

The background of the cover is a monochromatic green-tinted image of a city street. The street is lined with buildings and streetlights, receding into the distance. In the foreground, a car is shown from a top-down perspective, with its reflection on the road surface. Concentric green lines radiate from the car, suggesting sensor range or data flow. A white rounded rectangle is overlaid on the left side of the image, containing the text "2023 INTEGRATED REPORT".

2023  
**INTEGRATED  
REPORT**

SMART TECHNOLOGY FOR SMARTER MOBILITY



**Valeo**  
FOR THE NINTH 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 shareholders, 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 2023, 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](http://www.valeo.com)



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## Glossary







## **Our corporate purpose**

VALEO'S AMBITION, AS A TECH COMPANY, IS TO PLAY A MAJOR ROLE IN TOMORROW'S MOBILITY.

**A**t 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 towards serving our customers, employees, shareholders and the regions in which we operate.



**“All of Valeo’s financial and non-financial commitments were met in 2023.”**

**GILLES MICHEL**  
CHAIRMAN OF THE BOARD  
OF DIRECTORS

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**CHRISTOPHE PÉRILLAT**  
CHIEF EXECUTIVE OFFICER

**“Valeo is fully focused on the success of the Move Up strategic plan.”**

## **Joint interview** WITH THE CHAIRMAN OF THE BOARD AND THE CHIEF EXECUTIVE OFFICER

**How would you describe Valeo’s performance in 2023?**

particularly for driver assistance systems, software-defined vehicles and electrification. In this regard, the record high order intake attests to the validity of our strategic vision. In addition, all of Valeo’s financial and non-financial commitments were met during the year and, on behalf of the Board of Directors, I would like to express our deepest thanks to Valeo’s teams, whose dedication and excellent work made this performance possible.

**Gilles Michel:**  
In 2023, Valeo continued to benefit from its positioning and the acceleration in its markets,

**Christophe Périllat:** In 2023, the Group met all its financial objectives, sustaining the continuous improvement momentum underway since the launch of our Move Up strategic plan in early 2022. Our sales rose by 11%, passing the 22 billion euro mark for the first time, while our original equipment sales outperformed the global automotive market by 3 percentage points<sup>(1)</sup>. We successfully completed negotiations with customers to overcome the major challenge of securing compensation for inflation, and pursued our initiatives to adjust costs. As a result, our margins continued to improve, and we generated 379 million euros in free cash flow for the year.

Lastly, we secured a record 34.9 billion euros in order intake, demonstrating the quality of our technological positioning and the appeal of our innovative solutions for our automaker customers. The margin on these orders largely exceeded the objective initially set in our medium-term strategic plan.

### What are the Group's priorities and outlook for 2024 and beyond?

engaged and fully focused on one overarching objective: the success of the Move Up strategic plan, which is building a Valeo that is at once technologically stronger, operationally more efficient and financially more robust. In this respect, 2024 will be a particularly important year when Valeo will accelerate the pace of transformation.

The plan to merge our Powertrain Systems and Thermal Systems Business Groups is fully aligned with this strategy, and will enable us to create a more comprehensive, consistent and competitive portfolio of electrified vehicle solutions for our customers. By 2025, the Group should start reaping the benefits from the excellent margins on orders booked since the launch of Move Up.

**G. M.:** The Board of Directors will continue to support the Group in deploying its strategy and ensure that it fulfills its commitments, through close, constructive dialogue with Executive Management.

Led by people with varied yet complementary backgrounds and career paths and grounded in a solid, trusting relationship, this dialogue is enabling the Board to deliberate smoothly and efficiently, while underpinning high-quality governance practices.

### What are your thoughts about the Group's social responsibility and environmental initiatives?

as one of the highest rated automotive suppliers. I'm delighted to see that the Group has become a benchmark in environmental, social and governance performance. That's because one of the Board's constant concerns is to ensure that, in both its strategy and its operations, the Group meets the most demanding social responsibility expectations of its shareholders, employees, customers and, more generally, society as a whole. This is the purpose of the CAP 50 plan, which has set ambitious medium- and long-term objectives for reducing our CO<sub>2</sub> emissions. Since the plan was rolled out in 2021, Valeo has met its reduction objectives every year.

**C. P.:** Sustainable development is embedded in Valeo's DNA and is at the heart of its corporate mission, which is to use its technologies to actively contribute to the development of less carbon-intensive forms of mobility. Valeo is pursuing its transformation to decarbonize all its operations, products and value chain. That's a huge challenge in which we are fully engaged and that we are well on the way to meeting. The Group is also accelerating its commitment to the circular economy, as demonstrated by the recent launch, with Stellantis, of the world's first remanufactured front camera at our circular electronics laboratory in Nevers, France. Lastly, Valeo is actively preparing to comply with the new EU Corporate Sustainability Reporting Directive (CSRD) applicable from January 1, 2024, with initial disclosures in 2025.

**G. M.:** In 2023, as for a number of years now, Valeo's non-financial performance was recognized by the leading rating agencies, maintaining its position

(1) Like for like on an adjusted basis.

# PROFILE & POSITIONING

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# 100 years of innovation

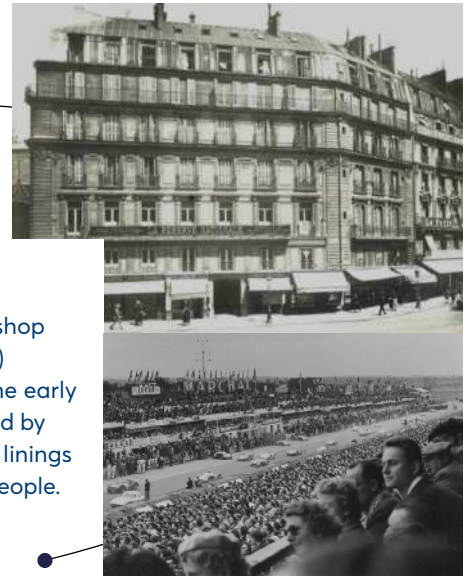
“From the modest workshop just outside Paris, where it all began in 1923, to the global technology company we’ve become, that’s 100 years of history, engagement and passion that we celebrated this year.”

Christophe Périolat, Chief Executive Officer of Valeo.

1923  
1950

## 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 20<sup>th</sup> 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 1950s, it employs nearly 2,500 people.



1950  
1980

## 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  
2000

## 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, a new strategy focused on innovation and technological solutions is implemented with two main drivers: technologies capable of reducing greenhouse gas emissions and enabling autonomous driving, and geographic expansion in Asia and emerging markets.

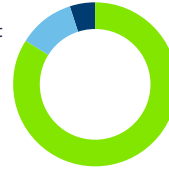
# Valeo at a glance

Valeo is an automotive supplier and long-term partner to automakers worldwide, with a balanced global presence geographically located close to customer sites. In 2023, it reported more than 22 billion euros in total sales. **The Group's original equipment (OE) activity is organized around four Business Groups**, and accounted for the majority (85%) of the Group's sales in 2023. **Each Business Group holds leading positions in its segment. The aftermarket business**, which accounts for 10% of sales, is structured as a cross-Business Group unit.

Valeo shares are traded on the Euronext Paris stock exchange with a free float of 90%, alongside such leading shareholders as Bpifrance Participations and the Dassault family (through the Belgian company SITAM), as well as Group employees.

**€22bn**  
TOTAL SALES

**85%** Original equipment  
**10%** Aftermarket  
**5%** Other



**175**  
PLANTS

**66**  
R&D SITES

**112,740**  
EMPLOYEES

## Four Business Groups

worldwide market position and % of total sales

<b>COMFORT &amp; DRIVING ASSISTANCE SYSTEMS BUSINESS GROUP (CDA)</b>	<b>#1</b>	<b>21%</b>
<b>POWERTRAIN SYSTEMS BUSINESS GROUP (PTS)</b>	<b>#1</b>	<b>31%</b>
<b>VISIBILITY SYSTEMS BUSINESS GROUP (VIS)</b>	<b>#1</b>	<b>25%</b>
<b>THERMAL SYSTEMS BUSINESS GROUP (THS)</b>	<b>#3</b>	<b>21%</b>
<b>OTHER</b>		<b>2%</b>



**EUROPE**  
(INCL. AFRICA)

**48%**  
OF SALES<sup>(1)</sup>

€9.0bn in sales<sup>(1)</sup>  
75 plants  
34 R&D sites  
55,230 employees



VOLKSWAGEN GROUP



Mercedes-Benz



RENAULT



MITSUBISHI



NISSAN



TOYOTA



HONDA



SUZUKI



HYUNDAI MOTOR GROUP



CHERY



GEELY



BYD



Great Wall



Li Xiang



**ASIA**  
(INCL. MIDDLE EAST & OCEANIA)

**32%**  
OF SALES<sup>(1)</sup>

€6.0bn in sales<sup>(1)</sup>  
72 plants  
24 R&D sites  
38,179 employees

o/w China, 15% of sales<sup>(1)</sup>  
31 plants  
11 R&D sites  
18,297 employees

STELLANTIS



**NORTH AND SOUTH AMERICA**

**20%**  
OF SALES<sup>(1)</sup>

€3.7bn in sales<sup>(1)</sup>  
28 plants  
8 R&D sites  
19,331 employees



Non-exhaustive list

<sup>(1)</sup> Original Equipment sales.

