code (Code de commerce) and in the French Code of Ethics for Statutory Auditors *(Code de déontologie de la profession de commissaire aux comptes)*. Where appropriate, we discuss with the Audit and Risk Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense, 27 February 2025

The Statutory Auditors

(French original signed by)

FORVIS MAZARS SA		**ERNST & YOUNG et Autres**	
Emmanuelle Bertuzzi	Olivier Lenel	Philippe Berteaux	Guillaume Rouger

5.5 Analysis of Valeo's results AFR

Valeo is a European Company (*Societas Europaea*) providing holding and cash management services for the Group. It holds financial investments that give it direct or indirect control over the Group's companies and is the head of the tax consolidation group in France. Valeo also implements the financing policy and centralizes the management of the market risks to which the Group's subsidiaries are exposed.

Analysis of earnings

Valeo reported a net operating loss of 8 million euros in 2024, compared with a net operating loss of 52 million euros in 2023. This change is mainly due to the impacts of (i) movements in provisions for free share plans (20 million euros), (ii) a reduction in other purchases and external charges (10 million euros), and (iii) a decrease in debt issuance fees (8 million euros).

Net financial income came in at 175 million euros for 2024, lower than in 2023 (235 million euros). This decrease was mainly due to a reduction in dividends received by the Company, which totaled 136 million euros, compared with 210 million euros for the previous year. The 2024 amount includes dividends of 80 million euros from Valeo International Holding BV (VIHBV) (versus 140 million euros in 2023), 28 million euros from Valeo Bayen, 23 million euros from South Korean subsidiaries and 5 million euros from Indian subsidiaries. Net financial income also includes a 15 million euro net reversal of provisions for impairment in value of subsidiaries and affiliates. Valeo's cash management activity generated net interest income of 39 million euros in 2024, compared with a net interest income of 3 million euros in the previous year. Other financial income and expenses amounted to 15 million euros, versus 24 million euros in 2023.

Non-recurring items represented a net expense of 1 million euros in 2024, compared with net income of 3 million euros in 2023.

The Group recorded an income tax benefit of 15 million euros in 2024 (higher than in 2023), arising on tax consolidation.

Net income came in at 181 million euros in 2024, compared with 194 million euros in 2023.

Analysis of the balance sheet

At December 31, 2024, Valeo's stockholders' equity stood at 4,327 million euros, an increase compared to the end-2023 figure of 4,243 million euros. This 84 million euro net rise mainly reflects the 2024 net income figure of 181 million euros, and the payment to shareholders of a 97 million euro dividend in May 2024 in respect of 2023 earnings. A dividend of 92 million euros was paid in 2023 in respect of 2022 earnings.

Analysis of cash and cash equivalents

Net changes in cash and cash equivalents represented a positive 257 million euros in 2024.

Net cash from operating activities decreased by 59 million euros in 2024 compared with 2023, due to a reduction in gross operating cash flows and a less favorable change in working capital.

Net cash from investing activities represented an inflow of 174 million euros in 2024, partly thanks to a 252 million euro net cash inflow from early repayments of loans granted to subsidiaries.

Net cash from financing activities represented an outflow of 61 million euros in 2024, reflecting (i) the 850 million euro bond issue carried out on April 11, 2024 to replace the 700 million euros' worth of bonds that matured in January 2024, (ii) a 123 million euro reduction in outstanding short-term debt with external counterparties (including Negotiable European Commercial Paper (NEU CP) and a bilateral loan), and (iii) the payment of a 97 million euro dividend to Valeo's shareholders.

Information on payment terms

At December 31, 2024, trade payables due by that date excluding accrued payables totaled 159 thousand euros. At December 31, 2023, trade payables due by that date totaled 74 thousand euros.

Pursuant to the provisions of Article D.441-4 of the French Commercial Code, details of payment terms for the Company's suppliers and customers are provided below and include outstanding incoming and outgoing invoices as of December 31, 2024.

Suppliers

	Article D.441 I – 1° of the French Commercial Code: Outstanding incoming invoices as at December 31, 2024					
(in thousands of euros)	**0 days (indicative)**	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91+ days**	**Total (1 day or more)**
(A) BY AGING CATEGORY						
Number of invoices	9	12	1	1	16	30
Total amount of invoices (incl. VAT)	2,946	130	1	2	26	159
Percentage of total amount of purchases over the period (incl. VAT)	5.6%	0.2%	—%	—%	—%	0.3%
(B) INVOICES EXCLUDED FROM (A) RELATING TO DISPUTED OR UNRECOGNIZED PAYABLES AND RECEIVABLES						
Number of invoices excluded	None					
Total amount of invoices excluded	None					
(C) STANDARD PAYMENT TERMS USED						
Payment terms used to calculate late payments	The contractual period does not exceed net 60 days for French suppliers					

Customers

	Article D.441 I – 2° of the French Commercial Code: Outstanding outgoing invoices as at December 31, 2024					
(in thousands of euros)	**0 days (indicative)**	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91+ days**	**Total (1 day or more)**
(A) BY AGING CATEGORY						
Number of invoices	6	1	—	—	—	1
Total amount of invoices (incl. VAT)	1,019	10	—	—	—	10
Percentage of total sales over the period (incl. VAT)	3.6%	—%	—%	—%	—%	—%
(B) INVOICES EXCLUDED FROM (A) RELATING TO DISPUTED OR UNRECOGNIZED PAYABLES AND RECEIVABLES						
Number of invoices excluded	None					
Total amount of invoices excluded	None					
(C) STANDARD PAYMENT TERMS USED						
Payment terms used to calculate late payments	Contractual and statutory terms of 0 to 60 days					

Non tax-deductible expenses

Valeo did not recognize any sumptuary expenses that were not deductible for tax purposes in 2024. No overheads were added back to income for tax purposes in 2024.

5.6 2024 parent company financial statements AFR

In accordance with Article 19 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017, the following information is incorporated by reference in this Universal Registration Document:

- the parent company financial statements and the Statutory Auditors' report for the year ended December 31, 2023, set out on pages 395 to 417 and 417 to 423 of the Universal Registration Document filed with the French financial markets authority (*Autorité des marchés financiers* – AMF) on March 30, 2023 under number D.23-0200.
- the parent company financial statements and the Statutory Auditors' report for the year ended December 31, 2022, set out on pages 434 to 457 and 457 to 463 of the Universal Registration Document filed with the French financial markets authority (*Autorité des marchés financiers* – AMF) on March 30, 2023 under number D.23-0200.

5.6.1 Income statement

(in millions of euros)	Notes	2024	2023
Provision reversals	*3.1.2*	36	36
Other operating income	*4.1.1*	33	26
Expense transfers	*4.1.2*	5	5
TOTAL OPERATING INCOME		**74**	**67**
Other purchases and external charges	*4.1.3*	(32)	(43)
Personnel expenses	*3.2*	(21)	(31)
Other taxes		(2)	(2)
Depreciation and amortization	*4.1.4*	(5)	(13)
Provisions	*3.1.2*	(22)	(30)
TOTAL OPERATING EXPENSES		**(82)**	**(119)**
OPERATING LOSS		**(8)**	**(52)**
Net financial income	*7*	175	235
INCOME BEFORE TAX AND NON-RECURRING ITEMS		**167**	**183**
Non-recurring income (expense)		(1)	3
Income tax	*8.2*	15	8
NET INCOME FOR THE YEAR		**181**	**194**

The Notes are an integral part of these financial statements.

5.6.2 Balance sheet

(in millions of euros)	Notes	December 31, 2024 Gross	December 31, 2024 Depr., amort. & impairment losses	December 31, 2024 Net	December 31, 2023 Net
ASSETS					
Intangible assets		—	—	—	—
Property, plant and equipment		5	(4)	1	1
Long-term financial assets	*5*	7,104	(68)	7,036	7,208
TOTAL NON-CURRENT ASSETS		**7,108**	**(72)**	**7,036**	**7,208**
Prepaid and recoverable taxes	*8.4/10.1*	20	—	20	16
Other operating receivables		19	—	19	12
Financial receivables	*6.1.4*	6,332	—	6,332	5,472
Marketable securities and cash and cash equivalents	*6.1.5*	2,475	—	2,475	2,545
Accrued assets	*4.2.2*	22	—	22	21
TOTAL CURRENT ASSETS		**8,868**	**—**	**8,868**	**8,066**
TOTAL ASSETS		**15,976**	**(72)**	**15,906**	**15,274**

(in millions of euros)	Notes	December 31, 2024	December 31, 2023
EQUITY AND LIABILITIES			
Share capital	*9.1*	245	245
Additional paid-in capital	*9.2*	1,588	1,588
Legal reserve		25	25
Untaxed reserves		4	4
Other reserves		263	263
Retained earnings		2,021	1,924
Net income for the year		181	194
STOCKHOLDERS' EQUITY	*9*	**4,327**	**4,243**
Provisions for contingencies arising on free share plans	*3.1.2*	69	83
Provisions for pensions and other employee benefits	*3.3*	—	—
Other provisions for contingencies and charges	*4.2.1*	10	19
PROVISIONS FOR CONTINGENCIES AND CHARGES		**79**	**103**
Long-term portion of long-term debt	*6.1.2*	4,421	4,604
Current portion of long-term debt	*6.1.2*	1,193	830
Short-term debt	*6.1.3*	625	748
Other short-term debt	*6.1.3*	5,040	4,506
Operating payables	*10.1*	20	33
Other payables	*8.5/10.1*	201	207
Accrued liabilities		—	—
TOTAL LIABILITIES		**11,500**	**10,928**
TOTAL EQUITY AND LIABILITIES		**15,906**	**15,274**

The Notes are an integral part of these financial statements.

5.6.3 Statement of cash flows

(in millions of euros)	**Notes**	**2024**	**2023**
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year		181	194
Expenses (income) with no cash effect:			
• depreciation and amortization/deferred charges		7	14
• net additions to impairment and provisions		(28)	(23)
• other expenses (income) with no cash effect		(1)	(5)
GROSS OPERATING CASH FLOWS		**159**	**180**
Changes in working capital:			
• operating receivables		(12)	(5)
• operating payables		(14)	12
• other receivables and payables		12	17
NET CASH FROM (USED IN) OPERATING ACTIVITIES		**145**	**204**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions, asset and liability transfer and capital increases in long-term financial assets	*5.2*	(78)	(36)
Change in loans and advances to subsidiaries and affiliates	*5.2*	252	784
Disposals and capital decreases in long-term financial assets	*5.2*	—	—
NET CASH FROM (USED IN) INVESTING ACTIVITIES		**174**	**748**
NET CASH GENERATED (USED) BEFORE FINANCING ACTIVITIES		**319**	**952**
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	*9.4*	(97)	(92)
Change in share capital:			
• issuance of shares paid up in cash	*9.4*	—	16
Change in long-term debt:		—	—
• issuance of long-term debt	*6.1.3*	908	750
• repayment of long-term debt	*6.1.3*	(750)	(836)
Change in short-term debt	*6.1.4*	(123)	(310)
NET CASH FROM (USED IN) FINANCING ACTIVITIES		(61)	**(472)**
NET CHANGE IN CASH AND CASH EQUIVALENTS		**257**	**480**
Net cash and cash equivalents at beginning of year	***6.1.2***	**3,511**	**3,031**
Net cash and cash equivalents at end of year	***6.1.2***	**3,767**	**3,511**

The Notes are an integral part of these financial statements.

5.6.4 Notes to the parent company financial statements

NOTE 1 DESCRIPTION OF THE COMPANY

Valeo is a European Company (Societas Europaea) subject to French law, whose registration number (SIREN) is 552 030 967. The Company's registered office is at 100, rue de Courcelles, 75017 Paris, France.

Valeo is the parent company of the Valeo Group and the head of the tax consolidation group in France.

It acts as a holding company by holding financial investments, which give it direct or indirect control over the Group's companies.

It also implements the Group financing policy and ensures that its subsidiaries' financing requirements are covered. It centralizes the management of market risks (changes in interest rates, exchange rates and listed commodity prices) to which Valeo and its subsidiaries are exposed.

NOTE 2 ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of Valeo (the Company) have been prepared in accordance with Standard No. 2019-09 issued by the ANC on December 18, 2019. Assets and liabilities are measured at historical cost, contribution value or revalued amount. The accounting principles and policies applied in order to prepare the 2024 parent company financial statements are consistent with those used to prepare the 2023 financial statements.

Figures in the financial statements are presented in millions of euros and are rounded to the nearest million.

Preparation of the financial statements requires Valeo to make estimates and assumptions which could have an impact on the reported amounts of assets and liabilities for both the Company and its subsidiaries and affiliates. These estimates and assumptions concern risks specific to the automotive supply business as well as more general risks to which Group companies are exposed on account of their industrial and commercial operations around the globe. The Group based the medium-term business plans and budgets on projected data for the automotive market, as well as on its order intake and its outlook for new markets thanks to new technologies. These business plans and budgets were used to measure investments in subsidiaries and affiliates (when these measurements are based on subsidiaries' projected data). The medium-term business plan, used as the basis for impairment testing of investments, was prepared after taking into account the opportunities and uncertainties related to physical and transition risks associated with the consequences of climate change.

The medium-term business plan for 2025-2029 is underpinned by the following assumptions:

- global automotive production of 89.0 million light vehicles in 2025 and 93.6 million light vehicles in 2029, representing average annual growth of 0.9% for 2024-2029. This production assumption is consistent with those underlying several independent external forecasts and has been revised downwards slightly compared with the forecasts used in 2023 for the 2024-2028 medium-term business plan. At the end of the period covered by the new business plan, Asia and the Middle East should represent 60% of global production, Europe and Africa 20%, North America 16% and South America 4%;
- a growing share of electrification solutions in the Group's market and sales forecasts over the term of the medium-term business plan. Given recent postponements of production launches by customers, combined with demand being affected by uncertainty regarding take-up of electric vehicles, the Group has applied an assumption of less robust growth in sales of electrification solutions than in 2023;
- inflation assumptions based on (i) forecasts by a panel of banks and the International Monetary Fund for general price inflation, and (ii) internal estimates of market prices for raw materials, electronic components, energy and transportation. The medium-term business plan was prepared on the assumption that (i) raw materials, electronic components and transportation costs will remain high, with a moderate increase over the period 2025-2029, (ii) inflation in labor and energy costs will be high, and (iii) compensation will be obtained from customers for the increase in the cost of sales;
- exchange rate assumptions based on projections of a panel of banks at the time the business plan is drawn up. The exchange rates used for the main currencies featured in the business plan are 1 euro for: 1.16 US dollars, 8.13 Chinese renminbi, 151 Japanese yen, 1,405 South Korean won and 5.91 Brazilian real on average over the five years of the plan;
- Group sales were forecast based on the orders known at the time the business plan was drawn up and by reference to an estimate of the orders to be taken over the term of the business plan. The order book at December 31, 2024 already represents 69% of cumulative original equipment sales for the next five years, and around 46% of sales for the final year of the plan.

The estimates and assumptions used are revised on an ongoing basis. In light of the uncertainties inherent in any assessment, the final amounts reported in future financial statements may differ from the amounts resulting from these estimates.

2.2 Foreign currency translation

Transactions in foreign currencies are translated using the exchange rates prevailing at the transaction date.

Assets and liabilities denominated in foreign currencies are translated using the year-end exchange rate.

If no foreign currency hedges are in place, the differences resulting from the translation of foreign currency receivables and payables at the year-end exchange rate are recognized within accruals in the balance sheet. Provisions are recognized for unrealized foreign exchange losses at the year-end to the extent of the unhedged risk. If foreign currency hedges are in place (see Note 6.3, pages 451), the remeasurement of foreign currency assets and liabilities at the year-end exchange rate is offset by the gains and losses arising on the derivative instruments.

NOTE 3 PERSONNEL EXPENSES AND EMPLOYEE BENEFITS

3.1 Free shares

Some Valeo Group employees of its direct and indirect subsidiaries receive equity-settled compensation, consisting of free share plans. Substantially all costs relating to these plans are recognized in Valeo's financial statements.

The different types of plans in place within the Group and their respective accounting treatment are described below.

3.1.1 Equity-settled plans involving the issuance of new shares

No provision has been recognized in respect of these plans pursuant to Article 624-6 of the French General Chart of Accounts. Shares subscribed by employees within the scope of the plans described in Note 9.1, page 455 fall within this category.

3.1.2 Free share plans involving the delivery of existing shares

At the date of the decision by Valeo's Board of Directors to allot shares, the Company has an obligation that results in an outflow of resources on the date the shares are delivered to the beneficiaries, with no equivalent consideration expected in return.

To determine the provision amount, plans are classified into one of two categories: exercisable or non-exercisable plans.

Plans are considered to be non-exercisable when performance and presence conditions are highly unlikely to be met for free share plans.

In the case of exercisable plans, a provision is recognized for treasury shares set aside to cover these plans, corresponding to:

- the number of shares to be allotted; multiplied by
- the cost of the shares at the date they are allocated to the plan.

When the vesting of free shares is explicitly dependent on the grantee remaining employed by Valeo over a certain future period ("vesting period"), the provision is recognized on a straight-line basis over this vesting period.

However, when the beneficiaries are employees of other Group companies, Valeo recognizes the entire expense when the decision to award the plan is made.

The amount of the provision recognized changes depending on whether or not treasury shares have been allocated to the relevant free share plans. These treasury shares are recognized within marketable securities in the balance sheet (see Note 6.1.6, page 450) at their repurchase price. When they are allocated to specific plans as from the acquisition date, the value of the shares in the balance sheet continues to be their repurchase price, until they are delivered to the beneficiaries: no impairment is therefore recognized if their acquisition price moves above their market price.

More generally, amounts set aside to these provisions for contingencies and charges are shown on the "Provisions" line within operating income for beneficiaries who are employees of other Group companies. When the shares are delivered to their beneficiaries, i.e., employees of other Group companies, the provision is reversed for the corresponding amount on the "Provision reversals" line within operating income. However, movements in these provisions for contingencies and charges are recorded under "Other personnel expenses" for beneficiaries who are employees of the Company, in the same way as the net carrying amount of the shares delivered. The balance of provisions recognized in respect of these plans is shown under "Provisions for contingencies arising on free share plans" in the balance sheet.

Movements in these provisions and in personnel expenses relating to the plans are set out below.

Terms and conditions of free share plans

The terms and conditions of the shareholder-approved free share plans for Valeo Group employees at December 31, 2024 were as follows:

Year in which plan was set up	Number of free shares authorized	*Of which subject to conditions*[(1)]	December 31, 2024	Year of vesting[(2)]
2020	2,342,306	*1,134,116*	248,389	2023/2025
2021	2,070,829	*904,339*	350,891	2024/2026
2022	2,308,057	*1,143,042*	1,979,374	2025/2027
2023	2,794,057	*1,295,347*	2,536,100	2026
2024	2,925,243	*1,861,311*	2,884,419	2027
TOTAL	**12,440,492**	***6,338,155***	**7,999,173**	

(1) These free shares are subject to the Group meeting performance conditions over the three years following their allotment.
(2) For the 2020 to 2021 plans, only free shares allotted to the former Chairman of the Board of Directors and to the Chief Executive Officer are subject to a two-year holding period. As from the 2022 plan, this holding period applies to free shares granted to the Chief Executive Officer.

Provisions for contingencies arising on free share plans

Movements in provisions for contingencies arising on free share plans in 2023 and 2024 were as follows:

(in millions of euros)	2024	2023
PROVISIONS AT JANUARY 1	**83**	**90**
Utilizations	(18)	(28)
Reversals	(18)	(9)
Additions	22	30
Other movements	—	—
PROVISIONS AT DECEMBER 31	**69**	**83**
Of which current portion	19	19

The 18 million euro provision utilization in 2024 mainly reflected the delivery of shares (i) to beneficiaries under the entire 2021 free share plan, and (ii) shares to non-French beneficiaries under the 2019 Shares4U plan. Unused reversals amounted to 18 million euros and related to the fall in the share price. In 2024, virtually all utilizations and reversals of provisions are recorded in the income statement under "Provision reversals".