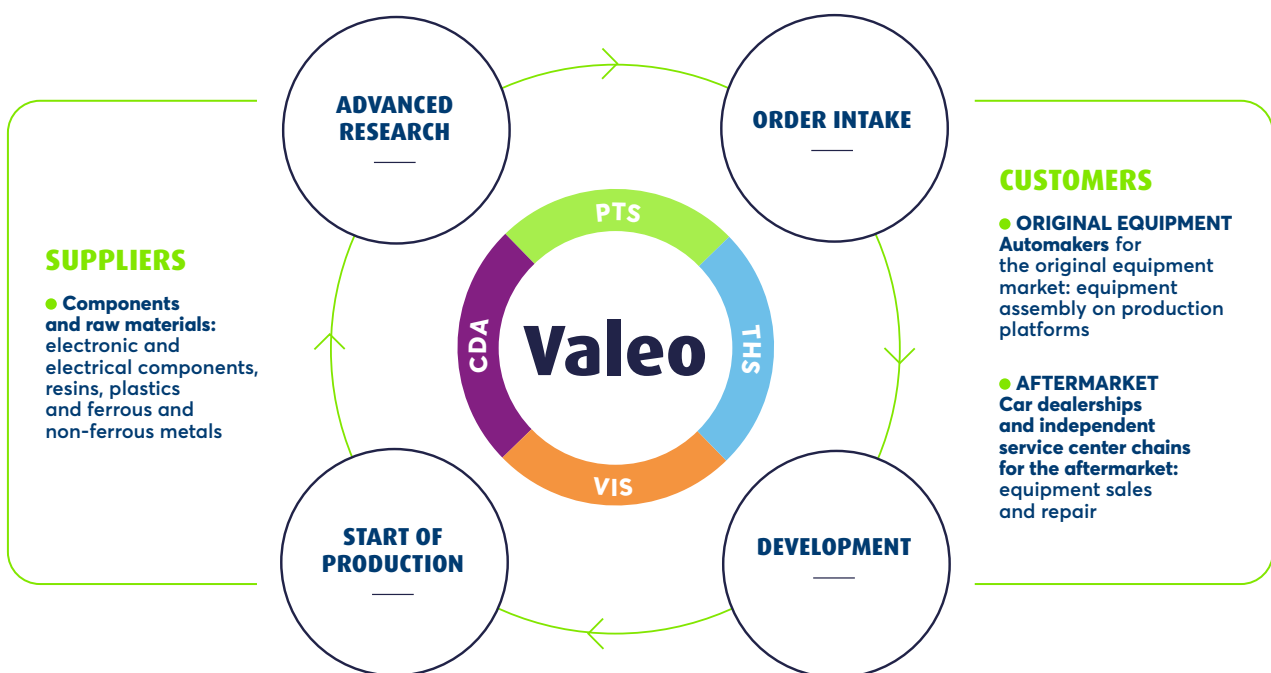


# The Group's positioning

## POSITIONING IN THE INDUSTRY VALUE CHAIN

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-Business Group 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.



**66**

### R&D CENTERS

- Cross-functional centers serving the four Business Groups, by type of R&D expertise
- Integrated, shared technology platforms for all areas of expertise

**€2.6bn**

IN GROSS R&D EXPENDITURE  
11.8% of sales

**More than 1,600**

PATENTS FILED  
Valeo is the world's leading French patent filer

**Nearly 20,000**

PEOPLE DEDICATED TO R&D  
including more than 9,000 in software

### RESEARCH PARTNERS

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

## The 5 Axes operational excellence model



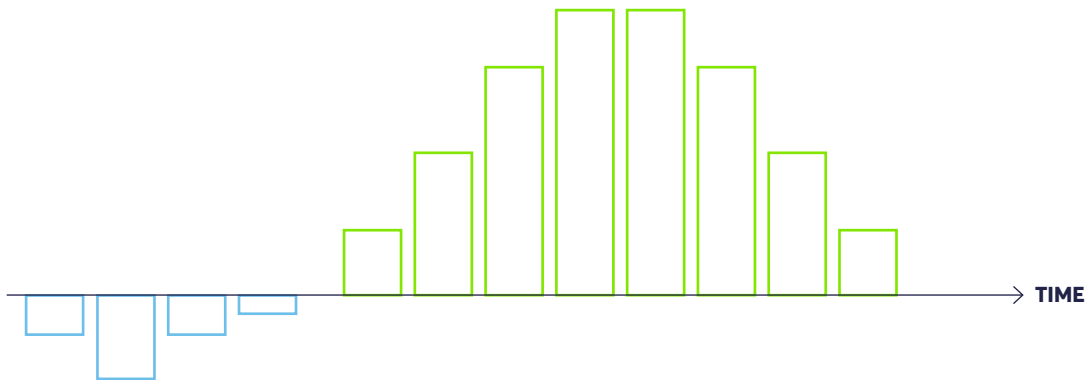
# PROJECT LIFE CYCLE

The most innovative projects have a relatively long life cycle, comprising:

- 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

4 to 8 years  
**Production phase**



2 to 4 years  
**Investment phase**



*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, more diverse mobility market**. The four Business Groups are constantly innovating, to offer widely affordable products to meet every need.

## OPTIMIZING VISIBILITY FOR BETTER SAFETY AND MORE FREEDOM OF DESIGN

The Visibility Systems Business Group designs and produces **innovative, smart exterior and interior lighting systems, wiper systems and sensor cleaning systems** that improve safety by assisting drivers in every driving situation.

### VISIBILITY SYSTEMS BUSINESS GROUP (VIS)

## POWERTRAIN SYSTEMS BUSINESS GROUP (PTS)<sup>(1)</sup>

### ENABLING LOW-CARBON MOBILITY

The Powertrain Systems Business Group offers a comprehensive range of **electrification solutions** for hybrid and electric vehicles, from mild-hybrid 48V systems to high-voltage electrification systems (electric motors, inverters, onboard chargers, etc.), as well as automated and hybrid **transmissions systems**.

## DEVELOPING A SAFER, MORE IMMERSIVE IN-CABIN DRIVING EXPERIENCE

The Comfort & Driving Assistance Systems Business Group designs and markets advanced driver assistance (ADAS) solutions:

- **external sensors** (cameras, LiDAR, etc.);
- **interior systems** to monitor the driver (interior camera) and improve life on board (head-up display);
- **data or zone control units and onboard computers;**
- **embedded software.**

### COMFORT & DRIVING ASSISTANCE SYSTEMS BUSINESS GROUP (CDA)

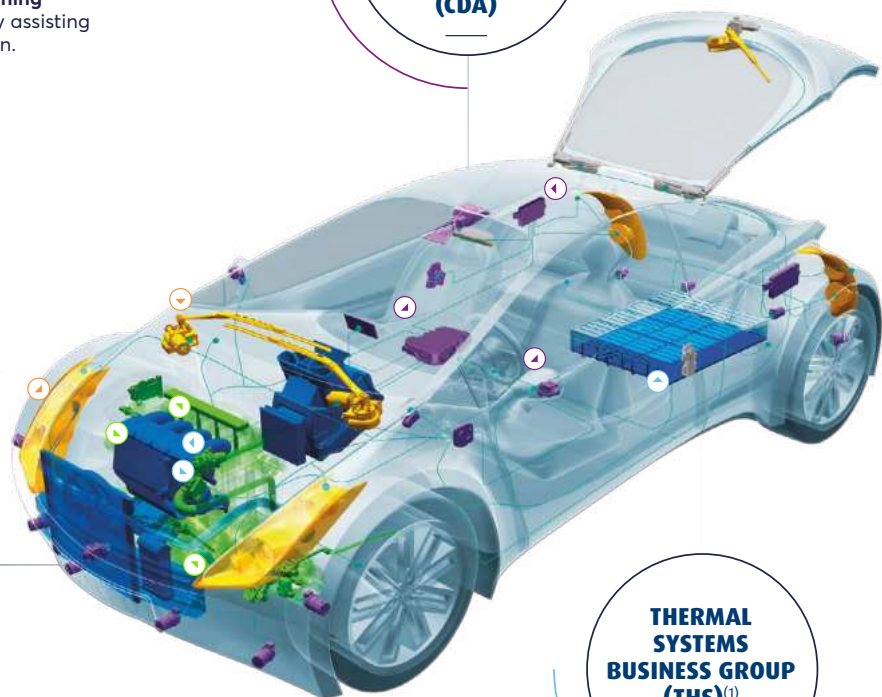
## THERMAL SYSTEMS BUSINESS GROUP (THS)<sup>(1)</sup>

### DECARBONIZING MOBILITY AND OPTIMIZING ENERGY MANAGEMENT

The Thermal Systems Business Group offers an array of **solutions for electric vehicles**:

- **battery thermal management**, to maintain range and battery life and facilitate rapid charging;
- **cabin thermal management**, including heat pumps and other energy-efficient equipment.

These innovations are improving the efficiency of thermal systems and enhancing onboard comfort.



<sup>(1)</sup> A project was presented to employee representative bodies on January 3, 2024 to merge the Powertrain Systems Business Group and the Thermal Systems Business Group, both of whose products play a core role in vehicle electrification. This would enable the Group to offer customers a consistent, comprehensive, end-to-end range of solutions.

# Sustainable development, the Group's DNA

**Sustainability is embedded in Valeo's DNA.**

**A member of the UN Global Compact since 2004,** Valeo has structured its sustainable development commitment around a dedicated department since 2011.

**The Sustainable Development Department is part of the Strategy and Research & Development Department.**

**The Group's Sustainable Development strategy is supported by four pillars** closely aligned with the Group's challenges, addressing seven of the UN's Sustainable Development Goals.