The portion recorded under "Other personnel expenses" represents less than one million euros.

The 28 million euro provision utilization in 2023 mainly reflected the delivery of shares (i) to beneficiaries under the entire 2020 free share plan, and (ii) shares to non-French beneficiaries under the 2018 Shares4U plan.

3.2 Personnel expenses

(in millions of euros)	2024	2023
Employee compensation	(3)	(3)
Other personnel expenses	(18)	(28)
PERSONNEL EXPENSES	**(21)**	**(31)**

3.2.1 Employee compensation

This item includes compensation awarded to Valeo's Chairman and Valeo's Chief Executive Officer (see Note 3.4, page 444).

3.2.2 Other personnel expenses

In 2024, the Company delivered 1,209,183 shares, mainly 945,135 shares under the 2021 free share plan, and 231,105 shares under the 2019 Shares4U plan. The Company recognized an expense of 18 million euros and the provision set aside in respect of settled plans was also utilized in the same amount.

In 2023, the Company delivered 1,694,893 shares, mainly 1,462,425 shares under the 2020 free share plan, and 170,446 shares under the 2018 Shares4U plan. Valeo recognized an expense of 28 million euros corresponding to the net carrying amount of the treasury shares delivered in the year (see Note 3.1.2, pages 443 to 444). The provision set aside in respect of settled plans was also utilized in an amount of 28 million euros.

3.3 Provisions for pensions and other employee benefits

The Company accounts for its pension obligations in accordance with ANC Recommendation No. 2013-02 of November 7, 2013, as amended by the opinion dated November 5, 2021 on the measurement and recognition of pension and other employee benefit obligations.

These pension obligations solely correspond to supplementary pension benefits payable to former employees. No additional entitlement to these benefits was therefore recognized in 2023 or 2024.

These obligations are calculated on an actuarial basis at the end of each reporting period. The calculations were made using an annual discount rate of 3.40% at December 31, 2024 and 3.20% at December 31, 2023.

The provision amounted to 0.5 million euros at both December 31, 2024 and December 31, 2023.

3.4 Other information

	2024	2023
Headcount at December 31	2	3
Compensation granted to the corporate officers (*in thousands of euros*)	(3,063)	(3,437)
Compensation granted to directors (*in thousands of euros*)(1)	(1,023)	(957)

(1) Compensation granted to directors is recorded on the "Other purchases and external charges" line in the income statement.

NOTE 4 OTHER OPERATING ITEMS

4.1 Other operating income items

4.1.1 Other operating income

(in millions of euros)	2024	2023
Trademark license fees	22	20
Other	10	6
OTHER OPERATING INCOME	**33**	**26**

Trademark license agreements, under which Valeo allows some of its French subsidiaries to benefit from the Group's expertise, values, business model and processes, generated income of 22 million euros in 2024.

The amount recorded under "Other" corresponds to rebillings to subsidiaries.

4.1.2 Expense transfers

Expense transfers represented 5 million euros in 2024 and mainly related to fees on the 850 million euro bond issued in the first half of 2024. Expense transfers represented 5 million euros in 2023 and mainly related to fees on the 600 million euro bond issued in the last quarter of 2023.

4.1.3 Other purchases and external charges

(in millions of euros)	2024	2023
Deferred charges	(5)	(5)
Other external charges	(27)	(38)
OTHER PURCHASES AND EXTERNAL CHARGES	**(32)**	**(43)**

Deferred charges of 5 million euros correspond to fees relating to the 850 million euro bond issued in the first half of 2024. These charges are spread over the term of the commitments.

Other external charges include fees, commissions and duties incurred by Valeo in the course of its activities. The decrease in this item is mainly due to a reduction in non-utilization fees on credit lines in an amount of 3 million euros and to other fees.

4.1.4 Amortization

Amortization expense in 2024 includes 5 million euros in issue fees for all long-term debt described in the section on long-term debt (see Note 6.1.3, page 448).

Amortization expense totaling 13 million euros in 2023 related to the deferred recognition of (i) 12 million euros in issuance fees on all long-term debt and (ii) 1 million euros in fees relating to the credit lines set up in 2022, which were extended, then expired in 2023.

4.2 Other provisions and accrued assets/liabilities

4.2.1 Other provisions for contingencies and charges

Breakdown of other provisions for contingencies and charges

(in millions of euros)	December 31, 2024	December 31, 2023
Provisions for contingencies related to subsidiaries	3	12
Provisions for disputes	7	7
OTHER PROVISIONS FOR CONTINGENCIES AND CHARGES	**10**	**19**

At December 31, 2024, other provisions for contingencies and charges comprise:

- a 3 million euro net provision for contingencies intended to cover the negative net equity of certain subsidiaries in which Valeo holds a direct investment;
- a provision for disputes totaling 7 million euros, chiefly intended to cover disputes with employees as well as environmental risks related to Valeo's former plants.

Movements

Movements in other provisions for contingencies and charges in 2023 and 2024 are shown in the table below:

(in millions of euros)	2024	2023
OTHER PROVISIONS FOR CONTINGENCIES AND CHARGES AT JANUARY 1	**19**	**19**
Utilizations	(3)	—
Reversals	(10)	(3)
Additions	4	3
OTHER PROVISIONS FOR CONTINGENCIES AND CHARGES AT DECEMBER 31	**10**	**19**
Due in less than 1 year	—	—

The decrease in other provisions is mainly due to an 8 million euro reversal of provisions for contingencies relating to the subsidiary Valeo Service (see Note 5, pages 446 to 447).

In 2023, there were no significant changes in "Other provisions for contingencies and charges".

The Group has contingent liabilities relating to legal, arbitration or regulatory proceedings arising in the normal course of its business. Known or ongoing claims and litigation involving the Company were reviewed at the date on which the financial statements were authorized for issue. Based on the advice of legal counsel, all provisions deemed necessary have been made to cover the related risks.

4.2.2 Accrued assets

At December 31, 2024, accrued assets totaling 22 million euros mainly include issuance fees and premiums on long-term borrowings (20 million euros at end-2023).

NOTE 5 FINANCIAL ASSETS

Investments in subsidiaries and affiliates are initially recognized at cost, including transfer duties, fees and commission and legal costs.

At the end of the reporting period, the Company measures investments in subsidiaries and affiliates at their value in use, as calculated based on relevant criteria for each of the investments valued. The inputs for the value in use calculation include projected data from subsidiaries' medium-term business plans (see Note 2.1, page 442), as well as stockholders' equity and the Group's strategic interests.

The calculation of value in use based on projected data draws on various methods:

- first, post-tax cash flow projections covering a period of five years, prepared on the basis of medium-term business plans, are discounted at the post-tax weighted average cost of capital (WACC), while cash flows beyond the five-year period are extrapolated by applying a perpetuity growth rate to normative forecast cash flows, corresponding to the last year of the medium-term plan adjusted, where applicable, for non-recurring items. The discount rate and perpetuity growth rate assumptions are the same as those used for the Group's cash generating units (CGUs) and goodwill impairment tests, i.e., respectively 10% and 1.5% for 2024, unchanged from 2023;
- when value in use as determined on the basis described above falls below the carrying amount of the investments, it is based on an average of the discounted projected cash flows and the projected operating income multiple applied to the third year of the subsidiaries' medium-term business plans.

When value in use as determined on the basis described above falls below the carrying amount of the investments, an impairment provision is recorded corresponding to the difference between these two amounts. However, the carrying amount of the investments after impairment cannot be below the Company's share of the subsidiary or affiliate's equity.

5.1 Analysis by type

	December 31, 2024			December 31, 2023
(in millions of euros)	Gross	Impairment	Net	Net
Investments in subsidiaries and affiliates	5,329	(66)	5,263	5,183
Loans and advances to subsidiaries and affiliates	1,773	—	1,773	2,025
Other investment securities	2	(2)	—	—
LONG-TERM FINANCIAL ASSETS	**7,104**	**(68)**	**7,036**	**7,208**

Loans and advances to subsidiaries and affiliates comprise medium- and long-term loans granted to Valeo's direct and indirect subsidiaries.

5.2 Movements

(in millions of euros)	Investments in subsidiaries and affiliates	Loans and advances to subsidiaries and affiliates	Other investment securities	Long-term financial assets
Net carrying amount at December 31, 2022	**5,149**	**2,790**	**—**	**7,939**
Acquisitions and increase in the share capital of subsidiaries	36	—	—	36
Changes in impairment losses	(2)	19	—	17
Other movements	—	(784)	—	(784)
Net carrying amount at December 31, 2023	**5,183**	**2,025**	**—**	**7,208**
Acquisitions and increase in the share capital of subsidiaries	77	—	—	77
Disposals and decrease in the share capital of subsidiaries	(3)	—	—	(3)
Changes in impairment losses	5	—	—	5
Other movements	—	(252)	—	(252)
Net carrying amount at December 31, 2024	**5,262**	**1,773**	**—**	**7,036**

In the first half of 2024, Valeo recapitalized its subsidiary DAV Tunisie SA for an amount of 15 million euros. In the second half of 2024, Valeo also increased its stake in Valeo Auto-Electric GmbH by 55 million euros. The Company also recapitalized its subsidiaries Équipement 11 and Équipement 2 in an amount of 6 million euros and 1 million euros, respectively.

The 252 million euro decrease in loans and advances to subsidiaries and affiliates in 2024 was mainly related to the repayment of loans granted to subsidiaries, partially offset by new financing granted.

NOTE 6 FINANCING AND RISK HEDGING

6.1 Net debt

6.1.1 Analysis of net debt

The Company's net debt at December 31, 2023 and 2024 can be analyzed as follows:

(in millions of euros)	Notes	December 31, 2024	December 31, 2023
Long-term portion of long-term debt	*6.1.3*	4,421	4,604
Current portion of long-term debt	*6.1.3*	1,193	830
Short-term debt	*6.1.4*	625	748
Other short-term debt	*6.1.4*	5,040	4,506
GROSS DEBT		**11,280**	**10,688**
Loans and advances to subsidiaries and affiliates[(1)]	*5*	(1,773)	(2,025)
Financial receivables	*6.1.5*	(6,332)	(5,472)
Marketable securities and cash and cash equivalents	*6.1.6*	(2,475)	(2,545)
NET DEBT		**699**	**646**

(1) *Loans and advances to subsidiaries and affiliates are included in the calculation of net debt.*

6.1.2 Analysis of net cash and cash equivalents

The Company's net cash and cash equivalents comprise marketable securities and cash and cash equivalents, financial receivables and other short-term debt.

(in millions of euros)	Notes	December 31, 2024	December 31, 2023
Other short-term debt	*6.1.4*	5,040	4,506
Financial receivables	*6.1.5*	(6,332)	(5,472)
Marketable securities and cash and cash equivalents	*6.1.6*	(2,475)	(2,545)
NET CASH AND CASH EQUIVALENTS		**(3,767)**	**(3,511)**

6.1.3 Analysis of long-term debt

	December 31, 2024				December 31, 2023
(in millions of euros)	Less than 1 year	1 to 5 years	More than 5 years	Total	Total
Bonds	600	2,650	850	4,100	3,950
Private placement	392	162	—	554	554
European Investment Bank (EIB) loans	100	400	50	550	600
Bilateral bank loans	—	250	—	250	250
Other long-term debt		57	—	57	—
Accrued interest	102	2	—	104	80
LONG-TERM DEBT	**1,193**	**3,521**	**900**	**5,614**	**5,434**

Valeo carried out the following operations under its Euro Medium Term Note financing program in 2024:

- redemption in January 2024 of the 700 million euro bond issued in 2014;
- issue in April 2024 of 850 million euros' worth of green bonds maturing in April 2030 and paying a coupon of 4.50%.

At December 31, 2024, the key terms and conditions of long-term debt were as shown below:

Type	Outstanding at December 31, 2024 *(in millions of euros)*	Issuance	Maturity	Nominal interest rate
BONDS				
EMTN program	600	June 2018	June 2025	1.500%
EMTN program	600	March 2016	March 2026	1.625%
EMTN program(1)(3)	750	November 2022	May 2027	5.375%
EMTN program(1)	700	July 2021	August 2028	1.000%
EMTN program(2)	600	October 2023	April 2029	5.875%
EMTN program(2)	850	April 2024	April 2030	4.500%
***SCHULDSCHEIN* LOAN ISSUED IN 2019**				
Tranche 3	90	April 2019	April 2025	1.291%
Tranche 4(4)	122	April 2019	April 2025	6-month Euribor +1.15%
***SCHULDSCHEIN* LOAN ISSUED IN 2022**				
Tranche 1	30	October 2022	October 2025	4.95%
Tranche 2	149	October 2022	October 2025	6-month Euribor +1.90%
Tranche 3(1)	30	October 2022	October 2027	5.251%
Tranche 4(1)	52	October 2022	October 2027	6-month Euribor +2.10%
Tranche 5(1)	30	December 2022	October 2027	6-month Euribor +2.10%
Tranche 6(1)	5	October 2022	October 2029	5.503%
Tranche 7(1)	45	December 2022	October 2029	6-month Euribor +2.30%
EUROPEAN INVESTMENT BANK (EIB) LOAN				
Tranche 1(5)	250	June 2021	June 2029	0.885%
Tranche 2(6)	300	February 2022	February 2030	1.083%
OTHER				
Bilateral bank loans	250	—	—	—
Other long-term debt	57	—	—	—
Accrued interest	104	—	—	—
TOTAL LONG-TERM DEBT	5,614			

(1) Indexed to a 2025 carbon footprint objective.
(2) Issues carried out under Valeo's Green and Sustainability-Linked Financing Framework.
(3) Fixed-rate coupons partly exchanged for floating-rate coupons indexed to six-month Euribor via interest rate swaps with a notional amount of 600 million euros.
(4) Variable-rate coupons exchanged for fixed-rate coupons via interest rate swaps.
(5) Reduced-rate loan repayable in six annual installments of 50 million euros as from June 2024.
(6) Reduced-rate loan repayable in six annual installments of 50 million euros as from February 2025.

The current portion of long-term debt corresponds to the 600 million euro bond falling due in June 2025, as well as the payment of a 50 million euro installment on the first tranche of the EIB loan, the payment of a 50 million euro installment on the second tranche of the EIB loan, payments on tranches of the *Schuldschein* loan private placements for a total of 212 million euros in April 2025 and 179 million euros in October 2025, as well as to interest accrued on borrowings.

6.1.4 Analysis of short-term debt

(in millions of euros)	December 31, 2024	December 31, 2023
Negotiable European Commercial Paper	525	698
Bilateral bank loan	100	50
SHORT-TERM DEBT	**625**	**748**
Current accounts and loans with Group subsidiaries	4,914	4,268
Bank borrowings	4	71
Other short-term debt	123	167
OTHER SHORT-TERM DEBT	**5,040**	**4,506**
SHORT-TERM DEBT	**5,665**	**5,254**

Short-term debt mainly consists of current accounts and loans with subsidiaries and banks and issuance of commercial paper.

At December 31, 2024, other short-term debt mainly reflects the carrying amount of:

- currency hedging instruments taken out as part of the Group's pooled management of currency risk, representing an unrealized loss of 94 million euros. Since the Company acts as an intermediary for the Group's subsidiaries, these liabilities are matched to currency hedging assets which have generated an unrealized gain of a similar amount (see Note 6.1.5, page 449);
- currency instruments hedging the Company's foreign currency loans and borrowings, representing an unrealized loss of 23 million euros.

At December 31, 2023, other short-term debt primarily included unrealized losses on forward financial instruments contracted for hedging purposes.

6.1.5 Analysis of financial receivables

(in millions of euros)	December 31, 2024	December 31, 2023
Current account advances	6,209	5,306
Other financial receivables	123	166
FINANCIAL RECEIVABLES	**6,332**	**5,472**

Financial receivables consist primarily of current account advances to subsidiaries.

At December 31, 2024, other financial receivables amounting to 123 million euros mainly consist of hedging instruments, chiefly including:

- currency hedging instruments taken out as part of the Group's pooled management of currency risk, representing an unrealized gain of 94 million euros (see Note 6.1.4, page 449);
- currency instruments hedging the Company's foreign currency loans and borrowings, representing an unrealized gain of 24 million euros.

At December 31, 2023, other financial receivables related mainly to hedging instruments for 166 million euros, chiefly including:

- currency hedging instruments taken out as part of the Group's pooled management of currency risk, representing an unrealized gain of 117 million euros;
- currency instruments hedging the Company's foreign currency loans and borrowings, representing an unrealized gain of 42 million euros.

6.1.6 Marketable securities and cash and cash equivalents

Marketable securities are stated at the lower of cost and market value when the related securities correspond to treasury shares purchased for the purpose of stabilizing the Company's share price or shares that have not been allocated to employee share plans.

(in millions of euros)	December 31, 2024	December 31, 2023
Marketable securities	1,586	2,274
Cash and cash equivalents	889	271
MARKETABLE SECURITIES AND CASH AND CASH EQUIVALENTS	**2,475**	**2,545**

The marketable securities portfolio at December 31, 2024 includes money-market mutual funds for 1,567 million euros, compared to 2,263 million euros at December 31, 2023.

It also includes 1,657,184 treasury shares with a carrying amount of 19 million euros at December 31, 2024. No impairment was recognized during the year.

At December 31, 2023, Valeo held 712,384 of its own shares with a carrying amount of 12 million euros.

Valeo may be required to buy back treasury shares on the market to cover its obligations with regard to free share and employee share ownership plans, as well as the liquidity agreement.

In 2024, Valeo requested the assistance of an investment services provider to meet certain objectives of its share buyback program as authorized by the Ordinary and Extraordinary Shareholders' Meeting of May 24, 2023. Pursuant to the agreement signed on March 11, 2024, the parties agreed that the investment services provider would sell a certain quantity of Valeo shares to Valeo, which undertook to acquire them at term, within the limit of 25 million euros, at an average price determined in an objective and independent manner by the market during the full term of the agreement. This average price could not in any case exceed the maximum purchase price set by the Ordinary and Extraordinary Shareholders' Meeting of May 24, 2023. This agreement was effective between March 12, 2024 and May 13, 2024. At that date, Valeo was therefore bound to purchase all of the treasury shares acquired by the investment services provider over the term of the agreement. Delivery of 2,175,683 treasury shares at an average price of 11.49 euros per share resulted in a cash outflow of 25 million euros. All of the shares acquired were allocated to cover allotments of free shares to employees designed to involve them in the Company's growth and Company savings plans.

The liquidity agreement was signed with an investment services provider on March 25, 2019 pursuant to the Code of Ethics published by the French Association of Investment Firms (Association Française des Entreprises d'Investissement – AFEI). At December 31, 2024, 17,321,056 euros had been allocated to the liquidity agreement compared with 17,032,618 euros in cash at December 31, 2023.

In 2024, the Company purchased 4,966,609 and sold 4,988,309 of its own shares under this agreement.

For shares allocated to free share plans, the Company applies ANC Standard No. 2014-03. This Standard sets out the methods for recognizing provisions over the vesting period of plans served by existing shares (see Note 3.1.2, pages 443 to 444).

In 2024, the Company delivered 1,209,183 shares under free share plans. In 2023, 1,694,893 shares were delivered.

6.2 Liquidity reserve and covenants

6.2.1 Credit lines

At December 31, 2024, Valeo had confirmed bank credit lines with an average maturity of 2.8 years, representing an aggregate amount of 1.6 billion euros. None of these credit lines were drawn down during 2024. These bilateral credit lines were taken out with nine leading banks with an average rating of A from S&P and A1 from Moody's.

6.2.2 Financing programs

At December 31, 2024, the Group had drawn an amount of 4.1 billion euros (up 150 million euros compared with December 31, 2023) under its Euro Medium Term Note financing program capped at 5 billion euros.