To measure its performance, **Valeo has defined 20 priority non-financial performance indicators, with targets for 2025 and/or 2030.**

## The four pillars of the Sustainable Development strategy



## THE EUROPEAN TAXONOMY

EU Taxonomy reporting illustrates Valeo's sustainable positioning thanks to its high-tech electrical, thermal and visibility solutions.

	2023	Turnover	CapEx	OpEx
<b>ELIGIBLE PORTION<sup>(1)</sup></b>		21%	14%	19%
<b>ALIGNED PORTION</b>		19%	13%	19%

Valeo performed well in 2023, with alignment of almost 100% for each indicator (turnover, capital expenditure and operating expenses) relating to eligible activities under the climate change mitigation objective.



A major proportion of Valeo's turnover (sales), CapEx (capital expenditure) and OpEx (operating expenses) is eligible under Taxonomy rules.

The aligned portions are very high, reaching 100% in almost every key indicator.

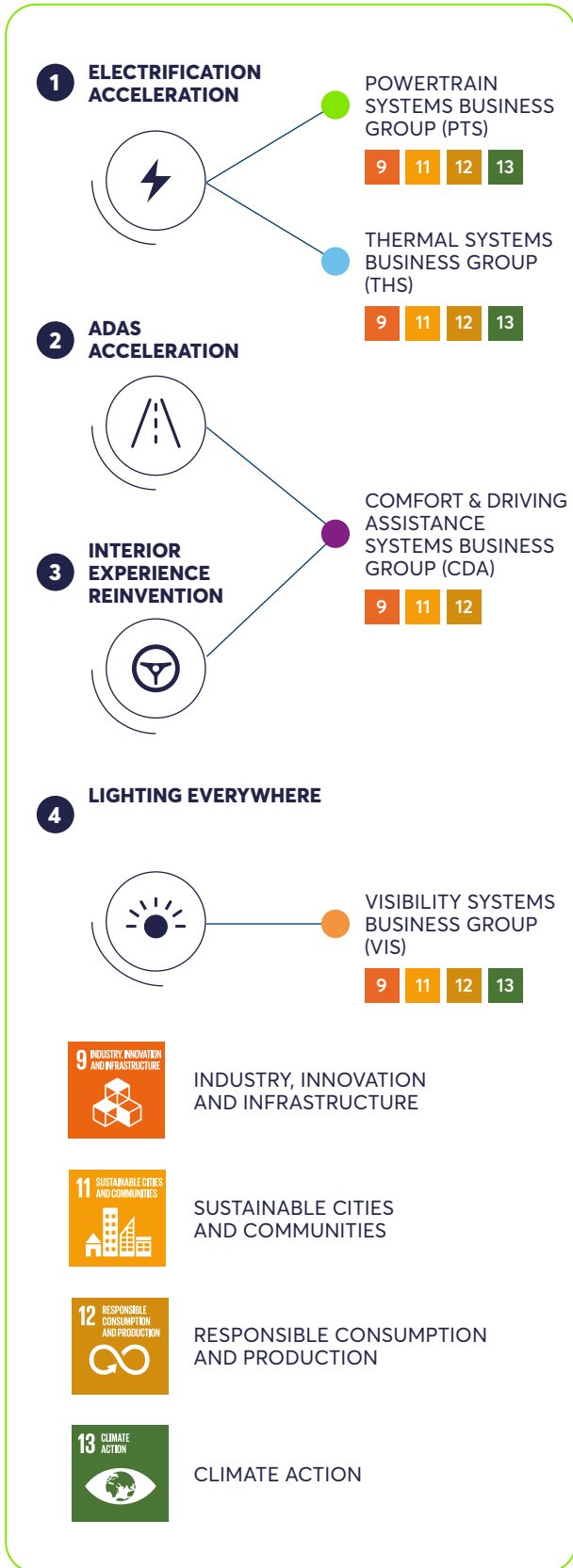
(1) In Taxonomy categories 3.4, 3.18, 3.6, 5.1, 5.2, 6.5.



# MARKET TRENDS



# Megatrends and the aftermarket



## Megatrends

To address the transition to safer, cleaner mobility, **Valeo has identified four structural growth megatrends:**

- Electrification acceleration
- ADAS<sup>(1)</sup> acceleration
- Interior experience reinvention
- Lighting everywhere

**For Valeo, these megatrends are driving a sharp increase in value of content per vehicle.**

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

**All four Business Groups are positioned in at least one of these megatrends.**

Of the four, ADAS and electrification offer the most growth opportunities for Valeo over the long term.

**In the case of ADAS,** more complex driving situations mean higher levels of automation and more sensors and control units fitted on board each vehicle.

**As for electrification,** shifting to electric mobility demands a full range of electrification solutions, from hybridization to mild and high-voltage electrification (electric motors, inverters, onboard chargers, etc.), all of which considerably increase content per vehicle.

## Aftermarket

**The aftermarket segment is enjoying resilient growth, led by:**

- the rising average age of vehicles on the road;
- growing digitalization and the development of new assistance services;
- our product diversification strategy; and
- the network's geographic expansion into new markets such as China and the United States.

**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.

(1) ADAS: advanced driver assistance system.



# Electrification acceleration

The electrification market is expected to see robust growth through 2030, expanding nearly four-fold over the decade to around 150 billion euros<sup>(1)</sup>. Expansion is being led by the **high-voltage** segment (e-powertrain market), **40% of which is outsourced to equipment manufacturers.**

For Valeo, electrification means around a five-fold increase in 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 electric vehicles and automated droids.

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

## ELECTRIFICATION MARKET<sup>(1)</sup> (in billions of euros)



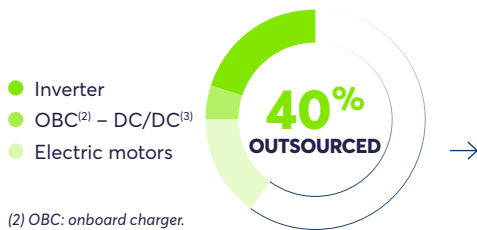
Powertrain and thermal (e-thermal) systems for electrified vehicles



- Thermal systems
- Powertrain Systems (including hybrids and new mobility)

(1) Source: Valeo, February 2024.

## OUTSOURCED HIGH-VOLTAGE MARKET



**Electric motor**  
**30%**  
outsourced to automotive suppliers



**Inverter**  
**40%**  
outsourced to automotive suppliers



**OBC<sup>(2)</sup>- DC/DC<sup>(3)</sup>**  
**90%**  
outsourced to automotive suppliers

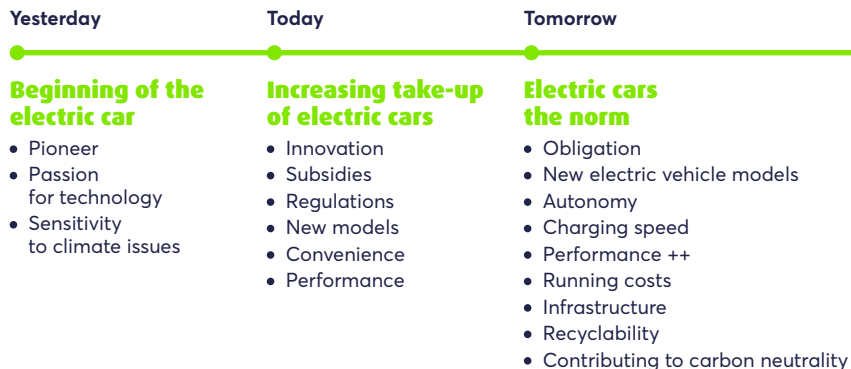
(2) OBC: onboard charger.  
(3) DC/DC: direct current.

## FAVORABLE REGULATORY DEVELOPMENTS

New national legislation is spurring a gradual increase in the proportion of electric vehicles in new vehicle production, which is expected to rise to 25% by 2030.

- European Green Deal "Fit for 55"
- A firm commitment to electric vehicles
- Biden Administration sensitivity to climate change issues outpaced by initiatives in some US states

## GROWTH IN THE TAKE-UP OF ELECTRIC TECHNOLOGY







## Advanced driver assistance systems (ADAS) acceleration

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

Today, nearly 50% of vehicles are equipped with ADAS, a percentage that will rise to more than 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 2.5, 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 ADAS, SOFTWARE-DEFINED VEHICLE AND INTERIOR EXPERIENCE REINVENTION MARKET<sup>(1)</sup>

(in billions of euros)



- New opportunities arising from software-defined vehicles and software as a product solutions

(1) Source: Valeo, February 2024.

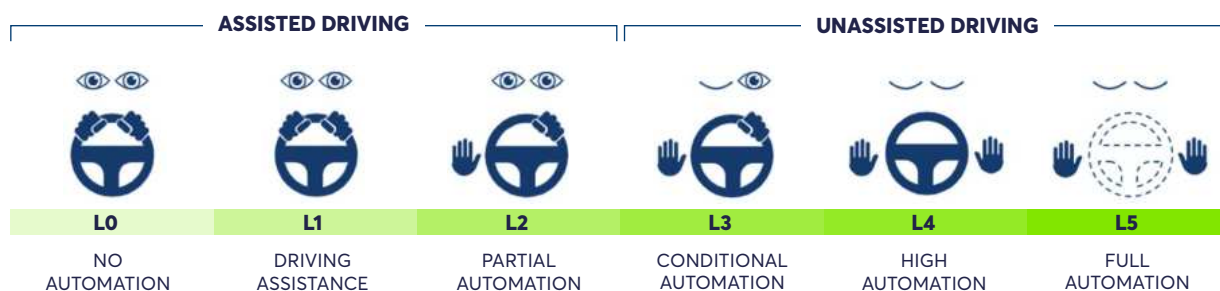
### THE STRONG GROWTH IN ADAS IS BEING SUPPORTED BY:

- **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 after July 2024 will 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.

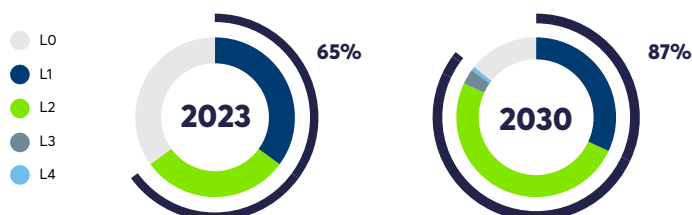
### SAE<sup>(2)</sup> AUTOMATION LEVELS

L = Level



(2) SAE: Society of Automotive Engineers.

### TAKE-RATE OF ADAS CONTINUES TO INCREASE



The only vehicles today with Level 3 automation are equipped with Valeo's SCALA® LiDAR.



## Interior experience reinvention

The interior experience reinvention market is going to expand significantly in the coming years, with around **10% average annual growth 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 favorable regulations making driver monitoring systems (DMS) mandatory in Europe from July 2024.

**“By 2030, it is estimated that 90% of new cars will be connected.”**

### SAFETY



HEAD-UP DISPLAY

### COMFORT



5G TELEMATICS CONNECTIVITY



DRIVER MONITORING



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.

Business Group growth is being driven by **safety concerns and regulations** through the content per vehicle multiplier.

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 and wiper systems market<sup>(1)</sup> (in billions of euros)

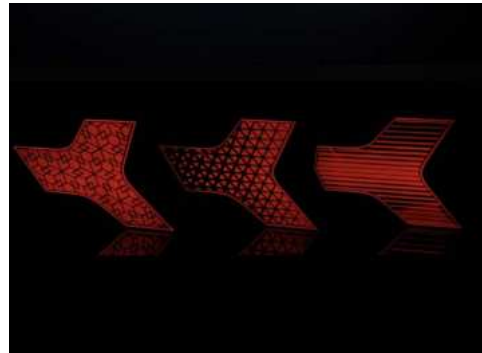


(1) Source: Valeo, February 2024.

**“Lighting improves the vehicle’s communication with its environment, as well as onboard driver and passenger comfort.”**



**FRONT LIGHTING**



**REAR LIGHTING**



**...LIGHTING EVERYWHERE**



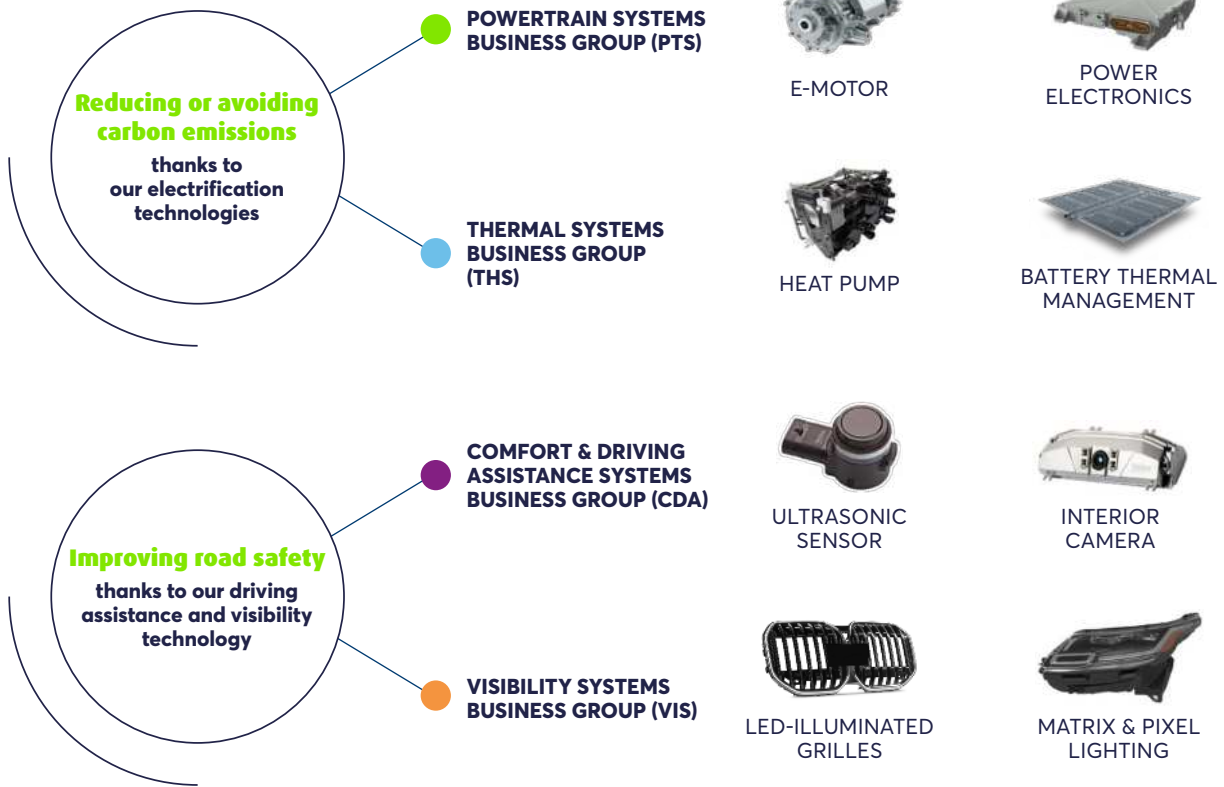
# STRATEGY



# Innovating to support more sustainable mobility and the climate transition

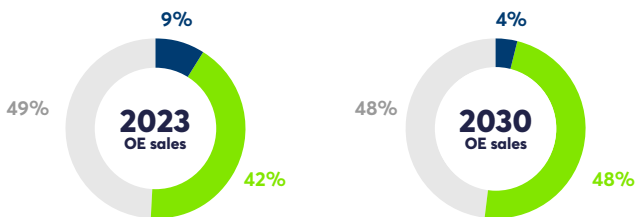
Since 2009, Valeo has been developing technological products and solutions to support more sustainable mobility. With automotive and truck transportation accounting for almost 18% of all greenhouse gas emissions<sup>(1)</sup>, every stakeholder across the value chain

has a responsibility to take action. **Valeo 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.



## INCREASING EXPOSURE TO THE ELECTRIFIED VEHICLE SEGMENT<sup>(2)</sup>

% of OE sales



### PTS & THS

- Products for internal combustion engines
- Electrified vehicles

### CDA & VIS

- Powertrain-agnostic technologies

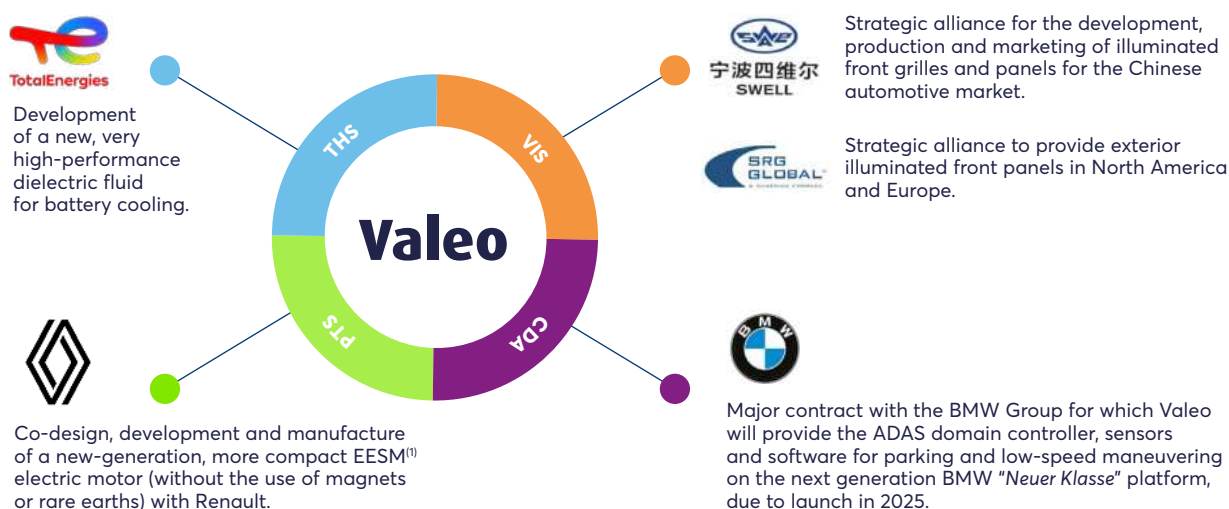
(1) Source: Road mobility, August 1, 2022, By Timo Möller and Patrick Schaufuss, & Global emissions by industry (Répartition sectorielle des émissions dans le monde), Ministère de la transition écologique.  
 (2) Source: Valeo, February 2024.

# 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 Business Groups with renowned companies around the world.

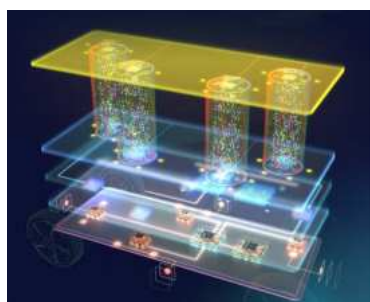
2023 saw the conclusion of a number of partnerships that are strategic for Valeo:

- in May, the software-defined vehicle partnership with Renault, following on from the partnership with BMW in 2022;
- in October, the high-definition imaging radar partnership with Mobileye, following on from the successful 2015 partnership in front-facing cameras.