6.2.3 Negotiable European Commercial Paper (NEU CP)

Valeo has a short-term Negotiable European Commercial Paper financing program for a maximum amount of 2.5 billion euros. At December 31, 2024, a total of 525 million euros (698 million euros at December 31, 2023) had been drawn on this program.

6.2.4 Debt rating

The Group is rated by several credit rating agencies.

Rating agency	Publication date	Long-term debt	Outlook	Short-term debt
Standard & Poor's	April 3, 2024	BB+	Negative	B
Moody's	September 26, 2024	Ba1	Negative	Non-prime

6.2.5 Covenants

Certain financing contracts include early repayment clauses in the event of failure to comply with specified financial ratios. The table below sets out the main covenant:

Financing agreements	Ratio	Thresholds	Ratio at December 31, 2024(1)
Credit lines EIB (European Investment Bank) loan Bilateral bank loan *Schuldschein* loans (German private placements)	Consolidated net debt/consolidated EBITDA	<3.5	1.3

(1) *Calculated over 12 months.*

Bonds issued within the scope of the Euro Medium Term Note financing program include an option granted to bondholders who can request early repayment or redemption of their bonds in the event of a change of control at Valeo leading to a withdrawal of the rating or a downgrade in the rating to below investment grade (assuming that the bonds were previously rated investment grade). If Valeo's bonds had previously been rated below investment grade, bondholders may request the early repayment or redemption of their bonds in the event of a change of control at Valeo resulting in a one-category downgrade in the rating (e.g., from Ba1 to Ba2).

The Schuldschein loans and the European Investment Bank loan also include a change of control clause under which investors can request early repayment.

The credit lines and bilateral loans arranged with commercial banks include a change of control clause under which the banks can require early repayment if there is a change in control of Valeo that results in the borrower's rating being downgraded to below investment grade.

Lastly, the credit lines and bilateral credit facilities set up with Valeo's banking pool, as well as the Group's European Investment Bank loan and its long-term debt, include cross-default clauses. This means that if a default event triggering early repayment occurs on a certain amount of debt, then other debt may also be deemed to be in default with early repayment triggered.

At the date the consolidated financial statements were authorized for issue, the Group expects to comply with all debt covenants over the next few months.

6.3 Foreign currency, commodity and interest rate risk hedging

Since Valeo acts as a holding company, it is not exposed to operational foreign currency or commodity risk.

As part of the pooled management of market risk (foreign currency, commodity and interest rate risks), Group subsidiaries hedge the forex and commodity risk exposure arising on their industrial and commercial activities with the parent company, which enters into derivatives with banks. Gains and losses on such derivatives are passed on to the subsidiaries requesting the hedge.

The Company contracts derivatives to hedge the foreign currency risk on its financing and liquidity pooling activities carried out on behalf of the Group. The remeasurement of foreign currency balance sheet positions (intercompany loans and borrowings, debt with external counterparties, current accounts and bank accounts) at the year-end exchange rate is offset by gains and losses on foreign currency derivatives. Swap points arising on derivatives are recognized over the term of the hedge within financial income.

Financial income and expenses relating to interest rate hedges are recognized on a symmetrical basis with the income and expenses resulting from the remeasurement of the hedged items.

6.3.1 Currency risk hedging

Operational currency risk

The principal hedging instruments used by the Company are forward purchases and sales of foreign currencies.

Financial currency risk

Pooling foreign currency cash surpluses, the financing needs of foreign subsidiaries and certain Group financing transactions expose the Company to financial currency risk. This risk corresponds to the risk of changes in the value of foreign currency financial receivables or payables. This currency risk is primarily hedged by currency swaps.

The Company tends to finance its subsidiaries in their local currencies and systematically enters into hedges to protect itself against the resulting currency risk.

The Company's external borrowings and investments are generally denominated in euros, in particular for debt issues under the Euro Medium Term Note financing program.

At December 31, 2024, Valeo's forex position in the main foreign currencies was as follows:

	December 31, 2024						December 31, 2023
(in millions of euros)	USD	CZK	CNY	PLN	Autres	Total	Total
Forward sales with subsidiaries	(515)	(297)	(21)	(361)	(96)	(1,290)	(1,354)
Forward purchases with subsidiaries	374	193	11	208	22	808	682
DERIVATIVES WITH SUBSIDIARIES	**(141)**	**(104)**	**(10)**	**(153)**	**(74)**	**(482)**	**(672)**
Forward sales with external counterparties	(297)	(396)	(92)	(425)	(293)	(1,503)	(1,562)
Forward purchases with external counterparties	1,099	219	1,708	361	382	3,769	3,413
EXTERNAL DERIVATIVES	**802**	**(177)**	**1,616**	**(64)**	**89**	**2,266**	**1,851**
NET POSITION ON DERIVATIVES	**661**	**(281)**	**1,606**	**(217)**	**15**	**1,784**	**1,179**
Balance sheet exposure	(661)	280	(1,606)	217	(14)	(1,784)	(1,307)
TOTAL NET POSITION	**—**	**(1)**	**—**	**—**	**1**	**—**	**(128)**

Net positions in foreign currencies on currency derivatives are match-funded to Valeo's intercompany loans and borrowings and cash positions.

The market value of currency hedging instruments included in the net position with external counterparties represented an unrealized gain of 41 million euros at December 31, 2024 (unrealized gain of 82 million euros at December 31, 2023).

6.3.2 Commodity risk hedging

The Company favors commodity hedging instruments which do not involve physical delivery of the underlying commodity (primarily swaps on the average monthly price).

Volumes of non-ferrous metals hedged at December 31, 2024 and 2023 break down as follows:

(in metric tons)	December 31, 2024	December 31, 2023
Aluminum	27,979	34,810
Secondary aluminum	9,496	7,642
Copper	9,957	8,083
TOTAL	**47,432**	**50,535**

Commodities hedged at December 31, 2024 and 2023 were as follows:

	December 31, 2024			December 31, 2023
(in millions of euros)	With subsidiaries	With external counterparties	Total	Total
Forward sales	167	5	172	175
Forward purchases	(5)	(167)	(172)	(175)
TOTAL NET POSITION	**161**	**(161)**	**—**	**—**

The market value of instruments hedging metals prices included in the net position with external counterparties represented an unrealized loss of 2 million euros at December 31, 2024 (unrealized gain of 1 million euros at December 31, 2023).

6.3.3 Interest rate risk hedging

Valeo uses interest rate swaps to manage its interest rate risk. These swaps convert the interest rates on its debt into a variable or a fixed rate, either at the origination of the loan or during its term. No new interest rate hedges were put in place in 2024.

The variable-rate tranche of the *Schuldschein* loan (German private placement) issued in April 2019 was hedged by an interest rate swap, which exchanged the variable coupon for a fixed rate.

In March 2019, the Group converted the 159 million euro loan granted to one of its Czech subsidiaries into Czech koruna. At the same time, the Group set up a cross-currency swap in Czech koruna for the same amount and maturity, which matured in March 2024.

In November 2022, two interest rate swaps were contracted for a total of 600 million euros, exchanging a fixed coupon for a variable coupon in order to hedge the fixed interest rate on the bond maturing in 2027.

At December 31, 2024, 88% of long-term debt was at fixed rates (88% at December 31, 2023).

	Less than 1 year		1 to 5 years		More than 5 years		Total nominal amount		
(in millions of euros)	Fixed portion	Variable portion	Fixed portion	Variable portion	Fixed portion	Variable portion	Fixed portion	Variable portion	Total
Financial liabilities	(2,564)	(4,295)	(3,144)	(377)	(900)	–	(6,608)	(4,672)	(11,280)
Financial receivables and loans and advances to subsidiaries and affiliates	1,959	6,146	–	–	–	–	1,959	6,146	8,105
Marketable securities and cash and cash equivalents	346	2,129	–	–	–	–	346	2,129	2,475
NET POSITION BEFORE HEDGING	**(259)**	**3,980**	**(3,144)**	**(377)**	**(900)**	**–**	**(4,303)**	**3,603**	**(700)**
Derivative instruments	123	(123)	(600)	600	–	–	(477)	477	–
NET POSITION AFTER HEDGING	**(136)**	**3,857**	**(3,744)**	**223**	**(900)**	**–**	**(4,780)**	**4,080**	**(700)**

NOTE 7 NET FINANCIAL INCOME

(in millions of euros)	2024	2023
Dividends	136	210
Interest income	413	336
Interest expense	(374)	(333)
Net (additions to)/reversals from provisions for impairment and for investments in subsidiaries and affiliates	15	(2)
Other financial income and expenses	(15)	24
NET FINANCIAL INCOME	**175**	**235**

Dividend income amounted to 136 million euros in 2024, a decrease compared with 2023. This amount includes an 80 million euro dividend from Valeo International Holding BV, a 28 million euro dividend from Valeo Bayen, a 23 million euro dividend from South Korean subsidiaries and a 5 million euro dividend from Indian subsidiaries.

Dividend income in 2023 included a 140 million euro dividend from Valeo International Holding BV, a 57 million euro dividend from Valeo Bayen and a 13 million euro dividend from South Korean subsidiaries.

Interest income chiefly relates to financing granted to Group subsidiaries and investment income. The 77 million euro increase in interest income versus 2023 is mainly due to changes in the financing of the European subsidiaries.

In 2024, 216 million euros of interest expense related to external financing (170 million euros in 2023), while 158 million euros related to the interest paid on subsidiaries' cash surpluses and expenses associated with the hedging of foreign currency transactions (163 million euros in 2023).

In 2024, following the measurement of the portfolio of investments in subsidiaries and affiliates, the Company recorded a 15 million euro net reversal from the provisions for impairment, including 16 million euros in reversals relating to Valeo Auto-Electric GmbH (see Note 4.2.1, page 403).

At December 31, 2023, the Company had recognized net accruals of 2 million euros to provisions for contingencies.

At December 31, 2024, other financial income and expenses were mainly impacted by the Group's pooled management of foreign currency risk, representing a loss of 10 million euros, and by amortization of bond issue premiums amounting to 3 million euros. In 2023, other financial income and expenses mainly comprised income of 19 million euros relating to the repayment of a loan granted to a joint venture, which had been written down in full, and a foreign currency gain of 8 million euros relating to the Group's pooled management of foreign currency risk.

NOTE 8 INCOME TAXES

8.1 Tax group and taxable income

Valeo has elected for tax consolidation. The tax group includes the parent company and its principal French subsidiaries.

At December 31, 2024, the amount of tax losses stood at 1,674 million euros (1,625 million euros at December 31, 2023). If a subsidiary returns to profit, it will utilize the previous tax losses and Valeo will be required to pay over the corresponding tax savings to the French State. In light of the tax consolidation agreement, Valeo does not recognize a provision for repayment of tax losses to subsidiaries. However, if a subsidiary leaves the tax consolidation group, Valeo may be required to pay over the related tax savings to this subsidiary, based on the terms and conditions stipulated in the sale agreement.

8.2 Income tax

(in millions of euros)	2024	2023
Net tax benefit arising on tax consolidation	16	8
INCOME TAX	**16**	**8**

The net tax benefit receivable from subsidiaries as a result of tax consolidation in 2024 amounts to 16 million euros, up 8 million euros compared to 2023.

In the absence of tax consolidation, the Company would have been liable for an income tax expense of 5 million euros for 2024. In 2023, taking into account both its individual tax loss and that of the tax consolidation group, the Company was not liable for any tax expense.

8.3 Items that could result in a decrease or increase in Valeo's future tax liability

Tax loss carryforwards make up the main items that could result in a decrease or increase in Valeo's tax liability. Temporary differences between the recognition of income and expenses for accounting and tax purposes are not material at the level of the legal entity.

	December 31, 2024		December 31, 2023	
(in millions of euros)	Tax basis	Corresponding tax	Base	Corresponding tax
Tax loss carryforwards	1,674	434	1,625	420
Total tax loss carryforwards	**1,674**	**434**	**1,625**	**420**

8.4 Prepaid and recoverable taxes

At December 31, 2024, prepaid and recoverable taxes totaling 20 million euros included the tax benefit of 16 million euros arising on the tax consolidation. The research tax credit receivable at the so-called "seed" stage in respect of 2024 was sold by Valeo at a discount to a bank during the year, for 42 million euros. This receivable had been derecognized on the balance sheet, with an adjusting entry recorded in cash received.

In 2023, the research tax credit receivable at the so-called "seed" stage was sold by Valeo to a bank for 53 million euros.

8.5 Other payables

At December 31, 2024, other payables included the 200 million euros owed to subsidiaries that are members of the tax consolidation group in respect of the research tax credit for years 2021 to 2024.

At December 31, 2023, other payables represented the 207 million euros owed to subsidiaries that are members of the tax consolidation group in respect of the research tax credit for years 2020 to 2023.

NOTE 9 STOCKHOLDERS' EQUITY

9.1 Share capital

In countries that meet the Group's eligibility criteria and where permitted by local laws and regulations, Valeo offers its employees the possibility of becoming shareholders through an employee share issue carried out specifically for this purpose.

Unlike in previous years, no new plans were offered to employees in 2024.

At December 31, 2024, Valeo's share capital totaled 245 million euros, divided into 244,633,504 shares of common stock with a par value of 1 euro each, all fully paid-up. Shares that have been registered in the name of the same holder for at least four years carry double voting rights (29,402,319 shares at December 31, 2024).

Share capital stood at 245 million euros at December 31, 2023.

9.2 Additional paid-in capital

Additional paid-in capital represents the net amount received by the Company, either in cash or in assets, in excess of the par value on issuance of Valeo shares.

Unlike in previous years, there was no share subscription offering reserved for employees in 2024. As a result, no new additional paid-in capital was generated.

9.3 Reserves

Reserves available for distribution amounted to 2,446 million euros at December 31, 2024 (2,369 million euros at December 31, 2023) before appropriation of income for the year and after deduction of the net carrying amount of treasury shares held at December 31, 2024, for a total of 19 million euros (versus 12 million euros at December 31, 2023).

9.4 Movements

(in millions of euros)	Share capital	Additional paid-in capital	Reserves and other	Stockholders' equity
STOCKHOLDERS' EQUITY AT DECEMBER 31, 2022	**244**	**1,573**	**2,308**	**4,125**
Dividends paid	—	—	(92)	(92)
Capital increase	1	15	—	16
Other movements	—	—		—
Net income for the year	—	—	194	194
STOCKHOLDERS' EQUITY AT DECEMBER 31, 2023	**245**	**1,588**	**2,410**	**4,243**
Dividends paid	—	—	(97)	(97)
Capital increase	—	—	—	—
Net income for the year	—	—	181	181
STOCKHOLDERS' EQUITY AT DECEMBER 31, 2024	**245**	**1,588**	**2,494**	**4,327**

NOTE 10 OTHER INFORMATION

10.1 Maturity of receivables and payables

(in millions of euros)	December 31, 2024	Due in less than 1 year	Due in more than 1 year and less than 5 years	Due in more than 5 years
Prepaid and recoverable taxes	20	20	—	—
Other operating receivables	19	19	—	—
OPERATING RECEIVABLES	**39**	**39**	**—**	**—**

(in millions of euros)	December 31, 2024	Due in less than 1 year	Due in more than 1 year and less than 5 years	Due in more than 5 years
Accounts and notes payable	10	10	—	—
Accrued taxes and payroll costs	10	10	—	—
OPERATING PAYABLES	**20**	**20**	**—**	**—**
OTHER PAYABLES	**201**	**55**	**146**	**—**

An analysis of long-term debt by maturity is provided in Note 6.1.3, page 448.

10.2 Related party transactions

The Company's financial statements include transactions carried out in the normal course of business between Valeo and its subsidiaries.

All material related party transactions within the meaning of Article R.123-198 of the French Commercial Code were carried out at arm's length in 2024.

10.3 Off-balance sheet commitments

10.3.1 Commitments given

(in millions of euros)	December 31, 2024			December 31, 2023		
	Less than 1 year	More than 1 year	Total	Less than 1 year	More than 1 year	Total
Commitments given	—	67	67	14	70	84

Commitments given mainly include the guarantee given in 2005 to the IUE-CWA-Local 509 trade union as part of the agreement signed in September 2005 in relation to the closure of the Rochester plant (representing 67 million euros at December 31, 2024, unchanged from December 31, 2023). It is a first-call guarantee with an indefinite term and covers the commitments undertaken by Valeo North America Inc. (formerly Valeo Electrical Systems Inc.) concerning pensions and other employee benefits.

A recapitalization agreement between Valeo and DAV Tunisie SA was signed on November 30, 2023, under which Valeo undertook to recapitalize its subsidiary with a cash contribution of 49 million Tunisian dinars (around 14 million euros). The subsidiary was recapitalized in 2024.

10.3.2 Commitments received

At December 31, 2024, certain Group subsidiaries had received letters of support to finance their operations. These letters are issued by the direct shareholders of the entities concerned, or by intermediate holding companies where necessary. The letters are intended to guarantee all financial commitments made by these subsidiaries over the next 12 months. The letters of support issued by the Group's intermediate holding companies to Valeo SE are intended to guarantee the current financial accounts granted by Valeo SE as part of its financing activities.

10.4 Fees paid to the Statutory Auditors

Fees paid to the Statutory Auditors and recognized in Valeo's income statement are as follows:

(in thousands of euros)	Ernst & Young		Forvis Mazars SA	
	2024	2023	**2024**	2023
Audit				
Statutory audit, review of the individual and consolidated financial statements	27	27	31	31
Non-audit services	23	36	23	167
TOTAL FEES	**50**	**63**	**54**	**198**

Non-audit services provided by Ernst & Young and Forvis Mazars SA to Valeo during the year mainly concerned (i) comfort letters issued in connection with the Group's EMTN (Euro Medium Term Note) program, and (ii) voluntary audit procedures on the combined and consolidated financial statements of Group operating entities.

NOTE 11 LIST OF SUBSIDIARIES AND AFFILIATES

At December 31, 2024

Company *(in millions of euros)*	Share capital	Other equity[1]	Interest *(in %)*	Carrying amount of shares		Outstanding loans and advances granted	Guarantees and endorsements given	Sales	Net income (loss)	Dividends
				Gross	Net					
Valeo Bayen Paris – France (SIREN: 380 072 520)	2,837	159	100	4,849	4,849	1,159	—	168	(940)	28
Valeo Service Saint Denis – France (SIREN: 306 486 408)	23	(8)	100	74	29	—	—	161	(3)	—
Equipement 11 Paris – France (SIREN: 440 331 411)	—	—	100	14	2	2	—	—	(1)	—
Valeo International Holding BV Helmond – Netherlands	128	386	100	197	197	50	—	106	(45)	80
Coreval Strassen – Luxembourg	23	1	99	23	23	—	—	—	—	—
Valeo Auto-Electric GmbH Bietigheim – Germany	—	251	11	81	81	—	—	—	—	—
Valeo Embrayages Tunisia Jedeida – Tunisia	6	(8)	100	6	—	7	—	11	(1)	—
Dav Tunisie - Tunisia	16	2	91	15	15	6	—	87	1	—
Valeo Otomotiv Sanayi ve Ticaret AS[3] Bursa – Turkey	31	146	100	40	40	—	—	602	15	—
Amalgamations Valeo Clutch Private Ltd[2][3] Chennai – India	9	16	50	9	9	—	—	103	8	3
Valeo Pyeong Hwa Co. Ltd.[3] Daegu – South Korea	9	156	50	12	12	—	—	495	27	9
Valeo Pyeong HWA International Co., Ltd Seoul – South Korea	2	80	50	1	1	—	—	144	33	12
Valeo Pyeong HWA Automotive Components Co., Ltd Daegu – South Korea	2	75	27	2	2	—	—	247	20	2
Other French subsidiaries and affiliates (aggregate)				3	1					
Other foreign subsidiaries and affiliates (aggregate)				3	3	—				2
TOTAL				**5,329**	**5,263**	**1,224**				**136**

(1) *Including net income for 2024 before appropriation.*
(2) *Last financial year ended March 31, 2024.*
(3) *Translated at the year-end exchange rate and at average exchange rates for 2023.*

NOTE 12 SUBSEQUENT EVENTS

On January 22, 2025, Valeo took out a four-year, 100 million euro bilateral loan with La Banque Postale.

5.6.5 Statutory Auditors' report on the financial statements

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users. This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to the shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Year ended 31 December 2024

To the Annual General Meeting of Valeo,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of Valeo for the year ended 31 December 2024.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2024 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit and Risk Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statu*tory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from 1 January 2024 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in article 5(1) of Regulation (EU) No 537/2014 or in the French Code of Ethics for Statutory Auditors (*Code de déontologie de la profession de commissaire aux comptes*).

Justification of Assessments – Key Audit Matters

In accordance with the requirements of articles L. 821-53 and R. 821-180 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Valuation of investment securities, attached receivables and provisions for subsidiary risks

Risk identified

As at 31 December 2024, your Company's investment securities and the attached receivables are recorded in the balance sheet for a carrying amount of €7,036m; i.e., 44% of total assets, which amount to €15,906m. Investment securities are recorded at their acquisition cost on their entry date. At year-end, your Company values its securities at their value in use. When this value is lower than the carrying amount, impairment is recorded in the amount of that difference. As at 31 December 2024, impairment of investment securities stood at € 66m. Provisions for subsidiary risks are intended to cover the negative net position of certain subsidiaries. As at 31 December 2024, these provisions stood at €2m.

Value in use is determined using the following criteria, adapted to the shareholdings valued: the forecast data taken from the subsidiaries' medium-term plans, shareholders' equity and the strategic benefit of the Valeo Group.

The receivables attached to these shareholdings mainly comprise medium- to long-term loans granted to direct or indirect subsidiaries of your Company as well as to joint ventures in which the Valeo Group has invested.

These financial fixed assets are mentioned in Note 5 to the financial statements.

We deemed the valuation of the investment securities, the attached receivables, and the risk provisions to constitute a key audit matter, due to the particularly material amount involved, the judgements inherent in certain elements and their sensitivity to the Management's forecasts.

Our response

In order to evaluate the estimation of the values in use of the investment securities, on the basis of the information obtained from your Company, we implemented procedures which consisted mainly in analyzing the valuation method as well as the data used and, depending on the securities concerned, we:

- reconciled the shareholders' equity used with the subsidiary accounts drawn up under international accounting standards, for the values based on these historical items;
- where applicable, analyzed the business plans established by the Management for the subsidiaries whose investment securities are subject to significant impairment;
- analyzed, with the support of our valuation specialists, the main assumptions, such as the discount rate and the long-term growth rate, which we compared to the values used by financial analysts for the Valeo Group and companies in the sector;
- reconciled the values in use used by your Company in the amount of the investment securities and the attached receivables per subsidiary, net of any provisions for impairment recognized for each of these assets;
- analyzed the estimates for subsidiary risk provisions in the event your Company is committed to bearing the losses of a subsidiary giving rise to a risk of reconstitution of its share capital.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

Information provided in the Management Report and in the other documents provided to the shareholders with respect to the financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents provided to the shareholders with respect to the financial position and the financial statements.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D. 441-6 of the French Commercial Code (Code de commerce).

Report on Corporate Governance

We attest that the Board of Directors' Report on Corporate Governance sets out the information required by Articles L. 225-37-4, L. 22-10-10 and L. 22-10-9 of the French Commercial Code (Code de commerce).

Concerning the information given in accordance with the requirements of Article L. 22-10-9 of the French Commercial Code (Code de commerce) relating to remunerations and benefits received by the corporate officers and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from controlling and controlled companies. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your Company considered likely to have an impact in the event of a public purchase offer or exchange, provided pursuant to Article L. 22-10-11 of the French Commercial Code (Code de commerce), we have agreed these to the source documents communicated to us. Based on our work, we have no observations to make on this information.

Other information

In accordance with French law, we have verified that the required information concerning the identity of the holders of the shares or of the voting rights has been properly disclosed in the management report.

Other Verifications or Information Required by Laws and Regulations

Format of presentation of the consolidated financial statements to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by statutory auditors regarding the annual and consolidated financial statements prepared in the European single electronic format, that the preparation of the financial statements intended to be included in the annual financial report mentioned in Article L. 451 1 2, I of the French Monetary and Financial Code (Code monétaire et financier), prepared under the CEO's responsibility, complies with the single electronic format defined in Commission Delegated Regulation (EU) No. 2019/815 of 17 December 2018.

On the basis of our work, we conclude that the presentation of the financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the financial statements that will ultimately be included by Valeo in the annual financial report filed with the AMF (Autorité des marchés financiers) agree with those on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Valeo by the Annual General Meeting held on 3 June 2010.

As at 31 December 2024, both our firms were in their fifteenth year of total uninterrupted engagement.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit and Risk Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objectives and Audit Approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in article L. 821-55 of the French Commercial Code (Code de commerce), our statutory audit does not include assurance on the viability of the company or the quality of management of the affairs of the company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.;
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the consolidated financial statements;
- Assesses the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit and Risk Committee

We submit a report to the Audit and Risk Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit and Risk Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit and Risk Committee with the declaration provided for in article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by articles L. 821-27 to L. 821-34 of the French Commercial Code (Code de commerce) and in the French Code of Ethics for Statutory Auditors (Code de déontologie de la profession de commissaire aux comptes). Where appropriate, we discuss with the Audit and Risk Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense, 26 March 2025

The Statutory Auditors
(French original signed by)

FORVIS MAZARS SA		ERNST & YOUNG et Autres	
Emmanuelle Bertuzzi	Olivier Lenel	Philippe Berteaux	Guillaume Rouger

5.7 Statutory Auditors' report on related party agreements

This is a translation into English of a report issued in French and it is provided solely for the convenience of English-speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Year ended December 31, 2024

To the General Meeting of Shareholders of Valeo,

In our capacity as statutory auditors of your Company, we hereby present to you our report on related party agreements.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements indicated to us, or that we may have identified in the performance of our engagement, as well as the reasons justifying why they benefit the Company . We are not required to give our opinion as to whether they are beneficial or appropriate or to ascertain the existence of other agreements. It is your responsibility, in accordance with Article R. 225-31 of the French Commercial Code (*Code de commerce*), to assess the relevance of these agreements prior to their approval.

We are also required, where applicable, to inform you in accordance with Article R. 225-31 of the French Commercial Code (*Code de commerce*) of the continuation of the implementation, during the year ended 31 December 2024, of the agreements previously approved by the Annual General Meeting.

We performed those procedures which we deemed necessary in compliance with professional guidance issued by the French Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes*) relating to this type of engagement.

Agreements submitted for approval to the Annual General Meeting

We hereby inform you that we have not been notified of any agreements authorized during the year ended 31 December 2024 to be submitted to the Annual General Meeting for approval in accordance with Article L. 225-38 of the French Commercial Code (*Code de commerce*).

Agreements previously approved by the Annual General Meeting

We hereby inform you that we have not been notified of any agreements previously approved by the Annual General Meeting whose implementation continued during the year ended December 31, 2024.

Paris-La Défense, March 26, 2025

The Statutory Auditors
French original signed by

FORVIS MAZARS SA		ERNST & YOUNG et Autres	
Olivier Lenel	Emmanuelle Bertuzzi	Philippe Berteaux	Guillaume Rouger

5.8 Other financial and accounting information

5.8.1 Five-year financial summary

	2020	2021	2022	2023	2024
1. SHARE CAPITAL AT DECEMBER 31					
Share capital *(in millions of euros)*	242	243	244	245	245
Number of ordinary shares outstanding	241,717,403	242,574,781	243,501,944	244,633,504	244,633,504
Maximum number of new shares to be issued:	—	—	—	—	
• on exercise of equity warrants	—	—	—	—	
• on exercise of stock subscription options	—	—	—	—	
• on conversion of bonds into new shares	—	—	—	—	
2. RESULTS OF OPERATIONS FOR THE YEAR *(in millions of euros)*					
Sales	—	—	—	—	
Income before tax, depreciation, amortization and impairment losses	321	216	189	178	146
Income taxes	2	3	7	8	16
Employee profit-sharing	—	—	—	—	
Net income (loss)	200	148	203	194	181
Net dividend	72	84	92	97	102
3. PER-SHARE DATA *(in euros)*					
Net income after tax, but before depreciation, amortization and impairment losses	1.33	0.91	0.81	0.76	0.66
Net income (loss)	0.83	0.61	0.84	0.79	0.74
Net dividend	0.30	0.35	0.38	0.40	0.42
4. PERSONNEL					
Headcount at December 31	1	3	3	3	2
Wages and salaries *(in millions of euros)*(1)	26	38	55	31	20
Social security contributions *(in millions of euros)*(2)	8	2	(4)	(1)	(1)

(1) *In 2024, this amount includes an expense of 11 million euros relating to the delivery of free shares under the 2021 free share plan and to the 2019 Shares4U employee share ownership plan (see Note 3.2, page 444).*

(2) *In 2024, this amount includes a net provision reversal of 2 million euros relating to social security contributions paid on the free shares delivered to French beneficiaries under the 2021 free share plan, partly offset by the recognition of social security contributions relating to the 2024 free share plan (see Note 3.2, page 444).*

5.8.2 List of subsidiaries, affiliates and marketable securities

	Number of shares	Net carrying amount *(in millions of euros)*
Valeo Bayen	189,154,088	4,849
Valeo International Holding BV	2,845,121	198
Valeo Otomotiv Sanayi ve Ticaret AS	121,513,059	40
Valeo Service	3,260,000	28
Coreval	928,434	23
Valeo Pyeong Hwa Co. Ltd.	1,359,405	12
Valeo Auto-Electric GmbH	3,021	81
Amalgamations Valeo Clutch Private Ltd	56,252,500	9
DAV Tunisie	9,800,000	15
Équipement 11	433,034	1
Other securities with a net carrying amount below 2 million euros		7
INVESTMENTS IN SUBSIDIARIES AND AFFILIATES		**5,263**
Other securities		—
OTHER INVESTMENT SECURITIES		**—**
MONEY MARKET FUNDS		**1,568**
TREASURY SHARES		**19**
TOTAL		**6,850**

6. SHARE CAPITAL AND OWNERSHIP STRUCTURE

AFR *Information from the Annual Financial Report is clearly identified in the table of contents by the AFR symbol.*

6.1 Stock market data

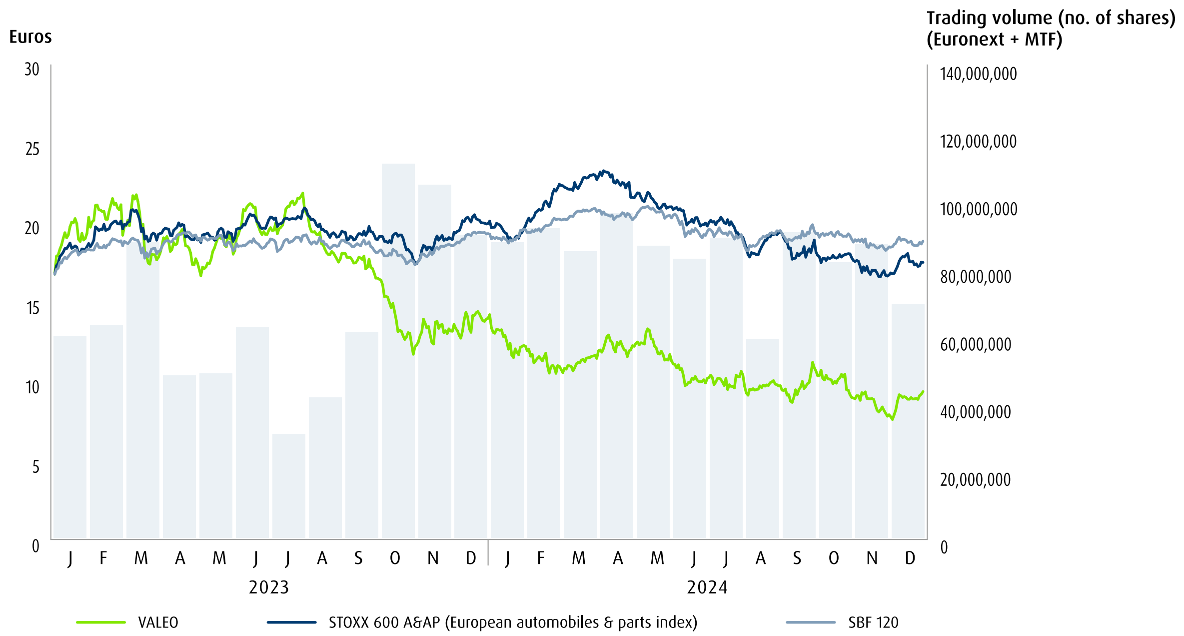
	2022	2023	2024
Market capitalization at year-end *(in billions of euros)*	4.07	3.40	2.28
Number of shares *(at December 31)*	243,501,944	244,633,504	244,633,504
Highest share price *(in euros)*	28.50	22.23	14.75
Lowest share price *(in euros)*	13.80	11.53	7.38
Average share price *(in euros)*	19.19	17.71	10.51
Share price at year-end *(in euros)*	16.7	13.92	9.31

6.1.1 Share performance

	Share price *(in euros)*			**Trading volume**		
Effective	**High**	**Low**	**Closing (average)**	**MTF**(1) *(in number of shares)*	**Euronext**(2) *(in number of shares)*	**Euronext**(2) *(in capital and millions of euros)*
December 2023	14.54	12.52	13.71	58,710,049	31,536,329	435.50
January 2024	14.75	11.36	12.54	61,226,582	26,247,395	328.59
February 2024	12.36	10.34	11.20	63,073,336	28,480,626	320.32
March 2024	11.84	10.19	11.11	53,113,354	31,601,914	349.23
April 2024	13.22	11.20	12.11	65,507,028	30,474,379	369.58
May 2024	13.50	11.19	12.18	59,460,307	26,881,316	330.58
June 2024	11.75	9.61	10.40	54,305,121	28,491,119	295.66
July 2024	10.79	9.16	9.99	56,763,861	32,019,074	320.66
August 2024	10.48	8.84	9.63	39,057,983	19,776,666	190.80
September 2024	11.17	8.53	9.58	58,206,365	32,174,117	310.31
October 2024	11.04	8.83	9.97	54,142,477	27,410,201	270.56
November 2024	9.50	7.66	8.59	57,154,482	29,633,188	253.73
December 2024	9.34	7.38	8.73	45,887,251	23,310,888	201.04

(1) *MTF (Multilateral Trading Facility): includes the trading volumes on platforms such as ChiX, Turquoise, Bats and Aquis.*
(2) *Source: Euronext monthly statistics.*

6.1.2 Share price and monthly trading volumes



6.2 Investor relations

Valeo's Investor Relations Department serves as an interface between the Group and the international financial community, including institutional investors such as ESG investors and impact investors, as well as financial analysts and individual shareholders. It aims to provide clear, thorough and transparent information in real time to all these market participants, in order to keep them informed of Valeo's strategy, positioning, results and short- and medium-term financial and non-financial objectives.

Valeo's website, www.valeo.com, features a dedicated "Investors & shareholders" section for its shareholders and the financial community featuring:

- the Universal Registration Document and the Half-Year Financial Report ("Regulated information" section);
- Valeo's financial and non-financial presentations and press releases ("Results and presentations" section);
- technology presentations ("Results and presentations" section);
- the capital structure, the dividends paid, and information regarding the American Depositary Receipt program ("Share and capital structure" section);
- the list of analysts covering the Valeo share and the consensus ("Analysts and consensus estimates" section);
- details of the Group's debt, and the credit ratings assigned by Moody's and Standard & Poor's ("Debt and rating" section);
- information for individual shareholders ("Individual investors" section);
- information about the Shareholders' Meeting ("Shareholders' Meeting" section).

6.2.1 Institutional investors

The Group's Investor Relations Department closely and consistently interacts with the financial community. The department places great importance on holding meetings throughout the year with shareholders, investors and financial and non-financial analysts, whether at the Group's headquarters, at roadshows held in major global centers (Europe, North America and Asia) or during subject-specific (automotive, ESG) or general investor conferences. In 2024, the Investor Relations Department took part in 17 conferences and met around 1,100 institutional investors and analysts over the course of the year, with the Group's Management present at a large number of these meetings.

Valeo includes detailed non-financial information in its financial communications aimed at all stakeholders, in particular ESG investors and analysts. During dedicated conferences and individual meetings throughout 2024, the Group had the opportunity to present its ambitions in corporate governance and social and environmental responsibility, particularly relating to its climate strategy. Information on these subjects is available on the Group's website in the "Sustainability" section.

6.2.2 Individual shareholders

Valeo consistently interacts with individual shareholders, who control approximately 5% of Valeo's share capital.

An "Individual investors" section is available on the Group's website and features the Shareholder Guide, for example. The Group's Investor Relations Department regularly sends information, including flash e-newsletters, to individual shareholders to keep them informed about the Group's latest news and financial results. Since 2017, individual shareholders in France have been able to join an *online Shareholders' Club*, where they can access presentations on the Group and its operations. In addition, the Group's Investor Relations Department met private fund managers on several occasions during the year, both in Paris and elsewhere in France.

The share registrar service has been provided by Société Générale since the end of 2000 and offers a share information line (+33 (0)2 51 85 67 89) for questions concerning dividends, tax issues and order placing.

For any other information about the Group, individual shareholders can call the number provided in section 6.2.4.

6.2.3 Employee shareholders

Since 2010, Valeo has had a policy of allotting free shares to promote the development of employee share ownership over time.

In 2016, Valeo launched a share subscription offering reserved for employees (Shares4U), an initiative that was renewed for eight consecutive years until 2023.

As the proportion of the Company's share capital held by employee shareholders exceeded the threshold of 3% at December 31, 2022, Valeo appointed a representative of the employee shareholders on its Board of Directors in accordance with Articles L.225-23 and L.225-102 of the French Commercial Code (Code de commerce). In accordance with the amendments to the Company's articles of association adopted at the May 24, 2023 Shareholders' Meeting, and following the election process carried out pursuant to the provisions of the articles of association and the procedures set by the Board of Directors, at the May 23, 2024 Shareholders' Meeting, the shareholders were asked to appoint Éric Chauvirey as the principal director representing employee shareholders and Yann Le Pêcheur as his substitute. The resolution was approved at a rate of 98.02%.

At December 31, 2024, Valeo employees held 10,823,568 shares under Group employee savings plans in France and abroad, directly or indirectly through the Valeorizon mutual fund, representing 4.42%[1] of the Company's share capital, compared to 10,666,328 shares representing 4.36% at December 31, 2023. The Valeorizon mutual fund and direct share ownership in certain countries, through a Group employee savings plan (*Plan d'Épargne Groupe* – PEG), represent an effective way of involving employees in the Group's perspective performance and governance. The Shares4U offering was not renewed in 2024.

Employee shareholders have access to the same communication tools as individual shareholders, as well as an information line managed by the banks in charge of the share ownership plans. They can call this telephone platform all year round with any questions they may have.