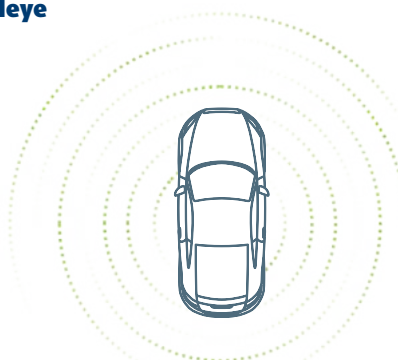


## The software-defined vehicle partnership with Renault

- Renault Group and Valeo have extended their collaboration on the software-defined vehicle (SDV).
- Valeo will supply key electrical and electronic components for the SDV, including the high-performance computer, and help to develop software.
- With Google, Qualcomm and Valeo, Renault Group is expanding its tech ecosystem and gaining proficiency across the SDV value chain.



## The high-definition camera and radar partnership with Mobileye



- Since 2015, Valeo has delivered 20 million front-facing cameras to Mobileye. This is a fast-growing market, with around 90% of new vehicles expected to be equipped with the technology by 2030.
- Building on the success of their initial collaboration, Mobileye and Valeo have signed a new partnership in imaging radars.
- The next generation will offer a detailed, four-dimensional image of surroundings with a range of up to at least 300 m, with 10 times better resolution than traditional radars, which improves Level 2+ autonomy and is crucial for Level 3 and higher.

(1) Electrically Excited Synchronous Motor.



# Human capital

Valeo employs more than 110,000 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.

**GENDER EQUALITY**

**33.1%**  
WOMEN  
IN THE WORKFORCE

**88.9 pts<sup>(1)</sup>**  
GENDER  
EQUITY INDEX

## Interview with Agnès Park, Chief Human Resources Officer



**What are Valeo's main Human Resources challenges?**

**Agnès Park:** Valeo's human resources community is extremely vast, with a broad spectrum of job families from

research and engineering to production and aftermarket service. Our human capital stems from the very wide variety of profiles and backgrounds among our employees. So we are, by nature, representative of the Company. Our main HR challenge is to help our people develop more effectively, by offering programs that are both tailored to employee needs and consistent with the growth in our business. In terms of strategy, this requires us to be at once highly results-oriented and capable of 360 degree thinking, to address all the job levels in our operations worldwide. In terms of action, this means aligning our capabilities with market needs, particularly technological needs, and upgrading leadership skills across the managerial chain, in a spirit of inclusion and respect – two values dear to Valeo.

### Inspire

In 2023, Valeo launched the **INSPIRE** leadership development program for all its senior managers, totaling around 550 people. Designed and delivered in partnership with the London Business School, the 18-month program is designed to enhance the managers' leadership profiles, so that they can respond agilely to new situations and needs.

The program includes three main aspects of leadership: (i) improving business impact; (ii) strengthening personal impact and building trust; and (iii) motivating and empowering high-performance teams in a fast-paced environment.

**Attracting and retaining talent is becoming a major concern for every organization. How is Valeo's approach different?**

**A. P.:** Today, we're in a period when skills are scarce, so there's more competition to attract and retain the best talent. Our hiring initiatives focus on the many opportunities, particularly in-house, for training and skills

development, and on leveraging personal ties and solidarity to support intergenerational

## CULTURAL DIVERSITY

141

NATIONALITIES

## GENERATIONAL DIVERSITY

26.4%

EMPLOYEES  
AGED 20 TO 29

## DISABILITY

1.9%

EMPLOYEES  
WITH DISABILITIES

skills handover, thanks to our network of more than 2,000 in-house experts and trainers. This is how Valeo, which celebrated its 100<sup>th</sup> anniversary in 2023, has succeeded in reinventing itself several times despite the constant change in its markets. Valeo is also extremely attentive to the workplace environment, particularly for the production workstations. Lastly, our Group is conscientiously working to decarbonize mobility, a commitment that is very meaningful to our employees – by working at Valeo, they're helping to advance the climate transition.

**What progress has been made in increasing women's representation in the workforce? What specific initiatives are planned to meet the target of 32% women in the top 300 by 2030?**

**A. P.:** The manufacturing industry suffers from a lot of unconscious image bias among women. Together with our industrial peers, we need to gradually reinvent manufacturing, so that it becomes more attractive to women. As of end-December 2023, 23.6% of our Management Committee members

were women. Valeo has made steady progress in this metric from the initial 16% when it was introduced in 2018, but still needs to step up efforts to get more women into the workforce and particularly onto our Management Committees. That's why we've set an ambitious, proactive target of 32% in 2030. But this requires a bolder strategy, one that pushes us to be daring – daring to retain more diversified and less conventional profiles, daring to accelerate the careers of women with less traditional career paths.

**Valeo firmly believes in the importance of diversity of its employees at all levels of its organization and in all areas of the Company. Valeo works for diversity, equity and inclusion, key elements of its culture, in four areas:**

- gender equality;
- intergenerational cohesion;
- cultural diversity;
- the inclusion of people with disabilities.

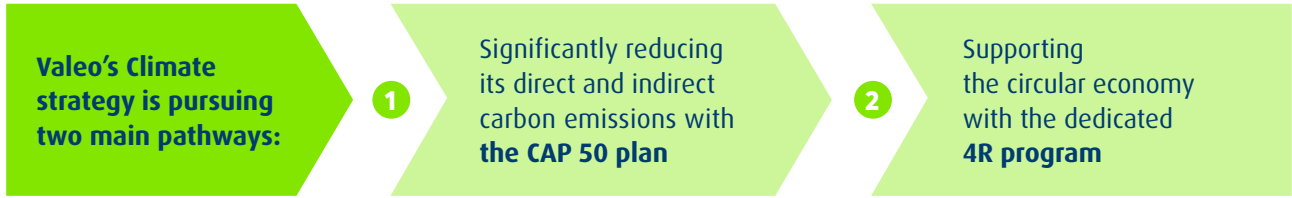
## Pulse, the annual engagement survey of Valeo employees

Since 2021, Valeo has measured employee engagement once a year with the Pulse survey. In 2023, 81% of employees responded to the survey, four points higher than in 2022.

Available in 23 languages and sent to 94,000 eligible employees in 29 countries, Pulse provides a clear snapshot of employee engagement. The findings enable teams to capitalize on identified strengths and recommend improvement action plans, so that everyone can thrive in their workplace environment.

(1) The Gender Equity Index covers all sites located in countries worldwide with at least 150 Managers and Professionals. It is based on performance in five criteria.

# Climate strategy



## 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).

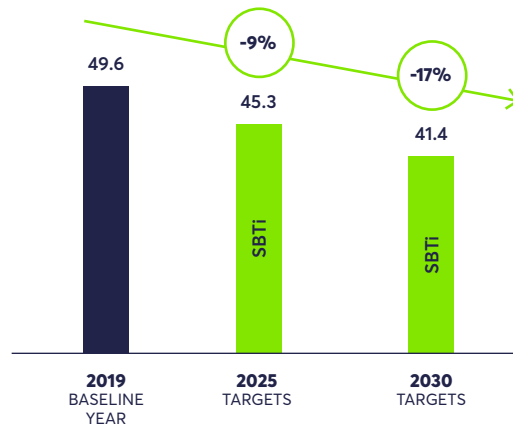
Valeo is committed to:

- **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);
- **reducing Scope 1 and 2 emissions** from its operating activities by 75% and its upstream (supply chain) and downstream (product use) Scope 3 emissions by 15%, in absolute terms, by 2030 compared with 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<sup>(1)</sup>.

**In addition, Valeo's technologies are expected to enable third parties to avoid 13.6 MtCO<sub>2</sub>eq. of greenhouse gas emissions, or the equivalent of 27% of its 2019 baseline emissions.**

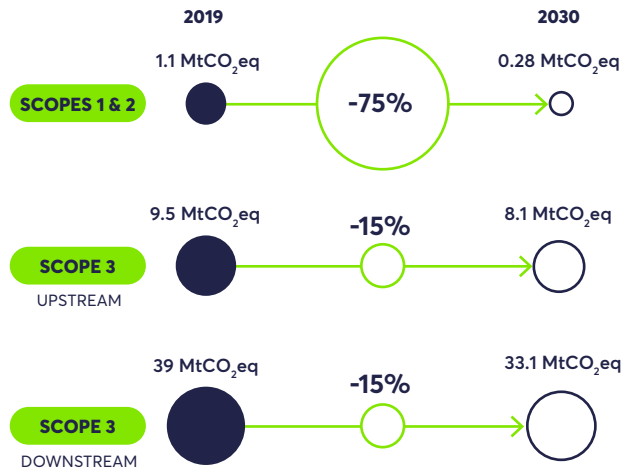
### EXPECTED REDUCTION IN CO<sub>2</sub> EMISSIONS IN METRIC TONS AND PERCENT

(% reduction compared with the 2019 baseline year)



### 2030 CO<sub>2</sub> EMISSIONS REDUCTION TARGETS BY SCOPE VALIDATED BY SBTi

(compared with the 2019 baseline year)



### THIRD-PARTY EMISSIONS AVOIDED



(1) Science Based Targets initiative.