6.2.4 Contact

Valeo

100, rue de Courcelles

75017 PARIS – France

Institutional investors and financial analysts

François Marion, Chief Communications Officer

Thierry Lacorre, Investor Relations Director

To arrange a meeting, please contact:

Email: valeo.corporateaccess.mailbox@valeo.com

Individual shareholders

Tel.: +33 (0)1 40 55 20 39

Email: valeo.actionnairesindividuels.mailbox@valeo.com

For questions about registered shares, please contact:

Société Générale

Tel.: +33 (0)2 51 85 67 89

6.2.5 2025 provisional financial publications calendar

- First-quarter sales: April 29, 2025
- First-half results: July 24, 2025
- Third-quarter sales: October 23, 2025
- Investor Day: November 20, 2025
- Full-year results: second half of February 2026

6.3 Dividends

Dividends over the past three years were as follows:

Year	Dividend per share *(in euros)*	Tax allowance	Total *(in millions of euros)*
2021	0.35	Amount eligible for the 40% tax allowance provided for in Article 158,3-2° of the French Tax Code (*Code général des impôts*) for individuals who are tax residents in France	84.0
2022	0.38	Amount eligible for the 40% tax allowance provided for in Article 158,3-2° of the French Tax Code (*Code général des impôts*) for individuals who are tax residents in France	92.0
2023	0.40	Amount eligible for the 40% tax allowance provided for in Article 158,3-2° of the French Tax Code (*Code général des impôts*) for individuals who are tax residents in France	97.0

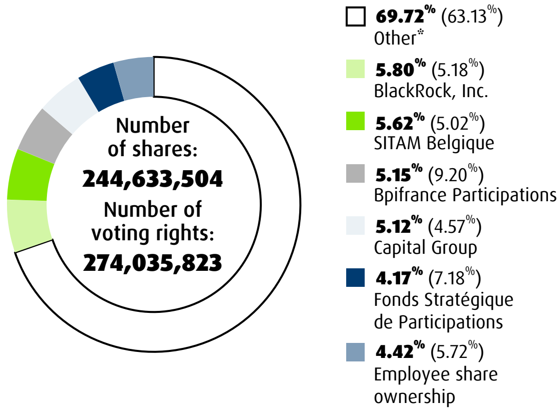
On February 27, 2025, the date on which Valeo published its 2024 financial results, Valeo's Board of Directors decided to recommend, to the Shareholders' Meeting called to approve the financial statements for the year ended December 31, 2024, the payment of a dividend of 0.42 euros per share eligible for dividends.

(1) *In accordance with Article L.225-102 of the French Commercial Code, employees hold 3.92% of the share capital at December 31, 2024 (3.75% at December 31, 2023). The difference compared to the percentage stated above results from the exclusion of free shares whose allotment was authorized by a Shareholders' Meeting decision prior to August 7, 2015, which do not fall within the scope of this article.*

6.4 Share ownership

6.4.1 Ownership structure

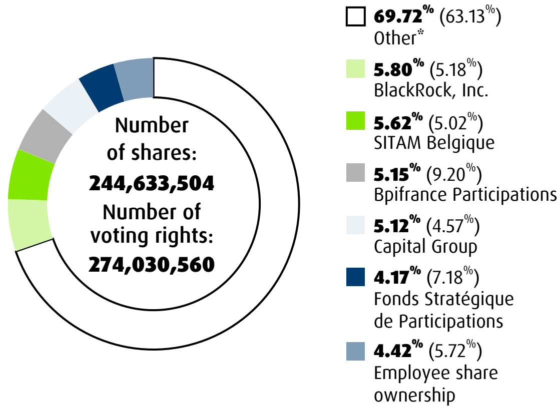
OWNERSHIP STRUCTURE AT DECEMBER 31, 2024



% of share capital
(% of voting rights)

* *Including 1,657,184 treasury shares (0.68% of the share capital).*

OWNERSHIP STRUCTURE AT FEBRUARY 27, 2025



% of share capital
(% of voting rights)

* *Including 1,693,198 treasury shares (0.69% of the share capital).*

6.4.2 Direct or indirect shareholdings in the Company brought to the Company's attention

The following details on share capital and voting rights were prepared:

- based on data brought to the Company's attention;
- based on the Company's share capital and theoretical voting rights at December 31 of each of the three years under consideration (2022, 2023 and 2024), and at February 27, 2025.

At December 31, 2024, the Company's share capital amounted to 244,633,504 euros comprising 244,633,504 shares with a par value of 1 euro each, including 1,657,184 treasury shares, representing 274,035,823 theoretical voting rights.

	February 27, 2025				
	Number of shares	% of share capital	Number of theoretical voting rights(1)	% of theoretical voting rights(1)	Number of exercisable voting rights(2)
BlackRock, Inc.	14,188,146	5.80%	14,188,146	5.18%	14,188,146
SITAM Belgique	13,760,000	5.62%	13,760,000	5.02%	13,760,000
Bpifrance Participations	12,600,000	5.15%	25,200,000	9.20%	25,200,000
Capital Group	12,521,676	5.12%	12,521,676	4.57%	12,521,676
Fonds Stratégique de Participations	10,213,000	4.17%	19,684,305	7.18%	19,684,305
Employee share ownership	10,823,568	4.42%(4)	15,667,742	5.72%	15,667,742
Treasury shares(3)	1,693,198	0.69%	1,693,198	0.62%	—
Other	168,833,916	69.03%	171,315,493	62.52%	171,315,493
TOTAL	**244,633,504**	**100%**	**274,030,560**	**100%**	**272,337,362**

(1) Registered shares held by the same shareholder for four or more years carry double voting rights (see Chapter 7, section 7.1.11 "Double voting rights", page 479). The total number of voting rights is calculated on the basis of all shares carrying voting rights, including shares stripped of voting rights (treasury shares) (Article 223-11 of the AMF's General Regulations).

(2) The number of exercisable voting rights corresponds to the number of theoretical voting rights less the number of voting rights attached to treasury shares (without voting rights).

(3) For more information on treasury shares, see section 6.5.2 of this chapter, "Treasury shares", page 473.

(4) In accordance with Article L.225-102 of the French Commercial Code, employees hold 3.92% of the share capital at December 31, 2024 (3.75% at December 31, 2023). The difference compared to the percentage stated above results from the exclusion of free shares whose allotment was authorized by a Shareholders' Meeting decision prior to August 7, 2015, which do not fall within the scope of this article.

	December 31, 2024				
	Number of shares	% of share capital	Number of theoretical voting rights(1)	% of theoretical voting rights(1)	Number of exercisable voting rights(2)
BlackRock, Inc.	14,188,146	5.80%	14,188,146	5.18%	14,188,146
SITAM Belgique	13,760,000	5.62%	13,760,000	5.02%	13,760,000
Bpifrance Participations	12,600,000	5.15%	25,200,000	9.20%	25,200,000
Capital Group	12,521,676	5.12%	12,521,676	4.57%	12,521,676
Fonds Stratégique de Participations	10,213,000	4.17%	19,684,305	7.18%	19,684,305
Employee share ownership	10,823,568	4.42%(4)	15,667,742	5.72%	15,667,742
Treasury shares(3)	1,657,184	0.68%	1,657,184	0.60%	—
Other	168,869,930	69.03%	171,356,770	70.05%	171,356,770
TOTAL	**244,633,504**	**100%**	**274,035,823**	**100%**	**272,378,639**

(1) Registered shares held by the same shareholder for four or more years carry double voting rights (see Chapter 7, section 7.1.11 "Double voting rights", page 479). The total number of voting rights is calculated on the basis of all shares carrying voting rights, including shares stripped of voting rights (treasury shares) (Article 223-11 of the AMF's General Regulations).
(2) The number of exercisable voting rights corresponds to the number of theoretical voting rights less the number of voting rights attached to treasury shares (without voting rights).
(3) For more information on treasury shares, see section 6.5.2 of this chapter, "Treasury shares", page 473.
(4) In accordance with Article L.225-102 of the French Commercial Code, employees hold 3.92% of the share capital at December 31, 2024 (3.75% at December 31, 2023). The difference compared to the percentage stated above results from the exclusion of free shares whose allotment was authorized by a Shareholders' Meeting decision prior to August 7, 2015, which do not fall within the scope of this article.

	December 31, 2023				
	Number of shares	% of share capital	Number of theoretical voting rights(1)	% of theoretical voting rights(1)	Number of exercisable voting rights(2)
Bpifrance Participations	12,600,000	5.15%	25,200,000	9.53%	25,200,000
Harris Associates LP	12,393,566	5.07%	12,393,566	4.69%	12,393,566
SITAM Belgique	13,228,994	5.41%	13,228,994	5.00%	13,228,994
Employee share ownership	10,666,328	4.36%(1)	14,445,269	5.46%	14,445,269
Treasury shares(3)	712,384	0.29%	712,384	0.29%	—
Other	195,032,232	79.72%	198,371,082	75.32%	198,371,082
TOTAL	**244,633,504**	**100%**	**264,351,295**	**100%**	**263,638,911**

(1) Registered shares held by the same shareholder for four or more years carry double voting rights (see Chapter 7, section 7.1.11 "Double voting rights", page 479). The total number of voting rights is calculated on the basis of all shares carrying voting rights, including shares stripped of voting rights (treasury shares) (Article 223-11 of the AMF's General Regulations).
(2) The number of exercisable voting rights corresponds to the number of theoretical voting rights less the number of voting rights attached to treasury shares (without voting rights).
(3) For more information on treasury shares, see section 6.5.2 of this chapter, "Treasury shares", page 473.

	December 31, 2022				
	Number of shares	% of share capital	Number of theoretical voting rights(1)	% of theoretical voting rights(1)	Number of exercisable voting rights(2)
Bpifrance Participations	12,600,000	5.17%	12,600,000	5.04%	12,600,000
BlackRock, Inc.	12,519,631	5.14%	12,519,631	5.01%	12,519,631
Harris Associates LP	12,393,566	5.09%	12,393,566	4.96%	12,393,566
SITAM Belgique	12,227,876	5.02%	12,227,876	4.89%	12,227,876
Employee share ownership	9,025,618	3.71%	12,150,466	4.86%	12,150,466
Treasury shares(3)	2,385,577	0.98%	2,385,577	0.95%	—
Other	182,349,676	74.89%	185,698,062	74.29%	185,698,062
TOTAL	**243,501,944**	**100%**	**249,975,178**	**99%**	**247,589,601**

(1) Registered shares held by the same shareholder for four or more years carry double voting rights (see Chapter 7, section 7.1.11 "Double voting rights", page 479). The total number of voting rights is calculated on the basis of all shares, including shares without voting rights (treasury shares) (Article 223-11 of the AMF's General Regulations).
(2) The number of exercisable voting rights corresponds to the number of theoretical voting rights less the number of voting rights attached to treasury shares (without voting rights).
(3) For more information on treasury shares, see section 6.5.2 of this chapter, "Treasury shares", page 473.

Shareholders representing more than 5% of the share capital or voting rights

To the Company's knowledge, there were no shareholders with direct or indirect holdings of 5% or more of the Company's share capital or voting rights at December 31, 2024, other than:

- BlackRock, Inc., which held, directly or indirectly, 14,188,146 shares in the Company, i.e., 5.80% of the share capital and 5.18% of the voting rights;
- SITAM Belgique, which held 13,760,000 shares in the Company, i.e., 5.62% of the share capital and 5.02% of the voting rights;
- Bpifrance Participations, which held 12,600,000 shares in the Company, i.e., 5.15% of the share capital and 9.20% of the voting rights;
- Capital Group, which held 12,521,676 shares in the Company, i.e., 5.12% of the share capital and 4.57% of the voting rights;
- Fonds Stratégique de Participations, which held 10,213,000 shares in the Company, i.e., 4.17% of the share capital and 7.18% of the voting rights;

To the Company's knowledge, there were no shareholders with direct or indirect holdings of 5% or more of the Company's share capital or voting rights at February 27, 2025, other than:

- BlackRock, Inc., which held, directly or indirectly, 14,188,146 shares in the Company, i.e., 5.80% of the share capital and 5.18% of the voting rights;
- SITAM Belgique, which held 13,760,000 shares in the Company, i.e., 5.62% of the share capital and 5.02% of the voting rights;
- Bpifrance Participations, which held 12,600,000 shares in the Company, i.e., 5.15% of the share capital and 9.20% of the voting rights;
- Capital Group, which held 12,521,676 shares in the Company, i.e., 5.12% of the share capital and 4.57% of the voting rights;
- Fonds Stratégique de Participations, which held 10,213,000 shares in the Company, i.e., 4.17% of the share capital and 7.18% of the voting rights;

Crossing of disclosure thresholds

Between January 1, 2024 and February 27, 2025, Valeo was notified of the following disclosure threshold crossings:

Shareholder	Date of notification(1)	Effective date(1)	Number of Valeo shares held(1)	Percentage of capital reported(1)	Percentage of theoretical voting rights declared(1)	Threshold crossed(1)	Increase or decrease(1)
Fonds Stratégique de Participations	12/03/2024	09/03/2024	10,213,000	4.17%	7.19%	5% of voting rights	↗
BlackRock, Inc.	27/03/2024	19/05/2023	12,328,352	5.04%	4.66%	5% of share capital	↗
BlackRock, Inc.	02/04/2024	28/03/2024	11,410,879	4.66%	4.32%	5% of share capital	↘
BlackRock, Inc.	02/04/2024	28/03/2024	12,240,615	5.00%	4.63%	5% of share capital	↗
BlackRock, Inc.	08/04/2024	05/04/2024	13,799,693	5.64%	5.04%	5% of voting rights	↗
Norges Bank	15/04/2024	11/04/2024	13,179,053	5.39%	4.81%	5% of share capital	↗
Norges Bank	15/04/2024	12/04/2024	13,835,649	5.66%	5.05%	5% of voting rights	↗
SITAM Belgique(2)	17/04/2024	04/04/2024	13,374,244	5.47%	4.88%	5% of voting rights	↘
BlackRock, Inc.	23/04/2024	22/04/2024	13,487,545	5.51%	4.92%	5% of voting rights	↘
Harris Associates LP	08/05/2024	02/05/2024	13,524,085	5.53%	4.94%	5% of voting rights	↘
The Capital Group Companies, Inc.	09/05/2024	07/05/2024	12,521,676	5.12%	4.57%	5% of share capital	↗
Harris Associates LP	16/05/2024	14/05/2024	10,996,587	4.50%	4.02%	5% of share capital	↘
SITAM Belgique(2)	27/05/2024	23/05/2024	13,760,000	5.62%	5.02%	5% of voting rights	↗
BlackRock, Inc.	31/05/2024	30/05/2024	14,188,146	5.80%	5.18%	5% of voting rights	↗
Norges Bank	29/11/2024	27/11/2024	9,944,767	4.06%	3.63%	5% of share capital and voting rights	↘

(1) Information sourced from disclosure threshold crossing notifications published by the AMF.
(2) Controlled by the Dassault family.

6.4.3 Directors' interests in Valeo's share capital

At December 31, 2024, to the Company's knowledge, Christophe Périllat and individual members of the Board of Directors held less than 1% of Valeo's share capital and voting rights in a personal capacity[(1)]. Bpifrance Participations and the Fonds Stratégique de Participations held (i) 12,600,000 shares representing 25,200,000 voting rights and (ii) 10,213,000 shares representing 19,684,305 voting rights, respectively, bringing the percentage interest held by all members of the Board of Directors (both individuals and companies) in a personal capacity to 9.46% of the share capital and 16.53% of the voting rights[(1)]. The number of shares held by each member of the Board of Directors is given in Chapter 3, section 3.2.1, paragraphs "Composition of the Board of Directors at December 31, 2024 and changes made during the year" and "Presentation of directors in 2024", pages 104 to 132.

6.4.4 Transactions carried out in the Company's shares by senior management and directors

Transactions carried out from January 1, 2024 up to the date of this Universal Registration Document by senior management and directors and by related persons, that have been reported to the French financial markets authority (*Autorité des marchés financiers*) and the Company pursuant to the applicable legal and regulatory provisions are presented below:

Name	Position	Type of security	Type of transaction	Date of transaction	Gross unit price	Number of shares	Gross amount
Gilles Michel	Chairman of the Board of Directors	Share	Acquisition	April 30, 2024	€12,0540	6,150	€74,132.10
Christophe Périllat	Chief Executive Officer	Share	Vesting of performance shares allotted by the Board of Directors on May 26, 2021	May 27, 2024	n/a	37,616	n/a

To the Company's knowledge, no other senior managers, directors or persons related to them reported having carried out transactions involving the Company's shares pursuant to the applicable legal and regulatory provisions from January 1, 2024 up to the date of this Universal Registration Document.

6.5 Share buyback program AFR

6.5.1 Current share buyback program adopted by the Shareholders' Meeting of May 23, 2024

In accordance particularly with Articles L.22-10-62 et seq. and L.225-210 et seq. of the French Commercial Code, Regulation (EU) No. 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse, the AMF's General Regulations as well as all other applicable legal and regulatory provisions, the Ordinary and Extraordinary Shareholders' Meeting of May 23, 2024, in its seventeenth resolution, granted the Board of Directors (with power to subdelegate) an authorization to carry out transactions in the shares of the Company, for the following purposes:

- the implementation of any Company stock purchase option plan under the terms of Articles L.225-177 et seq. and L.22-10-56 et seq. of the French Commercial Code (or other similar plan), in particular for any employee and/or corporate officer of the Company and of related companies or economic interest groups, in accordance with the applicable legal and regulatory provisions; or
- the allotment of free shares of the Company pursuant to Articles L.225-197-1 et seq. and L.22-10-59 et seq. of the French Commercial Code (or other similar plan), particularly to any employee and/or corporate officer of the Company or related companies or economic interest groups, in accordance with the applicable legal and regulatory provisions; or
- the allotment or sale of shares to employees as part of their involvement in the performance of the Company or pursuant to a company or Group employee savings plan (or similar plan) in accordance with applicable law, in particular Articles L.3332-1 et seq. of the French Labor Code (*Code du travail*); or
- in general, to comply with obligations in respect of stock option plans or other allotments or sales of shares to employees or corporate officers of the Company, or related companies or economic interest groups; or
- the delivery of shares on the exercise of rights attached to securities giving access to the share capital (*valeurs mobilières donnant accès au capital*) by redemption, conversion, exchange, presentation of a warrant or any other means; or
- the retention and future delivery of shares (as exchange consideration, as payment or other) in connection with acquisitions, mergers, spin-offs or contributions; or
- the cancelation of all or part of the shares so acquired; or
- market-making for the Valeo share under a liquidity agreement compliant with the market practices permitted by the AMF.

(1) *Excluding shares held in the Valeorizon mutual fund (Group savings plan).*

This program is also intended to allow for the implementation of any market practice that may subsequently be permitted by market authorities and, more generally, to carry out any other transactions in compliance with current or future applicable laws and regulations. In such a case, the Company will inform its shareholders via a press release.

The total number of shares purchased by the Company during the share buyback program may not exceed 10% of the total number of shares making up the Company's share capital at any time. This percentage will apply to the share capital as adjusted to take into account any transactions carried out subsequent to the Shareholders' Meeting, it being specified that:

i. when shares are acquired to increase liquidity, the number of shares used to determine the 10% limit mentioned above corresponds to the number of shares purchased, less the number of shares sold during the authorized period;

ii. the number of shares purchased with a view to holding them for future delivery, as payment or to be exchanged, in connection with an external growth operation, merger, spin-off or contribution may not exceed 5% of the Company's share capital;

iii. the number of shares held by the Company at any time may not exceed 10% of the shares that constitute the Company's share capital.

The maximum purchase price is set at 70 euros per share (excluding acquisition costs) and the aggregate amount allocated to the share buyback program is set at 1,712,434,500 euros (excluding acquisition costs). Based on the maximum per-share price of 70 euros (excluding fees), and for information purposes only, 24,463,350 shares could therefore be purchased under the program as at December 31, 2023.

This authorization was given for an 18-month period as of the Shareholders' Meeting of May 23, 2024 and canceled, for the unused portion as at May 23, 2024, the authorization granted by the Shareholders' Meeting of May 24, 2023 in its seventeenth resolution.

A description of the 2024 renewal of the Company's share buyback program was drawn up in accordance with Articles 241-1 et seq. of the AMF's General Regulations.

In 2024, Valeo carried out a number of share sale and purchase transactions under the abovementioned share buyback program and under the program authorized at the Shareholders' Meeting of May 24, 2023 (see section 6.5.2 of this chapter, "Treasury shares", page 435).