2

## THE CIRCULAR ECONOMY POLICY STRUCTURED AROUND FOUR PILLARS

According to the *Circularity Gap Report*, the global economy's 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 and strengthened it in 2023.**

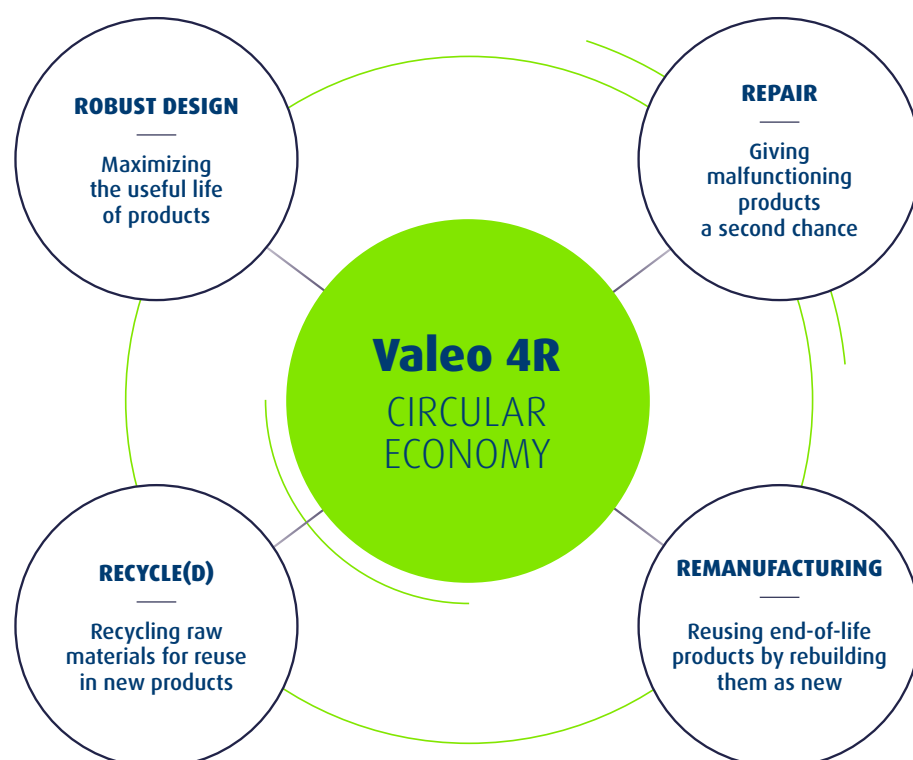
**The program addresses the full range of circularity issues, based on four pillars as described below. In particular, the approach focuses on:**

- preventing and managing waste
- collecting damaged or obsolete assembled products from across the Group
- recycling process waste
- reusing packaging materials
- and 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. 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.**



# Suppliers

Valeo's supplier relationships are anchored in quality, 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 emissions.

## KEY FIGURES

- 1,986** suppliers account for 95% of purchased production inputs
- 10** largest suppliers represent 14.3% of purchases

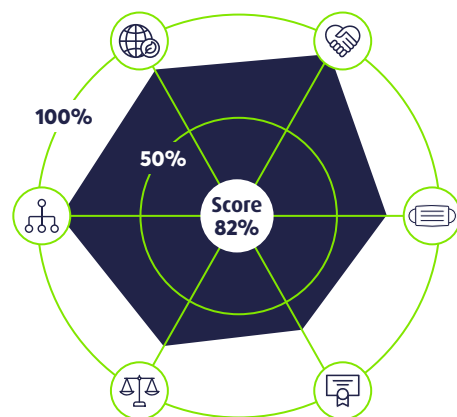
## Assessing and supporting suppliers' sustainable development practices

Under its policy of increased support for suppliers throughout the entire supply chain, Valeo runs a supplier self-assessment system using a supplier self-assessment questionnaire. This questionnaire consists of 52 questions, divided into six equally weighted categories:

- Environment & carbon** (12 questions)
- Working conditions & human rights** (14 questions)
- Health & safety** (8 questions)
- Business ethics** (4 questions)
- Governance** (8 questions)
- Management of own suppliers** (6 questions)

IN 2023 **85%** of Valeo's purchased production inputs were covered by a self-assessment questionnaire.

### EXAMPLE OF SUPPLIER ASSESSMENT



## SPOTLIGHT ON THE CAP 50 PLAN AND UPSTREAM SCOPE 3 EMISSIONS REDUCTION

To meet its targets on reducing upstream Scope 3 emissions and help its suppliers improve their carbon maturity, Valeo sets deadlines and objectives for them depending on their level of maturity. Valeo has established four maturity levels (from 0 to 3). By 2025, all suppliers will be required to be at Level 3.

GREENHOUSE GAS EMISSIONS NOT MEASURED	GREENHOUSE GAS EMISSIONS MEASURED ACROSS THE 3 SCOPES AND RESULTS REPORTED TO VALEO
0	1
RESULTS IN LINE WITH VALEO'S OBJECTIVES	RESULTS IN LINE WITH VALEO'S OBJECTIVES AND DISCLOSED PUBLICLY
2	3

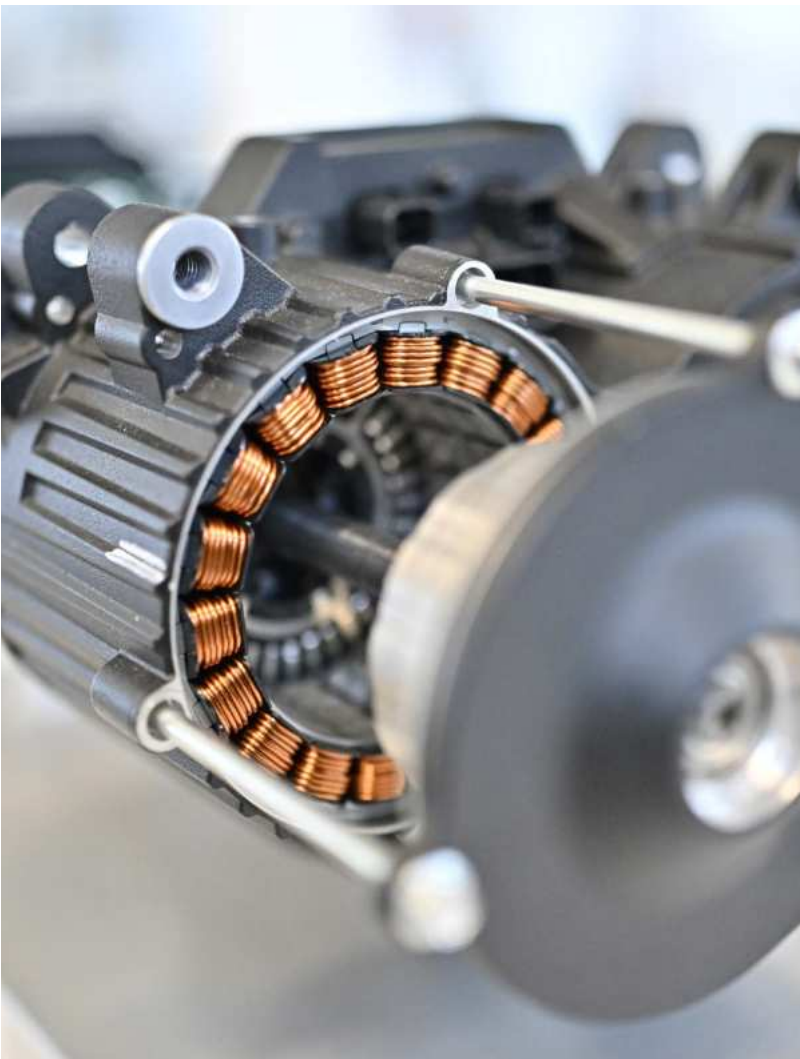
CARBON MATURITY LEVELS

If a supplier does not meet the required maturity level, Valeo will establish an action plan either to help the supplier improve or to reduce its own exposure to the supplier.



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

# SOLUTIONS ALIGNED WITH MARKET TRENDS



# ADAS technological solutions

Valeo offers a comprehensive range of advanced driver assistance systems (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+ automation and above<sup>(1)</sup>.

With this triple expertise in sensors, electronics and software, Valeo is now positioned as an ADAS integrator-validator.

The Group enjoys proficient **ADAS** expertise, 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.

In 2023, more than half of the Group's order intake was for advanced driver assistance and software-defined vehicle solutions. Building on its success, during the year, the Group launched the new **Valeo anSWer** software suite.

1

### Ultrasonic sensor

Sensor capable of detecting solid objects 30 cm away. Several sensors are needed on a given surface to reduce detection blind spots.