6.5.2 Treasury shares

At December 31, 2024, the Company held, directly or indirectly, 1,657,184 treasury shares (i.e., 0.68% of the share capital) with an average unit value of 11.49 euros and a par value of 1 euro. At December 31, 2023, Valeo held 712,384 shares, i.e., 0.29% of the share capital.

The shares purchased in 2024 were to be used in respect of:

- free share plans;
- the implementation of a liquidity agreement.

The share purchases were carried out in accordance with authorizations granted by the Shareholders' Meetings of May 24, 2023 and May 23, 2024 to the Board of Directors to buy back Company shares (it being specified that the seventeenth resolution of the Shareholders' Meeting of May 23, 2024 terminated and superseded the authorization granted by the Shareholders' Meeting of May 24, 2023).

The seventeenth resolution of the Shareholders' Meeting of May 23, 2024 authorized the Board of Directors (with the power to subdelegate) to purchase, or arrange for the purchase of, the Company's shares in accordance with the conditions specified in section 6.5.1 of this chapter, "Current share buyback program adopted by the Shareholders' Meeting of May 23, 2024", page 434.

Shares to be allocated to free share plans

On March 11, 2024, Valeo announced that it had requested the assistance of an investment services provider to carry out share buybacks to cover the implementation of any free share plan, any free performance share plan, the allotment of shares to employees as part of their involvement in the performance of the Company or the implementation of any Company savings plan, and more generally any share plan in the Group, in accordance with the objectives set out in the seventeenth resolution of the Shareholders' Meeting of May 24, 2023 and in the description of the related share buyback program. On March 11, 2024, Valeo entered into an agreement with an investment services provider for this purpose. On May 15, 2024 Valeo announced that, under the terms of the abovementioned agreement, on May 13, 2024 it had bought back 2,175,683 shares at an average price of 11.4906 euros.

At December 31, 2024, the number of treasury shares to be allocated to free share plans stood at 1,657,184 compared with 712,384 at December 31, 2023.

Shares for use under a liquidity agreement

During the year ended December 31, 2024, Valeo acquired 4,966,609 shares at an average price of 10.41 euros and sold 4,988,309 shares at an average First-In-First-Out price of 10.43 euros. Trading and transaction fees incurred under the liquidity agreement entered into with an investment services provider totaled 140,000 euros. These shares were not reallocated to other purposes provided for under the share buyback program.

At December 31, 2024, 0 shares and 17,321,056 euros in cash had been allocated to the liquidity agreement, compared with 21,700 shares and 17,032,618 euros in cash at December 31, 2023.

6.5.3 Share buyback program to be submitted to the Shareholders' Meeting of May 22, 2025

The Shareholders' Meeting to be held on May 22, 2025 will be asked to renew the authorization granted by the seventeenth resolution approved by the Shareholders' Meeting of May 23, 2024, permitting the Company to carry out transactions in its own shares under a new share buyback program, particularly in accordance with the provisions of Articles L.22-10-62 et seq. and L.225-210 et seq. of the French Commercial Code, Regulation (EU) No. 596/2014 of the European Parliament and of the Council of April 16, 2014, the AMF General Regulations, as well as any other legal or regulatory provisions that may become applicable.

The features of the new share buyback program are described below:

Purposes of the new share buyback program

Under the new share buyback program, which will be submitted to the Ordinary and Extraordinary Shareholders' Meeting on May 22, 2025, Valeo plans to buy back, directly or indirectly, its own shares, for the following purposes:

- the implementation of any Company stock purchase option plan under the terms of Articles L.225-177 et seq. and L.22-10-56 et seq. of the French Commercial Code (or other similar plan), in particular by any employee and/or corporate officer of the Company and of related companies or economic interest groups, in accordance with the applicable legal and regulatory provisions; or
- the allotment of free shares in the Company pursuant to Articles L.225-197-1 et seq. and L.22-10-59 et seq. of the French Commercial Code (or other similar plan), particularly to any employee and/or corporate officer of the Company or related companies or economic interest groups, in accordance with the applicable legal and regulatory provisions; or
- the allotment or sale of shares to employees as part of their involvement in the performance of the Company or pursuant to a company or Group employee savings plan (or similar plan) in accordance with applicable law, in particular Articles L.3332-1 et seq. of the French Labor Code (*Code du travail*); or
- in general, to comply with obligations in respect of stock option plans or other allotments or sales of shares to employees and/or corporate officers of the Company and related companies or economic interest groups; or
- the delivery of shares on the exercise of rights attached to securities giving access to the share capital by redemption, conversion, exchange, presentation of a warrant or any other means; or
- the retention and future delivery of shares (as exchange consideration, as payment or other) in connection with acquisitions, mergers, spin-offs or contributions; or
- the cancelation of all or part of the shares so acquired; or
- market-making for the Valeo share under a liquidity agreement compliant with the market practices permitted by the AMF.

This program is also intended to allow for the implementation of any market practice that may subsequently be permitted by market authorities and, more generally, to carry out any other transactions in compliance with current or future applicable laws and regulations. In such a case, the Company would inform its shareholders via a press release.

Number of shares and percentage of share capital held by the issuer

At January 31, 2025, Valeo directly or indirectly held 1,686,878 shares, representing 0.69% of the Company's share capital.

Breakdown of shares owned by Valeo by purpose

At January 31, 2025:

- 1,656,878 shares were allocated to free share plans;
- 30,000 shares were held under the liquidity agreement signed on March 23, 2019 with Rothschild Martin Maurel. This agreement complies with the Code of Ethics of the AFEI, approved by the AMF on March 22, 2005 (which has since become the Code of Ethics of the French Association of Financial and Investment Firms (AMAFI) approved by the AMF on October 1, 2008).

Maximum interest in the Company's share capital, maximum number and characteristics of shares that may be purchased under the new share buyback program

The maximum interest that can be purchased under the new share buyback program may not exceed 10% of the shares making up the Company's share capital (i.e., for information purposes only 24,463,350 shares at January 31, 2025). This percentage will apply to the share capital as adjusted to take into account any transactions carried out subsequent to the Shareholders' Meeting.

In accordance with the provisions of Article L.22-10-62 of the French Commercial Code, the number of shares that Valeo may hold at any time may not represent over 10% of the total number of shares making up the Company's share capital at the given date. Given the number of shares the Company currently owns, i.e., 1,686,878 shares at January 31, 2025 (representing 0.69% of the Company's share capital) and subject to adjustments affecting the number of shares held by the Company (including cancelation of treasury shares) and the amount of share capital after the Shareholders' Meeting on May 22, 2025, a total of 22,776,472 shares (i.e., 9.31% of the Company's share capital at January 31, 2025) could be available for purchase (or, excluding the shares held by the Company, on a maximum of 24,463,350 shares).

The securities covered by the buyback program are exclusively shares.

Maximum purchase price per share

The purchase price of shares under the new share buyback program may not exceed 70 euros per share (excluding acquisition costs). This price could be adjusted in the event of a change in the par value of the share, capital increase by capitalization of reserves, allotment of free shares, a stock split or reverse stock split, distribution of reserves, or any other assets, redemption of the share capital, or any other transaction affecting shareholders' equity, so as to take account of the impact of these transactions on the value of the share.

The maximum amount that can be spent under the new share buyback program will be fixed at 1,712,434,500 euros (excluding acquisition costs). Valeo reserves the right to use the full amount authorized under the program.

Term of the new share buyback program

In accordance with the resolution that will be submitted to the Shareholders' Meeting for approval on May 22, 2025, the new share buyback program would be authorized for an 18-month period as of the meeting, i.e., until November 22, 2026. It will supersede the seventeenth resolution approved by the Shareholders' Meeting of May 23, 2024.

6.5.4 Cancelation of treasury shares

In the twenty-seventh resolution of the Ordinary and Extraordinary Shareholders' Meeting of May 24, 2023, the Company's shareholders gave the Board of Directors a 26-month authorization to reduce the Company's capital by canceling treasury shares. Under this authorization, the number of shares canceled in any given 24-month period may not exceed 10% of the Company's share capital. At the date of this Universal Registration Document, this resolution had not been implemented.

6.6 Additional disclosures concerning the share capital

6.6.1 Changes in share capital

Changes in the Company's capital during 2024 were as follows:

		Changes *(in millions of euros)*				
Year	**Type of operation**	**Nominal**	**Premium**	**Total**	**Number of shares issued**	**Cumulative number of shares 12/31/2024**
2024	Capital increase reserved for employees	1	—	—	0	244,633,504

The share capital at December 31, 2024 comprised 244,633,504 shares with a par value of 1 euro, fully paid up and traded on the Euronext Paris regulated market.

At December 31, 2024, there were no plans in place pursuant to which shares could be issued on exercise of stock subscription options awarded to the Group's employees and corporate officers.

To the Company's knowledge, none of these shares have been pledged.

6.6.2 Other securities giving access to the share capital – Stock purchase option and free share plans

Stock purchase options at December 31, 2024

A table presenting past stock purchase option allotments, including options allotted to the corporate officers, can be found in section 3.3.2 of Valeo's 2020 Universal Registration Document, page 166.

It is recalled that the last stock purchase option plan in effect expired on March 26, 2020. Valeo has not been authorized to grant stock options by the Shareholders' Meeting since August 5, 2014.

Free share plans in force at December 31, 2024

A table presenting past free share allotments, including shares allotted to the corporate officers, can be found in section 3.3.2 of Valeo's Universal Registration Document, pages 177 to 178.

6.6.3 Securities not representing capital

Information about securities not representing capital (Euro Medium Term Note program and other bonds) is provided in Chapter 5, section 5.4.6, Note 9.1.2.1 "Long-term debt" to the consolidated financial statements, pages 402 to 405.

6.6.4 Other information on the share capital

Change in control

At the date of this Universal Registration Document and to the Company's knowledge, there are no shareholder agreements or other agreements in force that could lead to a change in control of the Company in the future.

Capital under option of any member of the Group

At the date of this Universal Registration Document, no capital of any member of the Group was under option or conditional or unconditional agreement to be put under option.

Disclosure threshold crossing

In accordance with Article L.233-7 of the French Commercial Code, any individual or legal entity, acting alone or in concert, that holds a number of shares representing over 5%, 10%, 15%, 20%, 25%, 30%, 33.33%, 50%, 66.66%, 90% or 95% of the Company's share capital or voting rights is required to disclose to the Company and the AMF by letter that the related disclosure threshold has been exceeded. Said disclosure must be made no later than the close of the fourth trading day from the date the threshold is exceeded and must also state the total number of shares and voting rights held by the shareholders concerned. The disclosures are subsequently published by the AMF. This disclosure obligation also applies when an interest in the Company's share capital and/or voting rights is reduced to below the abovementioned thresholds. If any shareholder fails to comply with these disclosure requirements, the shares in excess of the relevant threshold will be stripped of voting rights at all Shareholders' Meetings held within the two-year period from the date when the omission is remedied.

Article 9 of the Valeo articles of association states that, in addition to the applicable statutory disclosure thresholds, any individual or legal entity, acting alone or in concert, that raises or reduces its interest in the Company's share capital or voting rights, directly or indirectly, to above or below 2% respectively is required to disclose to the Company by registered letter with return receipt requested that the relevant disclosure threshold has been crossed. Said disclosure must be made within 15 days of the date on which the threshold is crossed and the shareholder concerned must state their own identity, as well as that of any parties acting in concert with the shareholder. This disclosure requirement also concerns ownership of each additional 2% fraction of the share capital or voting rights. The stated thresholds are calculated in accordance with Articles L.233-7 and L.233-9 of the French Commercial Code and with the AMF's General Regulations. In accordance with the seventh paragraph of Article L.228-1 of the French Commercial Code, this disclosure requirement also applies to intermediaries, without prejudice to the requirements applicable to the underlying shareholders, for all of the shares they manage.

Non-compliance with the above obligations is subject to the penalties set out in Article L.233-14 of the French Commercial Code, at the request of one or several shareholders together holding at least 2% of the Company's share capital or voting rights, as recorded in the minutes of the Shareholders' Meeting.

Shareholder identification

Registered and bearer shares are recorded in shareholders' accounts in accordance with applicable laws and regulations.

However, a bank, broker or other intermediary may register on behalf of shareholders who are domiciled outside France in accordance with Article 102 of the French Civil Code *(Code civil)*. This registration may be made in the form of a joint account or several individual accounts, each corresponding to one shareholder. Any such intermediary must inform the Company or the intermediary managing the Company's account that it is holding the shares on behalf of another party.

The Company is entitled to identify all holders of shares and other securities redeemable, exchangeable, convertible or otherwise exercisable for shares carrying rights to vote at Shareholders' Meetings, in accordance with the procedure provided for in Article L.228-2 et seq. of the French Commercial Code.

In order to identify holders of bearer shares, in accordance with the applicable laws and regulations, the Company is entitled to request, at any time, from the central depository or any intermediary referred to in Article L.228-2 of the French Commercial Code, in exchange for a fee, in particular the name, year of birth (or, in the case of corporate shareholders, the company name and year of incorporation), nationality and address of holders of shares granting immediate or future rights to vote at Shareholders' Meetings, the type of shares held, together with details of the number of shares held by the holder via the intermediary concerned, the start date of the holding period, the name and unique identifier of the third party designated by the holder, and any restrictions applicable to the shares concerned.

Based on the list provided by the abovementioned organization, where the Company considers that shares may be held on behalf of third parties, it may request, in accordance with the same conditions, either through the organization or directly from the parties mentioned on the list, the same information concerning the holders of the shares. If one of the parties mentioned on the list is a bank, broker or other intermediary, it must disclose the identity of the shareholders for whom it is acting. The information is provided directly to the financial intermediary managing the Company's share account, which will pass on said information either to the Company or the third party designated by said company.

For registered shares and other securities redeemable, exchangeable, convertible or otherwise exercisable for shares, any intermediary holding the securities on behalf of a third party must disclose the identity of the person or entity for whom it is acting, as well as the number of shares held by each of them, upon simple request by the Company or its representative, which may be made at any time.

The Company may also request, from any corporate shareholder holding over 2.5% of the Company's share capital or voting rights, information concerning the identity of persons or companies holding either directly or indirectly over one-third of its share capital or voting rights.

If an individual or corporate shareholder is asked to provide information in accordance with the above conditions and fails to provide it by the applicable deadline, or provides incomplete or incorrect information, the shares or other securities redeemable, exchangeable, convertible or otherwise exercisable for shares recorded in the shareholder's account will be stripped of voting rights for all Shareholders' Meetings until the identification request has been fulfilled, and the payment of any corresponding dividends will also be deferred until that date.

In addition, if an individual or company registered in the Company's shareholders' account deliberately ignores their obligations, the Company or one or more shareholders holding at least 5% of the Company's share capital may petition the court of the place in which the Company's registered office is located to obtain an order to totally or partially strip the shares concerned of their voting rights and the corresponding dividend, for a maximum period of five years.

7. ADDITIONAL INFORMATION

AFR *Information from the Annual Financial Report is clearly identified in the table of contents by the AFR symbol.*

7.1 Main provisions of the law and the articles of association

7.1.1 Company name and headquarters

The Company's corporate name is Valeo and its headquarters are located at 100, rue de Courcelles, 75017 Paris.

Tel.: +33 (0)1 40 55 20 20.

7.1.2 Legal structure and governing law

On March 9, 2021, Valeo, incorporated in the form of a *société anonyme* (joint-stock company), became a European company (*Societas Europaea*) governed by the provisions of Council Regulation (EC) No 2157/2001 of October 8, 2001 on the Statute for a European Company. Matters outside the scope of said regulation are governed by the provisions of the French Commercial Code (*Code de commerce*) applicable to joint-stock companies, and by the Company's articles of association. The provisions of the French Commercial Code relating to the management and governance of joint-stock companies are applicable to European companies.

7.1.3 Corporate governance

For the purposes of transparency and disclosure, the Company has set up a number of procedures to ensure that it complies with best corporate governance practices. For further information, see the cross-reference table for the Corporate Governance Report in Chapter 8, section 8.1.4, page 461.

7.1.4 Date of incorporation and term

The Company was incorporated on February 10, 1923 and its term was extended for a further 99 years on February 10, 1972.

7.1.5 Corporate purpose

The Company's corporate purpose is as follows (Article 3 of the articles of association):

- the research, manufacturing, sale, trade and supply of all products, equipment and services for the industrial and retail sectors, that may be manufactured and developed by factories of the Company or of companies of its Group or that may be of interest to their customers; and
- more generally, engaging in any transactions whatsoever, including industrial, commercial, financial, real estate and other property transactions, sales, acquisitions, capital contributions, etc., directly or indirectly related to the corporate purpose or contributing to its extension or development.

7.1.6 Registration details

The Company is registered at the Paris Trade and Companies Registry under the number 552 030 967.

7.1.7 Fiscal year

The Company's fiscal year covers a twelve-month period from January 1 to December 31.

7.1.8 Dividends

Each share entitles its holder to a proportion of income equal to the proportion of capital represented by the share.

Distributable income is composed of net income for the year less any prior year losses and amounts appropriated to the legal reserve, plus any income carried forward. Furthermore, shareholders in a Shareholders' Meeting may decide, subject to the conditions set out by law, to distribute amounts taken from available reserves and/or retained earnings. In this case, the related resolution approved by the Shareholders' Meeting must clearly specify the reserve account from which the distributed amounts are to be taken.

Shareholders may resolve to pay out a dividend only after approving the financial statements for the year and noting that amounts are available for distribution. The dividend payment terms are defined by the Shareholders' Meeting or, by default, the Board of Directors.

The Board of Directors may decide to pay an interim dividend for the current year or the year ended before the financial statements are approved, subject to the conditions set out by law, and may set the amount and date of payment.

At the Shareholders' Meeting called to approve the annual financial statements, shareholders may decide to offer a stock dividend alternative to cash dividends representing all or part of the dividend, or interim dividend, as provided for by law.

Dividends unclaimed after a period of five years from the date they were made payable are paid over to the French State.

7.1.9 Liquidation surpluses

Liquidation surpluses are allocated between the shareholders in proportion to their interests in the Company's share capital.

7.1.10 Shareholders' Meetings

Ordinary and Extraordinary Shareholders' Meetings are called and conduct business in accordance with the conditions set out by law.

In accordance with Article R.22-10-28 of the French Commercial Code, shareholders may participate in Shareholders' Meetings subject to submitting evidence of ownership of their shares. Share ownership is evidenced by an entry in Valeo's share register in the name of the shareholder (or of the intermediary acting on their behalf) or in the register of bearer shares held by an accredited intermediary. Such entries must be recorded by 00:00 hours (12:00 a.m.) (CET) on the second working day preceding the date of the meeting. In the case of bearer shares, the accredited intermediary shall provide a share ownership certificate for the shareholders concerned, which must be attached to the postal voting or proxy form or to the admission card made out in the name of the shareholder or in the name of the registered intermediary representing the shareholder.

Subject to the abovementioned conditions, all shareholders are entitled to attend Shareholders' Meetings provided they have settled all capital calls related to their shares.

Shareholders who are unable to attend a meeting in person may choose one of the following options:

- cast a postal vote; or
- give proxy to the Chair of the Shareholders' Meeting or to an appointed individual.

In compliance with the conditions set out by the applicable laws and regulations, shareholders may send proxy and postal voting forms for any Shareholders' Meetings either by post or electronically (as authorized by the Company).

Minutes of Shareholders' Meetings are drawn up, and copies and extracts thereof are certified and delivered, in accordance with the law.

7.1.11 Double voting rights

Each shareholder has a number of votes corresponding to the number of shares held or represented by proxy.