2

### Surround-view camera

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

3

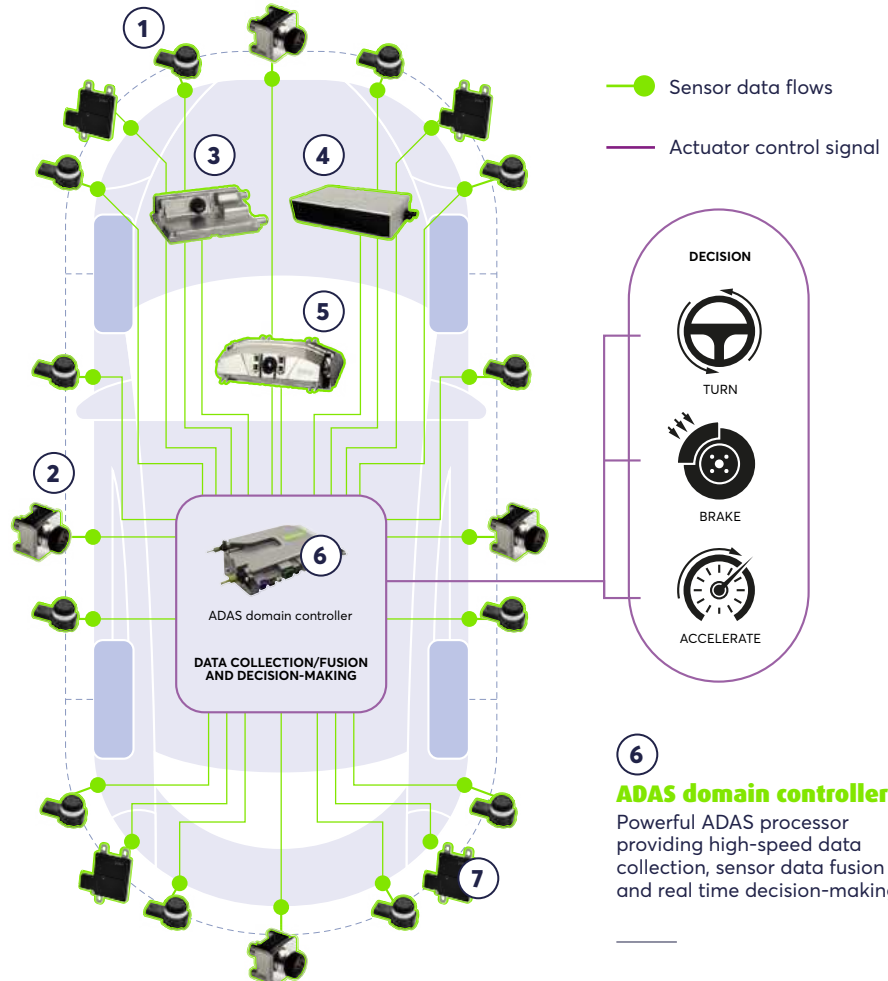
### Front camera

Front-mounted cameras with 50 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. Mandatory in Europe from 2026 on vehicles with high-level automation.

6

### ADAS domain controller

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

7

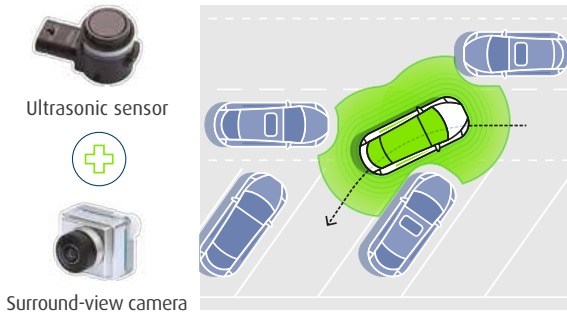
### Radar

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, and alerts the driver.

(1) See page 18.



## Low-speed maneuvering & parking assistance



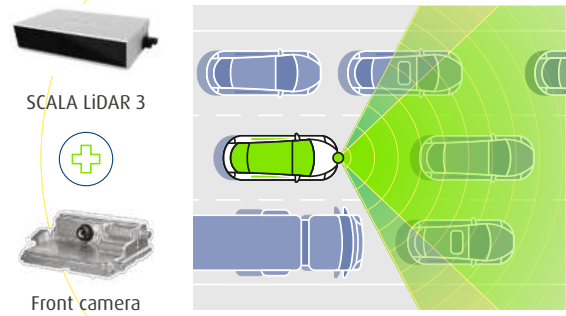
Valeo develops all **parking assistance solutions**, including sensors and functional software, from entry-level to fully automated systems.

### 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 (i.e., in which the driver is not in the vehicle) require a broader set of sensors, with various possible arrangements between vehicle-mounted and infrastructure-mounted.

## High-speed driving assistance



Valeo's ADAS solutions can be used to **delegate driving** in many situations (Level 2 automation<sup>(1)</sup> and above), including on the highway at speeds of up to 130 km/h.

Our 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 can detect an object, such as a tire, left on the roadway at a distance of more than 150 m, thereby preventing collisions, and paves the way for Level 3 automation capabilities, such as traffic jam assist.

### The software-defined vehicle

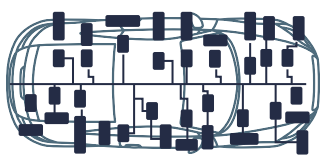
The vehicle of tomorrow is being developed under the emerging software-defined vehicle concept, whose software architecture is centralized rather than distributed, as previously. This enables a car's features

and functions to be upgraded throughout its lifetime with new, updated or improved applications.

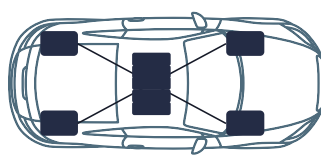
**In this new architecture, Valeo supplies:**

- operating systems, application software and related services;

- the high-performance computer controlling vehicle driving strategies and advanced driver assistance systems (ADAS);
- zone controllers to improve power management performance and substantially reduce the amount of wiring;
- power distribution modules;
- ADAS components, such as ultrasonic sensors, driving and parking cameras.



**YESTERDAY** Distributed architecture



**TODAY** Centralized architecture

(1) See page 18.

# Electric vehicle technological solutions

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

- **powertrain systems**, from low-voltage (LV) to high-voltage (HV) solutions, including electric motors, inverters, onboard chargers and DC/DC converters;
- **thermal systems**, which fully optimize energy efficiency in cooling modules, air-conditioning modules, battery thermal management systems and other components.

The Group holds global leadership positions in each of these markets, with growth expected to remain strong over the medium and long term, particularly in high-voltage applications. Valeo booked 6 billion euros in high-voltage orders in 2023, lifting total backlog since 2021 to around 10 billion euros.

**1**  
**Compact, quiet front-end cooling module**

Disperses heat and cools the engine, electronics, battery and heat pump.

**2**  
**Smart heat pump**

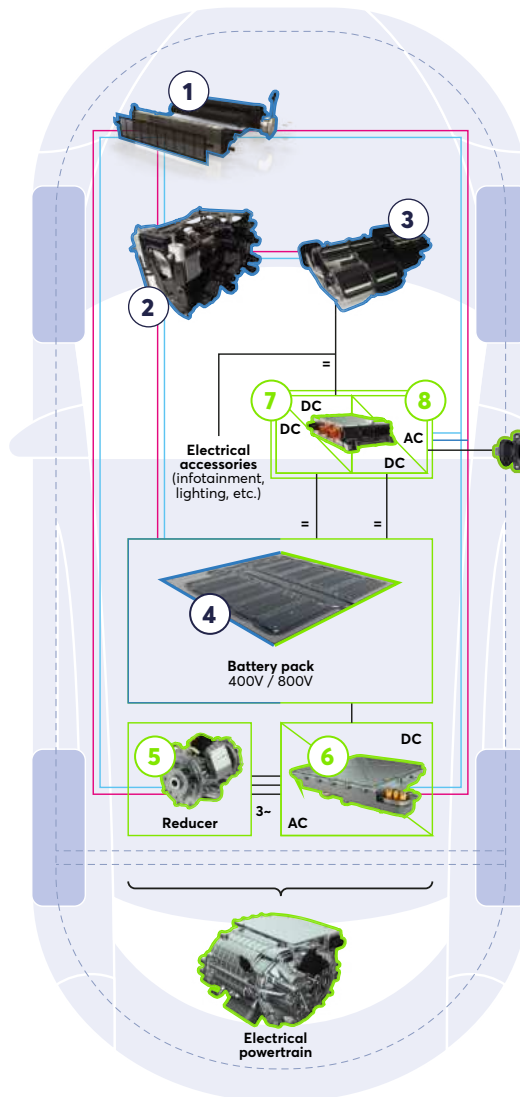
Compact and efficient system with an integrated compressor that provides cooling and heat for the vehicle's cooling and heating loops.

**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 generator, 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

# Aftermarket solutions

Valeo Service offers a variety of mobility aftermarket solutions, supplying both original equipment spares and services to car dealer networks (OES market) and replacement parts to the independent aftermarket (IAM market).



1

## A trusted partner

Valeo Service supports the growth of automotive aftermarket professionals in the vehicle maintenance, crash and repair markets with:

- solutions for both cars and trucks;
- responses to the underlying trends reshaping the automotive business, thanks to the Group's original equipment expertise and innovative solutions developed specifically for aftermarket applications.

2

## A smart partner

Valeo Service is continuing to develop Valeo Tech@ssist, a smart online technical support platform for garages, co-designed with auto repair professionals and dealers.

3

## A sustainable partner, engaged in the climate transition

To reduce their carbon footprint, vehicle fleets are gradually going electric, opening up aftermarket opportunities for new replacement parts for hybrid and electric vehicles (particularly powertrains and thermal systems). More than ever, Valeo Service is supporting the circular economy strategies being pursued by car and truck makers.

4

## Premium experience

Every day, Valeo Service teams are dedicated to offering their customers the highest quality and most memorable experience possible.

**Recognition of Valeo Service's steadfast customer commitment** was underscored in 2023 by five awards from four major automotive aftermarket customers: Supplier of the Year from Nexus Automotive and AutoDistribution International; a double Supplier of the Year award from Groupauto International in the Heavy Duty and Marketing and Workshop Support categories and a Special Recognition Award from Temot, celebrating Valeo's 100 years of Innovation.