However, since the Shareholders' Meeting of June 16, 1992, Article 23 of the Company's articles of association provides that double voting rights are attached to all fully paid shares that have been registered in the name of the same holder for at least four years. In the case of a capital increase paid up by capitalizing reserves, profit or share premiums, the new registered free shares allotted to a shareholder in respect of existing shares with double voting rights will also carry double voting rights from the date of issue. Double voting rights are automatically stripped from any registered shares that are converted into bearer shares or transferred. However, registered shares are not stripped of voting rights and the above four-year qualifying period continues to run following the transfer of shares included in the estate of a deceased shareholder, or in connection with the settlement of the marital estate, or an inter vivos gift to a spouse or relative in the direct line of succession. Double voting rights may be removed by decision of the Extraordinary Shareholders' Meeting, subject to the approval of shareholders entitled to double voting rights, at a special meeting held for that purpose.

7.1.12 Changes in share capital and rights attached to shares

Any changes in the Company's share capital or voting rights attached to shares are subject to the applicable laws as the articles of association do not contain any specific provisions in relation to such operations.

7.1.13 Stock market

Valeo's shares are listed on Euronext Paris (ISIN code: FR0013176526). They are also included in the CAC Next 20, SBF 120 and CAC 40 ESG indices. The LEI code is 5493006IH2N2WMIBB742.

Valeo's shares are also available on the over-the-counter market in the United States in the form of American depositary receipts (ADR) through its depositary bank, JP Morgan (symbol: VLEEY).

7.2 Information on subsidiaries and affiliates

The Group's overall legal and operational structure is described in Chapter 1 “Presentation of Valeo”, pages 49 to 79.

Following the creation of subsidiaries for its industrial activities in 2002, the Company is now solely a holding and cash management company for the Group. The Company is the head of the tax consolidation group in France.

Excluding certain exceptions, Valeo SE centralizes the management of market risks to which its operating subsidiaries are exposed, including changes in interest rates and fluctuations in exchange rates and prices of quoted commodities.

Valeo SE also centralizes the financing requirements of these subsidiaries and is generally the sole counterparty of the financial institutions that provide the funding to cover these requirements. The related assets (cash and cash equivalents) and liabilities (external debt) are included in Valeo’s balance sheet. The Group is also responsible for upholding the image of the Valeo brand. To this end, it has entered into agreements with some of its French subsidiaries, under which Valeo SE allows them to benefit from the Group’s expertise, values, business model and processes.

Group-wide control and support functions, encompassing accounting, legal services, information technology, procurement, communication and business development, research and development strategy and management, and quality audits, etc., are performed by the intragroup partnership (*groupement d’intérêt économique*), Valeo Management Services. The purpose of this entity is to make common resources available and to implement the necessary means and take the required action to increase savings and optimize the costs of its members. Valeo Management Services is financed by contributions from its 14 members, which consist of companies belonging to the Group.

The Group’s operating assets and liabilities are carried by its subsidiaries with plants, research and/or development centers and distribution platforms. These subsidiaries representing 80% of consolidated sales are listed in the table on the following page.

The entities with distribution platforms are active only on the independent aftermarket in the countries where they operate. Sales to automakers are handled directly by the Business Groups, Product Groups and Product Lines involved in the production process. The commercial activities of the Business Groups, Product Groups and Product Lines with a given customer are coordinated by the networks of the Sales and Business Development Department, described in Chapter 1, section 1.6.2 “Sales and Business Development”, page 74.

A list of consolidated companies is provided in Chapter 5, section 5.4.6, Note 14 “List of consolidated companies” to the consolidated financial statements, pages 423 to 430 (the list also shows the location of the companies). The position of the direct subsidiaries and interests of Valeo SE, the parent company, is presented in the table included in Chapter 5, section 5.6.4, Note 11 “List of subsidiaries and affiliates” to the parent company financial statements, page 457.

MAIN COMPANIES *(representing 80% of consolidated sales)*
Direct and indirect interests by country *(% interest at December 31, 2024)*

EUROPEAN UNION		
FRANCE	Valeo Équipements Électriques Moteur	100%
	Valeo Vision	100%
	Valeo Systèmes Thermiques	100%
	DAV	100%
	Valeo Embrayages	100%
	Valeo Service	100%
GERMANY, IRELAND	Valeo Schalter und Sensoren GmbH	100%
	Valeo eAutomotive Germany GmbH	100%
	Valeo Klimasysteme GmbH	100%
	Valeo Wischersysteme GmbH	100%
	Connaught Electronics Limited	100%
SPAIN, ITALY	Valeo España S.A.	100%
	Valeo Termico, S.A.U.	100%
	Valeo S.p.A.	100%
HUNGARY, POLAND, CZECH REPUBLIC, ROMANIA	Valeo Auto-Electric Hungary LLC	100%
	Valeo eAutomotive Hungary Kft.	100%
	Valeo Autosystemy Sp.ZO.O.	100%
	Valeo Electric and Electronic Systems Sp.ZO.O.	100%
	Valeo Autoklimatizace k.s.	100%
	Valeo Lighting Injection SA	100%
EUROPE OUTSIDE THE EU		
TURKEY	Valeo Otomotiv Sanayi ve Ticaret A.S.	100%
AFRICA		
MOROCCO	Valeo Vision Maroc, S.A.	100%
NORTH AMERICA		
UNITED STATES	Valeo North America, Inc	100%
MEXICO	Valeo Sistemas Electricos, SA de CV	100%
	Valeo Sistemas Automotrices de México, SA de CV	100%
	Delmex de Juarez S de RL de CV	100%
	Valeo Kapec, SA de CV	50%
SOUTH AMERICA		
BRAZIL	Valeo Sistemas Automotivos Ltda	100%
ASIA		
CHINA	Valeo Interior Controls (Shenzhen) Co. Ltd	100%
	Valeo Automotive Air Conditioning Hubei Co. Ltd	100%
	Valeo Ichikoh (China) Auto Lighting Co., Ltd	94.2%
	Valeo Compressor (Changchun) Co.	100%
	Foshan Ichikoh Valeo Auto Lighting Systems Co. Ltd	94.2%
	Nanjing Valeo Clutch Co. Ltd	37.5%
SOUTH KOREA, JAPAN	Valeo Kapec Co. Ltd	50%
	Valeo Pyeong HWA Co. Ltd	50%
	Valeo Electrical Systems Korea, Ltd	100%
	Ichikoh Industries Limited	61.2%
	Valeo Japan Co. Ltd	100%
INDIA	Valeo India Private Ltd	100%

7.3 Material contracts

Neither Valeo nor any of the Group's companies have signed any major contracts over the past two years, other than those related to the ordinary course of their business.

7.4 Documents on display

The Company's press releases, Registration Documents and Universal Registration Documents filed with the French financial markets authority (*Autorité des marchés financiers* – AMF), including historical financial information relating to the Company and the Group, as well as any updates thereto can be accessed on the Company's website at: www.valeo.com.

In accordance with Article 221-3 of the AMF's General Regulations, the regulated information defined in Article 221-1 of these regulations is posted on the Company's website (www.valeo.com), as well as on the website of the French Directorate of Legal and Administrative Information (www.info-financiere.fr), the French officially appointed mechanism for the storage of regulated information. It remains on the Company's website for at least five years after the related documents are issued, with the exception of the Registration Documents, Universal Registration Documents, and Annual and Interim Financial Reports, which remain online for at least 10 years.

In accordance with the AMF's General Regulations, the Company's Internal Procedures and the articles of association are available on the Company's website. Together with the minutes of Shareholders' Meetings, Statutory Auditors' reports and all other corporate documents, these documents are also available at Valeo's headquarters in accordance with the conditions set out by law and the Company's articles of association.

Notifications of disclosure thresholds crossed are also published on the AMF's website (www.amf-france.org).

Accordingly, in respect of the period March 29, 2024 to March 27, 2025, the following documents are on display:

Full-year and half-year financial reports, quarterly financial information, share buyback programs and other information (www.valeo.com)

March 6, 2025	Monthly share buyback information – February 2025
February 27, 2025	2024 results press release and presentation
February 27, 2025	2024 consolidated financial statements – 2024 results
February 5, 2025	Monthly share buyback information – January 2025
January 6, 2025	Half-year update on the liquidity agreement at December 31, 2024
January 6, 2025	Semester summary – December 2023
January 6, 2025	Monthly share buyback information – December 2024
December 5, 2024	Monthly share buyback information – November 2024
November 7, 2024	Monthly share buyback information – October 2024
October 24, 2024	Presentation – Third-quarter 2024 sales
October 24, 2024	Press release – Third-quarter 2024 sales
October 7, 2024	Monthly share buyback information – September 2024
September 9, 2024	Monthly share buyback information – August 2024
August 2, 2024	Monthly share buyback information – July 2024
July 25, 2024	Presentation – First-half 2024 results
July 25, 2024	2024 half-year financial report
July 25, 2024	Press release – First-half 2024 results
July 5, 2024	Half-year update on the liquidity agreement at June 30, 2024
July 5, 2024	Monthly share buyback information – June 2024
June 5, 2024	Monthly share buyback information – May 2024
May 24, 2024	Activity and Sustainable Development Report 2023
May 13, 2024	Monthly share buyback information – April 2024
April 25, 2024	Presentation – First-quarter 2024 sales
April 25, 2024	Press release – First-quarter 2024 sales
March 29, 2024	Valeo: 2023 Universal Registration Document availability
March 29, 2024	2023 Universal Registration Document
March 29, 2024	2023 Integrated Report

Notifications of disclosure threshold crossings (published on the AMF's website www.amf-france.org)

Notifications of disclosure thresholds crossed may be viewed in section 6.4.2 of Chapter 6, "Direct or indirect shareholdings in the Company brought to the Company's attention", paragraph "Crossing of disclosure thresholds", page 471.

Information relating to the total number of voting rights and shares forming Valeo's share capital (www.valeo.com)

Information covering the period from March 29, 2024 to February 27, 2025 is available on Valeo's website under Investors & shareholders/Regulated information: https://www.valeo.com/en/other-regulated-information/

Information published by Valeo in the French legal gazette (*Bulletin des annonces légales obligatoires* – BALO), available in French on the BALO website (www.journal-officiel.gouv.fr/balo)

June 14, 2024	Approval of the 2023 financial statements by the Shareholders' Meeting of May 23, 2024
May 1, 2024	Convening notice for Shareholders' Meeting of May 23, 2024
April 3, 2024	Notice of Shareholders' Meeting of May 23, 2024

Information published by Valeo in financial media

February 27, 2025	Press release announcing second-half 2024 and full-year 2024 results published on Notified
October 24, 2024	Press release announcing third-quarter 2024 sales published on Notified
July 25, 2024	Press release announcing first-half 2024 results published on Notified

Press releases published on Valeo's website (www.valeo.com)

MARCH 2025	
March 18, 2025	Valeo and Applied Intuition receive Tech.AD Award for digital twin platform
March 14, 2025	Valeo's revolutionary EvenLED technology wins 2025 Road Safety Innovation award
March 12, 2025	The 100 MW photovoltaic milestone installed by ENGIE reached at Valeo in Belgium
March 6, 2025	Valeo and TactoTek announce collaboration for innovative automotive lighting solutions
March 4, 2025	Valeo returns to Austin for SXSW 2025
FEBRUARY 2025	
February 27, 2025	Valeo published its 2024 results
February 4, 2025	Valeo and Virta Partner for Integrated Charging Solution
JANUARY 2025	
January 28, 2025	Automotive suppliers demand fair play: EU must set clear content targets
January 15, 2025	Valeo's Shenzhen plant named "Global Lighthouse factory" for its manufacturing excellence
January 9, 2025	Valeo's Jeffrey Shay named motorTrend software-defined Vehicle Innovator Award winner
January 7, 2025	Valeo enters commercial production with Heat Reuse Units (HRU) compatible with ZutaCore's Two-Phase Direct-to-Chip Liquid Cooling
January 6, 2025	Valeo and AWS collaborate to accelerate the cloud-native revolution in software-defined vehicles
DECEMBER 2024	
December 18, 2024	Valeo envisions mobility of tomorrow at CES 2025
December 13, 2024	Valeo receives "Equipment of the year" and "Revelation – Green Innovation" awards at Automobile Awards ceremony
December 12, 2024	ams OSRAM and Valeo unveil cooperation for transforming vehicle interiors into dynamic environments
December 9, 2024	Valeo and CEA renew their partnership to meet the challenges of more sustainable, autonomous and connected mobility
NOVEMBER 2024	
November 26, 2024	Valeo & ROHM Semiconductor co-develop the next generation of power electronics
November 12, 2024	o9 supports Valeo in driving digital transformation across its global supply chain
November 6, 2024	Valeo and NTT DATA unveil a brand new connected cluster at the EICMA show from November 7 to 10, 2024
OCTOBER 2024	
October 24, 2024	Press release – Q3 2024 sales
October 18, 2024	The Paris Motor Show: Valeo and TotalEnergies strengthen their partnership for the next generation of EVs
October 16, 2024	Valeo levels up the expertise of mechanics thanks to the launch of Valeo Tech Academy
October 14, 2024	Valeo and HERE Technologies present Valeo Smart Safety 360 with Navigation on Pilot at Paris Motor Show 2024

October 14, 2024	Valeo and MAHLE expand their product range of magnet free electric motors to upper segment applications through a Joint Development of iBEE (Inner Brushless Electrical Excitation)
October 10, 2024	Experience the future of mobility with Valeo @ Paris Motor Show 2024
SEPTEMBER 2024	
September 9, 2024	Valeo at IAA Transportation 2024
JULY 2024	
July 25, 2024	Press release – H1 2024 Results
July 8, 2024	Valeo and Seeing Machines announce strategic collaboration to offer advanced driver and occupant monitoring solutions
JUNE 2024	
June 26, 2024	Valeo announces it will be presenting at the Eurobike 2024 trade show, held from July 3 to 7 in Frankfurt
June 24, 2024	Valeo receives the Frost & Sullivan 2024 Global Company of the Year award for its market-leading position on software-defined vehicles
June 11, 2024	Valeo partners with Dassault Systèmes to accelerate the digitalization of its R&D
MAY 2024	
May 23, 2024	Valeo’s Shareholders’ Meeting 2024
May 23, 2024	Valeo and Smovengo commit to circular maintenance of Vélib’ electric bike motors and batteries
May 16, 2024	Valeo eAccess to power Toyota APM electric shuttles for major summer 2024 sporting event
May 15, 2024	Acquisition of shares
May 14, 2024	New, more environmentally friendly Valeo Canopy™ wiper blades at Speedy
May 7, 2024	Valeo and ICAP GROUP, owner of Tecnobus, finalize the agreement to prepare the future of mobility in Ferentino
APRIL 2024	
April 30, 2024	Valeo wins an automotive News PACE award for its SCALA™ 3 LiDAR.
April 25, 2024	Press release – First-quarter 2024 sales
April 25, 2024	Valeo is the number 1 patent applicant in Europe and the number 3 patent applicant in France
April 22, 2024	Valeo takes a new step towards electric mobility and announces its new Valeo Power division
April 17, 2024	Valeo celebrates 30 years in China and showcases its latest technologies at Auto China – Beijing 2024
April 4, 2024	Valeo announces its green bond issue for an amount of 850 million euros with maturity April 2030
April 3, 2024	Availability of the 2023 Universal Registration Document
MARCH 2024	
March 29, 2024	Valeo opens new plant in Daegu (Korea) for the production of Advanced Driver Assistance Systems
March 28, 2024	Valeo takes the driver’s seat on generative ai with Google Cloud
March 27, 2024	Information: Valeo’s Shareholders’ Meeting 2024
March 11, 2024	Implementation of the share buyback program
March 6, 2024	Valeo is Launch Partner for new Automotive Software Marketplace
March 4, 2024	Valeo presents Valeo Racer, a new extended reality in-car gaming experience developed with Unity, at South by Southwest 2024
FEBRUARY 2024	
February 29, 2024	Valeo published its 2023 results
February 26, 2024	Valeo announced it would be taking part in the Taipei Cycle Show 2024
February 21, 2024	Valeo announced it would be taking part in SXSW 2024
February 8, 2024	Dawex, Schneider Electric, Valeo, CEA and Prosyst join forces to create Data4Industry-X, the trusted data exchange solution for industry
February 1, 2024	Valeo is certified ISO/SAE21434, the benchmark for automotive cybersecurity, by UTAC
JANUARY 2024	
January 25, 2024	Smart #3 equipped with Valeo Smart Safety 360 received 5 stars at Euro NCAP
January 23, 2024	Valeo remains the French company filing the most patents worldwide
January 18, 2024	Mister-Auto integrates Valeo Canopy low carbon footprint wiper blade range
January 10, 2024	Valeo's Vsevolod Vovkushevsky named MotorTrend software-defined vehicle Innovator Awards winner
January 8, 2024	Valeo accelerates in artificial intelligence thanks to Google Cloud tools

January 8, 2024	ZutaCore® and Valeo announce the first contract for innovative data center cooling
January 4, 2024	Valeo presents Ineez™ Air Charging, its solution for wireless charging of EVs
January 4, 2024	Valeo expands software capabilities in North America to support increased demand
January 4, 2024	Valeo presents at CES 2024 the latest update of its Valeo Cyclee™ Mid-Drive Unit solution with a new HMI and reduced noise and vibration
January 4, 2024	Valeo and Applied Intuition partner to provide digital twin technology for ADAS simulation
January 4, 2024	Valeo and Sennheiser present ImagIn: an immersive sound and light experience in your car
January 4, 2024	Valeo and Teledyne FLIR announce agreement and first contract for thermal imaging for automotive safety systems
January 2, 2024	Édouard de Pirey is appointed Valeo Chief Financial Officer

7.5 Information related to the Statutory Auditors

7.5.1 Principal Statutory Auditors

Responsible for auditing the financial statements

- Ernst & Young et Autres, represented by Philippe Berteaux and Guillaume Rouger – Tour First TSA 14444 – 92037 Paris-La Défense, France:
  - Member of the Versailles and the Centre Region's Institute of Statutory Auditors (*Compagnie régionale des commissaires aux comptes de Versailles et du Centre*);
  - Term of office began: Shareholders’ Meeting of May 24, 2022 (third term);
  - End of current term of office: term expires at the end of the Ordinary Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2027.
- Forvis Mazars SA, represented by Emmanuelle Bertuzzi and Olivier Lenel – Exaltis 61, rue Henri Regnault, 92400 Courbevoie, France:
  - Member of the Versailles and the Centre Region's Institute of Statutory Auditors (*Compagnie régionale des commissaires aux comptes de Versailles et du Centre*);
  - Term of office began: Shareholders’ Meeting of May 24, 2022 (third term);
  - End of current term of office: term expires at the end of the Ordinary Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2027.

Responsible for auditing sustainability information

Forvis Mazars SA, represented by Olivier Lenel – Exaltis 61, rue Henri Regnault, 92400 Courbevoie, France:

- Member of the Versailles and the Centre Region's Institute of Statutory Auditors *(Compagnie régionale des commissaires aux comptes de Versailles et du Centre)*;
- Term of office began: Shareholders’ Meeting of May 23, 2024;
- End of current term of office: term expires at the end of the Ordinary Shareholders’ Meeting called to approve the financial statements for the year ended December 31, 2027.

7.5.2 Fees paid to the Statutory Auditors

	Ernst & Young et Autres				Forvis Mazars SA			
	Amount (excl. taxes)		%		Amount (excl. taxes)		%	
(in millions of euros)	2024	2023	2024	2023	2024	2023	2024	2023
AUDIT								
Statutory audit and review of the individual and consolidated financial statements	5.5	5.5	95%	93%	4.8	4.8	89%	96%
Audit of sustainability information					0.5		9%	
Non-audit services	0.3	0.4	5%	7%	0.1	0.2	2%	4%
TOTAL FEES	**5.8**	**5.9**	**100%**	**100%**	**5.4**	**5.0**	**100%**	**100%**

7.6 Person responsible for the Universal Registration Document

7.6.1 Name of the person responsible for the Universal Registration Document containing the Annual Financial Report AFR

Christophe Périllat, Chief Executive Officer of Valeo.

7.6.2 Declaration by the person responsible for the Universal Registration Document containing the Annual Financial Report AFR

“I hereby declare that the information contained in this Universal Registration Document is, to the best of my knowledge, in accordance with the facts and contains no omissions likely to affect its import.

I further declare that, to the best of my knowledge, the annual and consolidated financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company and all the companies included in the scope of consolidation; that the Group's management report (cross-reference table, page 495) presents a true and fair view of the development of the results and financial position of the Company and all the companies included in the scope of consolidation, together with a description of the main risks and uncertainties to which the Company is exposed, and that it has been prepared in accordance with the applicable sustainability reporting standards.”

Paris, March 27, 2025

Christophe Périllat

Chief Executive Officer

8. APPENDICES

8.1 Cross-reference tables

8.1.1 Cross-reference table for the Universal Registration Document

This cross-reference table lists the main headings provided for by European Regulation No. 2019/980 of March 14, 2019 (the "Regulation") and gives reference to the sections and, when appropriate, the chapters in this document where information can be found regarding each of these headings.

No.	Headings appearing in Appendix 1 of the Regulation	Chapters/Sections	Pages
7.	**Operating and financial review**		
7.1	Financial condition		
7.1.1	Development and performance of the business Financial and non-financial key performance indicators	Integrated Report: Integrated performance & outlook and 5.1.1, 5.1.2, 5.1.3	44-46; 348-354
7.1.2	Indication of the issuer's likely future development and of activities in the field of research and development	N/A	
7.2	Operating results	5.1.3	350-351
7.2.1	Significant factors materially affecting the issuer's income from operations	2.1	82-91
7.2.2	Explanation of material changes in net sales or revenues	5.4.6 (Note 5.1)	371
8.	**Capital resources**		
8.1	The issuer's capital resources (both short term and long term)	5.1.4, 5.4.5, 5.4.6 (Note 11.1); 5.6.4 (Note 9) and 6.6	351-355; 360; 419; 455; 475
8.2	Sources and amounts of cash flows	5.1.4, 5.4.4 and 5.6.3	351-355; 359; 440
8.3	Borrowing requirements and funding structure	5.1.4 and 5.4.6 (Note 9.1)	351-355; 400-415
8.4	Restrictions on the use of capital resources	N/A	
8.5	Anticipated sources of funds	5.4.6 (Note 9.1)	400-415
9.	**Regulatory environment**		
9.1	Description of the regulatory environment and information regarding any governmental, economic, fiscal, monetary or political policies or factors	Integrated Report: Trends (regulatory changes) and 2.1	17; 83-85; 86-91
10.	**Trend information**		
10.1	Most significant recent trends in production, sales and inventory, and costs and selling prices since the end of the last fiscal year Significant changes in the financial performance of the group since the end of the last fiscal year	5.2 and 5.6.4 (Note 12)	355; 457
10.2	Trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer's prospects	Integrated Report: Market trends, Outlook and 5.3	16-20; 46; 355
11.	**Profit forecasts or estimates**		
11.1	Statement setting out the principal assumptions upon which the issuer has based its forecasts or estimate	Integrated Report: Outlook and 5.3.1	46; 355
11.2	Preparation of the profit forecast or estimate	N/A	
11.3	Statement attesting that the profit forecast or estimate is valid	N/A	
12.	**Administrative, management and supervisory bodies, and senior management**		
12.1	Members – Statements	3.1; 3.2.1; 3.2.2; 3.2.3	102-148
12.2	Conflicts of interest	3.2.3	147
13.	**Compensation and benefits**		
13.1	Compensation and benefits in kind	3.3 and 5.4.6 (Note 6.5)	152-183; 388
13.2	Pension, retirement or similar benefits	3.3 and 5.4.6 (Notes 6.3 and 6.4)	152-183; 381-387; 387-388
14.	**Board practices**		
14.1	Terms of office of members of the Board of Directors	3.1; 3.2.1	102-103; 104-132
14.2	Service contracts between the members of the Board of Directors and the Company	3.2.3	147
14.3	Information about the Audit & Risks Committee and Compensation Committee	3.2.2	138-146
14.4	Statement regarding corporate governance	3.2.4 and 7.1.3	148; 478
14.5	Potential material impacts on the corporate governance	N/A	

No.	Headings appearing in Appendix 1 of the Regulation	Chapters/Sections	Pages
15.	**Employees**		
15.1	Number of employees	1.5, 4.3.1.8 and 4.3.1.9	72; 278-279
15.2	Shareholdings and stock options	3.3.1 and 6.4.3	155-156; 472
15.3	Arrangements for involving employees in the capital of the issuer	4.2.2 and 6.6.2	225; 475
16.	**Major shareholders**		
16.1	Identification of major shareholders	6.4	469-472
16.2	Existence of differing voting rights	6.4.2 and 7.1.11	469; 479
16.3	Control of the issuer	6.4.2	469
16.4	Arrangements which may result in a change in control of the issuer	6.6.4	476
17.	**Related party transactions**		
17.1	Related party transactions entered into by the issuer	3.2.9 and 5.7	149; 461
18.	**Financial information concerning the issuer's assets and liabilities, financial position and profits and losses**		
18.1	Historical financial information		
18.1.1	Audited historical financial information	5.4	356-435
18.1.2	Change of accounting reference date	N/A	
18.1.3	Accounting standards	5.4.6	361-435
18.1.4	Change of accounting framework	N/A	
18.1.5	Audited financial information prepared according to national accounting standards	5.4	356-435
18.1.6	Consolidated financial statements	5.4	356-435
18.1.7	Age of financial information	Dec. 31, 2024	
18.2	Interim and other financial information	N/A	
18.2.1	Half-yearly or quarterly financial information	N/A	
18.3	Auditing of historical annual financial information		
18.3.1	Statement that the historical financial information has been audited	5.4.7 and 5.6.5	435; 458
18.3.2	Other information audited by the Statutory Auditors	5.7	461
18.3.3	Source of financial information not extracted from the issuer's audited financial statements and therefore not audited	N/A	
18.4	Pro forma financial information	N/A	
18.5	Dividend policy		
18.5.1	Policy on dividend distributions and any restrictions thereon	7.1.8	478
18.5.2	Amount of the dividend per share	6.3	468
18.6	Legal and arbitration proceedings	2.1 and 5.4.6 (Notes 5.6.2 and 8)	90; 379; 398-399
18.7	Significant change in the issuer's financial position	5.2	355

No.	Headings appearing in Appendix 1 of the Regulation	Chapters/Sections	Pages
19.	**Additional information**		
19.1	Share capital		
19.1.1	Amount of issued capital	5.4.6 (Note 11.1) and 6.6.1	419; 475-476
19.1.2	Shares not representing capital	6.6.3	475
19.1.3	Shares held by or on behalf of the issuer itself or by its subsidiaries	6.5.2	473
19.1.4	Convertible securities, exchangeable securities or securities with warrants	6.6.2	475
19.1.5	Information about the terms of any acquisition rights and/or obligations over authorized but unissued capital or an undertaking to increase the capital	3.2.12	151
19.1.6	Information about any capital of any member of the Group which is under option or agreed conditionally or unconditionally to be put under option	6.6.4	476
19.1.7	Share capital history	6.6.1	475
19.2	Memorandum and articles of association		
19.2.1	Description of the issuer's objects and purposes	7.1.5	478
19.2.2	Description of the rights, preferences and restrictions attaching to each class of existing shares	7.1.8, 7.1.9 and 7.1.11	478; 479
19.2.3	Brief description of any provision of the issuer's articles of association, statutes, charter or bylaws that would have an effect of delaying, deferring, or preventing a change in control of the issuer	3.2.11	150
20.	**Material contracts**		
20.1	Summary of each material contract to which the issuer or any member of the Group is party	7.3	482
21.	**Documents available**		
21.1	Statement regarding documents that can be inspected for the term of the Universal Registration Document	7.4	484-486

8.1.2 Cross-reference table for the Annual Financial Report

8.1.3 Cross-reference table for the Management Report as provided for by Articles L.225-100 *et seq.* and L.22-10-35 *et seq.* of the French Commercial Code

	Management Report	Chapters/Sections	Pages
4.	**Environmental, social and employee information**		
4.1	Sustainability Report	4	186-346
4.2	Duty of care plan and report on its implementation	4.1.2.4	194
4.3	Information on facilities classified as high-threshold Seveso sites	N/A	
5.	**Other disclosures**		
5.1	Supplier and customer payment cycles	4.4.7 and 5.4.6 (Notes 5.2 and 9.1.6) and 5.5	297; 372; 414; 436
5.2	Changes in the presentation of the annual parent company financial statements and methods of measurement	5.4.6 (Note 1.1.1 and 1.1.2) and 5.6.4 (Note 2.1)	362-364; 442
5.3	Information on existing branches	N/A	
5.4	Sumptuary expenses	5.5	436
5.5	Add back of excessive overheads	N/A	
5.6	Injunctions or monetary penalties for anti-competitive practices	5.4.6 (Note 8.2)	399
5.7	Transactions in the Company's shares carried out by executive managers and by those with whom they have close relationships	6.4.4	472
5.8	Intercompany loans	N/A	
A.	**Appendix to the Management Report**		
A.1	Board of Directors' Corporate Governance Report	See dedicated cross-reference table in section 8.1.4	497
A.2	Five-year financial summary	5.8.1	462
A.3	Report on the certification of Sustainability and Taxonomy information	4.7	342-346
A.4	Statutory Auditors' statement on intercompany loans	N/A	

8.1.4 Cross-reference table for the Corporate Governance Report as provided for by Articles L.225-37 *et seq.* of the French Commercial Code

	Corporate Governance Report	Chapters/Sections	Pages
1.	**Compensation**		
1.1	Presentation of the compensation policy for corporate officers and the related draft resolutions	3.3.1	152-168
1.2	Total compensation and benefits paid or allocated during the past fiscal year to each corporate officer; relative proportion of fixed and variable compensation	3.3.1, 3.3.2	152-168; 168-182
1.3	Use of the option to request payment of a variable compensation component	N/A	
1.4	Commitments given by the Company on behalf of corporate officers in the form of compensation or benefits owed or likely to be owed on appointment, termination or change of position or subsequent to the performance of that position	3.3.1	152-168
1.5	Compensation paid or allocated by a company included in the scope of consolidation	N/A	
1.6	Ratio between the compensation of each of the executive corporate officers and the average full-time equivalent (FTE) compensation of Company employees other than the corporate officers, and ratio between the compensation of each of these executives and the median FTE compensation of Company employees other than the corporate officers	3.3.2	168-182
1.7	Annual change in compensation over the last five years	3.3.2	168-182
1.8	Explanation of the manner in which total compensation complies with the Company's compensation policy	3.3.1, 3.3.2 and 3.3.3	152-168; 168-182; 182
1.9	Consideration of the vote of the last Shareholders' Meeting on the ordinary resolution concerning the compensation policy	3.3.1	152-168
1.10	Divergences from or waivers of the compensation policy procedure	N/A	
1.11	Suspension of compensation for breach of parity rules	N/A	
1.12	Reference to resolutions subject to an ex ante vote	3.3.1	152-168
1.13	Restrictions imposed on corporate officers by the Board of Directors in relation to the exercise of stock options and the sale of securities	3.3.1	152-168
2.	**Governance**		
2.1	List of all directorships and positions held in companies by each corporate officer during the past fiscal year	3.2.1	104-133
2.2	Agreements between a corporate officer or a shareholder holding at least 10% of the voting rights and a controlled company within the meaning of Article L.233-3 of the French Commercial Code	3.2.8	148
2.3	Summary table of powers currently delegated by the Shareholders' Meeting to the Board of Directors with respect to raising new equity	3.2.12	151
2.4	General Management procedures	3.2.6	148
2.5	Composition, preparation and organization of the work of the Board of Directors	3.2.1, 3.2.2	104-133; 133-147
2.6	Diversity policy applied to the Board of Directors, balanced representation of men and women on the Operations Committee and outcome of measures to improve diversity in 10% of top management positions	3.2.1	104-133
2.7	Limitations on the powers of the Chief Executive Officer	3.2.6	148
2.8	Reference to a corporate governance code and the application of the "comply or explain" principle and indication of where the code can be consulted	3.2.4	148
2.9	Specific arrangements for attendance at Shareholders' Meetings	3.2.10, 7.1.10	150; 479
2.10	Procedure for reviewing agreements entered into in the ordinary course of business and its implementation	3.2.9	149
3.	**Information likely to have an impact in the event of a takeover or exchange offer**	**3.2.11**	**150**

8.2 Safe harbor statement

This document and the documents incorporated herein by reference contain statements which, when they are not historical fact, constitute "forward-looking statements".

These forward-looking statements include projections and estimates, statements regarding projects, objectives, intentions and expectations with respect to future financial results, events, operations, services, and product development and potential or future performance. They are based on data, assumptions and estimates considered to be reasonable by Valeo as at the date of this Universal Registration Document and should not be interpreted as guarantees that the facts and data stated will occur. Forward-looking statements can sometimes be identified by the use of terms or expressions indicating, in particular, anticipation, presumption, conviction, continuation, estimate, expectation, forecast, intention, possibility of increase, reduction or change or any similar expressions or by the use of verbs in future or conditional form. These terms or expressions are in no way the sole way of identifying such statements.

Even though Valeo's Management feels that the forward-looking statements are reasonable as at the date of this document, investors are put on notice that the forward-looking statements are subject to numerous factors, risks and uncertainties that are difficult to predict and generally beyond Valeo's control, which could cause actual results and events to differ materially from those expressed or projected in the forward-looking statements. Such factors include, among others, the Company's ability to generate cost savings or manufacturing efficiencies to offset negotiated or imposed price reductions. The risks and uncertainties to which Valeo is exposed mainly comprise the risks resulting from the investigations currently being carried out by the antitrust authorities as identified in the Universal Registration Document, risks related to the automotive equipment industry and to the development and launch of new products and risks due to certain global and regional economic conditions, environmental and industrial risks as well as risks and uncertainties described or identified in the public documents submitted by Valeo to the French financial markets authority (*Autorité des marchés financiers* – AMF), including those set out in the "Risk Factors" section of this Universal Registration Document. In addition, other risks which are unidentified or considered to be non-material by the Group, could have the same adverse impact and investors could lose all or part of their investment.

Forward-looking statements are given only as at the date of this Universal Registration Document and Valeo does not undertake to update the forward-looking statements to reflect events or circumstances which occur subsequent to the publication of this document.

Valeo assumes no responsibility for any analyses issued by analysts and any other information prepared by third parties which may be used in this document. Valeo neither intends to review, nor will it confirm, any estimates issued by analysts.

INCORPORATION BY REFERENCE

In accordance with Article 19 of Regulation (EU) No. 2017/1129 of the European Parliament and of the Council of June 14, 2017, the following information is incorporated by reference in this Universal Registration Document:

1. in respect of the year ended December 31, 2023: the consolidated financial statements, the parent company financial statements and the related Statutory Auditors' reports, as well as the review of the Company's financial position and other information relating to the Company's financial statements set out on pages 4 to 46 and 295 to 423 of the 2023 Universal Registration Document filed with the AMF on March 29, 2024 under number D.24-0218.
2. in respect of the year ended December 31, 2022: the consolidated financial statements, the parent company financial statements and the related Statutory Auditors' reports, as well as the review of the Company's financial position and other information relating to the Company's financial statements set out on pages 4 to 47 and 322 to 463 of the 2022 Universal Registration Document filed with the AMF on March 30, 2023 under number D.23-0200.

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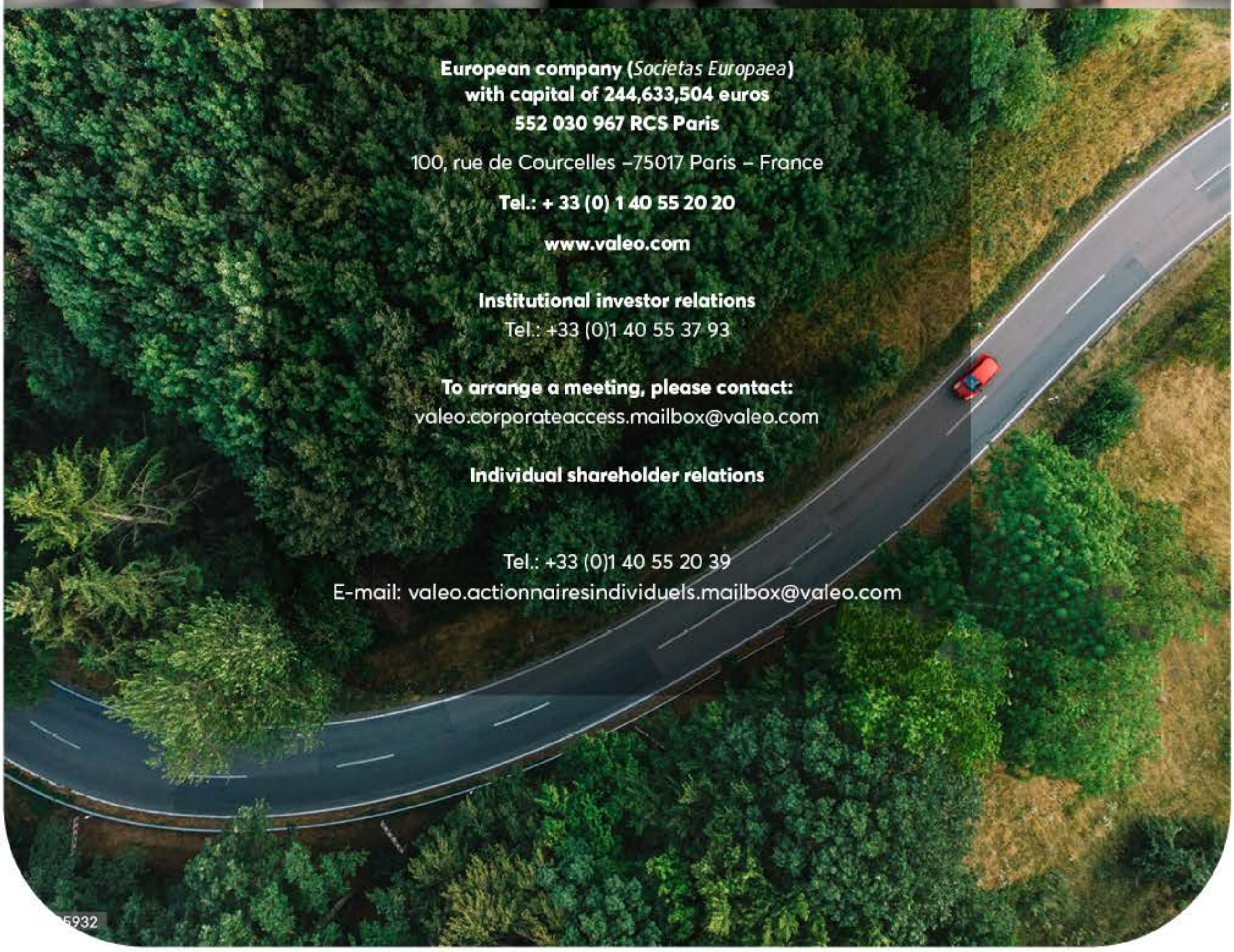

European company (*Societas Europaea*)
with capital of 244,633,504 euros
552 030 967 RCS Paris

100, rue de Courcelles –75017 Paris – France

Tel.: + 33 (0) 1 40 55 20 20

www.valeo.com

Institutional investor relations
Tel.: +33 (0)1 40 55 37 93

To arrange a meeting, please contact:
valeo.corporateaccess.mailbox@valeo.com

Individual shareholder relations

Tel.: +33 (0)1 40 55 20 39
E-mail: valeo.actionnairesindividuels.mailbox@valeo.com