150

COUNTRIES COVERED

18

DISTRIBUTION PLATFORMS

13

PRODUCT LINES (for light vehicles)

### AFTERMARKET BUSINESS SERVING OUR FOUR BUSINESS GROUPS



- **Resilient** with lower sensitivity to fluctuations in economic conditions.

- **A profitable business** that generates cash.

# GOVERNANCE, RISK MANAGEMENT, ETHICS AND COMPLIANCE

---





# The Board of Directors

The Board of Directors determines Valeo's **business strategies** and ensures that they are implemented effectively. In line with best market practices, the roles of Chairman of the Board of Directors and Chief Executive Officer were separated.

**14**  
**DIRECTORS**  
including 9 independent directors and 2 directors representing employees<sup>(1)</sup>



1



2



3



4



5



6



7



8



9



10



11



12



13



14

- 1- Gilles Michel\***,  
Chairman of the Board of Directors
- 2- Christophe Périllat**,  
Chief Executive Officer
- 3- Bruno Bézard\***
- 4- Bpifrance Participations\***,  
represented by  
Alexandre Ossola
- 5- Alexandre Dayon\***
- 6- Fonds Stratégique de Participations\***,  
represented by  
Julie Aurane
- 7- Stéphanie Frachet\***
- 8- Mari-Noëlle Jégo-Laveissière\***
- 9- Thierry Moulounguet<sup>(2)</sup>**
- 10- Éric Poton<sup>(1)</sup>**, Director representing employees
- 11- Patrick Sayer\***
- 12- Ulrike Steinhorst<sup>(3)</sup>**,  
in charge of CSR issues
- 13- Grzegorz Szelag<sup>(1)</sup>**,  
Director representing employees
- 14- Véronique Weill\***

\*Independent director

**10**  
MEETINGS  
IN 2023

**42%**  
WOMEN<sup>(4)(5)(6)</sup>

**98%**  
ATTENDANCE RATE  
IN 2023<sup>(6)</sup>

**75%**  
INDEPENDENT  
DIRECTORS<sup>(1)(4)(6)</sup>

**4**  
NATIONALITIES

(1) In accordance with the recommendations in Article 10.3 of the AFEP-MEDEF Code, directors representing employees do not count toward the number of independent directors.

(2) On June 8, 2023, Thierry Moulounguet had served on the Board for 12 years and therefore ceased to qualify as an independent director as from that date.

(3) On February 24, 2023, Ulrike Steinhorst had served on the Board for 12 years and therefore ceased to qualify as an independent director as from that date.

(4) At December 31, 2023.

(5) In accordance with Article L.225-27-1 of the French Commercial Code, directors representing employees do not count for the purpose of determining the proportion of men and women on the Board.

(6) Rounded to the nearest percentage.

# The four Specialized Committees

At December 31, 2023

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

- **Ensure that** the accounting policies adopted to prepare the consolidated and parent company financial statements are relevant, consistent and properly applied
- **Review the financial and accounting treatment of acquisitions or disposals** in excess of 50 million euros
- **Monitor the implementation and efficiency of all mechanisms** designed to improve the Group's control environment, in particular risk management, internal control, compliance and internal audit
- **Ensure that the rules, principles and recommendations** aimed at guaranteeing the independence of the Statutory Auditors are complied with
- **Oversee the selection** or reappointment of the Statutory Auditors
- **Seek regular updates on the Group's financial position**, particularly with regard to liquidity and cash position, and on the main thrusts of the Group's finance and tax policies
- **Stay informed of the Group's** insurance, IT system governance, IT security, cybersecurity and non-financial policies as well as the organization of the finance teams and the succession plans for their members. Periodically review the Ethics and Compliance policy.
- **Receive, 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** and present the Audit & Risks Committee's work on non-financial issues to the GACSRC.
- **Review external financial communications** prior to their publication

**7**

MEMBERS

83.3% independent<sup>(1)</sup>

**5**

MEETINGS

97.14% attendance rate

## Strategy Committee

- **Issue opinions and recommendations on 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
- **Issue opinions and recommendations on the analysis of the Group's development projects**, particularly external growth transactions, investments or borrowings representing more than 50 million euros per transaction
- **Issue opinions and recommendations on the review of development or expansion projects** in a country where the Group does not operate and which represents a particular risk

**5**

MEMBERS

60% independent<sup>(1)</sup>

**6**

MEETINGS

100% attendance rate

## Governance, Appointments & Corporate Social Responsibility Committee

- **Analyze how** the Board of Directors and its Committees operate
- **Assess and update corporate governance rules and ensure that the assessment** of the Board of Directors' operation is carried out in line with market practices
- **Prepare the composition of the Company's governing bodies** by providing reasoned proposals on the appointment of corporate officers to the Board and its committees
- **Draw up a succession plan** for executive corporate officers and directors
- **Review the independence** of each director
- **Ensure that the diversity policy** for Board members is prepared and implemented
- **Select candidates** for the position of director
- **Review CSR and safety policy**, identify CSR objectives and challenges, oversee the gradual and increasing implementation of CSR policy, and assess the Group's contribution to sustainable development
- **In conjunction with the Audit & Risks Committee, gain an understanding of the risks and issues involved in corporate social responsibility**, and obtain information about the resources the Group can call on to pursue its strategy in this area
- **Issue opinions and recommendations** to help the Board make informed decisions.
- **Nominate, among the members of the Committee a member in charge of CSR issues**, tasked in particular with reviewing the Group's CSR strategy, commitments and policies, the action plan and its implementation

**5**

MEMBERS

75% independent<sup>(1)</sup>

**4**

MEETINGS

89.47% attendance rate

## Compensation Committee

- **Review and make recommendations** concerning the compensation paid to executive corporate officers, including the variable portion of said compensation and any benefits of any kind, performance shares and stock options from any Group companies, provisions relating to post-employment benefits, and any other benefits of any kind
- **Recommend to the Board of Directors an aggregate amount of directors' compensation** to be proposed at the Shareholders' Meeting
- **Make recommendations to the Board on the rules for allocating** directors' compensation and the individual amounts to be paid
- **Give its opinion to the Board of Directors on the general policy for allotting** 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
- **Keep informed of the compensation policy** for the main executive managers who are not corporate officers of the Company or of other Group companies
- **Review any questions** about share issues reserved for employees

**5**

MEMBERS

75% independent<sup>(1)</sup>

**5**

MEETINGS

88% attendance rate

<sup>(1)</sup> The director representing employees does not count in the calculation of (i) the proportion of women on the Board, pursuant to Article 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.

# The Executive Committee

Figures at January 2, 2024



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



**From left to right:** Catherine Delhaye, Chief Ethics, Compliance and Data Protection Officer; Marc Guédon, Vice President, Group Purchasing; Detlef Juerss, Senior Vice-President, Sales & Business Development; Xavier Dupont, President, Powertrain and Thermal Systems Business Groups; Éric Antoine Fredette, Group General Counsel and General Secretary; Maurizio Martinelli, President, Visibility Systems Business Group; Edouard de Pirey, Chief Financial Officer (since January 2, 2024, previously Deputy Chief Financial Officer); Éric Schuler, President, Valeo Service Activity; Agnès Park, Group Chief Human Resources Officer; Robert Charvier, Advisor to the Chief Executive Officer and Chief Financial Officer until January 1, 2024; Christophe Périllat, Chief Executive Officer; Marc Vrecko, President, Comfort & Driving Assistance Systems Business Group; Geoffrey Bouquot, Chief Technology Officer and Vice-President, Strategy; François Marion, Senior Vice-President, Group Corporate Communications & Investor Relations

## Structure of the Chief Executive Officer's compensation

The Chief Executive Officer's 2024 **compensation**, as defined in the 2024 compensation policy<sup>(1)</sup>, breaks down as follows: **24% fixed compensation and 28% variable compensation**, representing annual short-term compensation; **48% performance shares**, representing long-term compensation. In this way, **76% of the Chief Executive Officer's compensation is subject to performance conditions**.

ANNUAL VARIABLE COMPENSATION – MAXIMUM 120% OF FIXED COMPENSATION		CRITERIA WEIGHT (ADDING UP TO 100%)	PERFORMANCE SHARES – MAXIMUM 200% OF FIXED COMPENSATION		CRITERIA WEIGHT (ADDING UP TO 100%)
<b>QUANTIFIABLE CRITERIA</b>	<ul style="list-style-type: none"> <li>EBIT: <b>18%</b></li> <li>Free cash flow: <b>18%</b></li> <li>Net income: <b>16%</b></li> <li>Net debt/EBITDA: <b>18%</b></li> </ul>	<b>58%</b>	<b>INTERNAL PERFORMANCE CRITERIA</b>	<ul style="list-style-type: none"> <li>ROCE: <b>30%</b></li> <li>EBIT: <b>30%</b></li> </ul>	<b>60%</b>
<b>QUALITATIVE CRITERIA</b>	<ul style="list-style-type: none"> <li>Strategic vision: <b>14%</b></li> <li>Risk management: <b>12%</b></li> </ul>	<b>22%</b>	<b>EXTERNAL PERFORMANCE CRITERION</b>	<ul style="list-style-type: none"> <li>Total shareholder return (TSR): <b>10%</b> CAC 40 TSR</li> <li><b>10%</b> Europe Automotive Equipment Suppliers Panel TSR</li> </ul>	<b>20%</b>
<b>QUALITATIVE CSR CRITERIA: EMPLOYEE-RELATED</b>	<ul style="list-style-type: none"> <li>Safety performance</li> <li>Increase in the gender equity index</li> <li>Deployment of a Group CSRD reporting process</li> </ul>	12%	<b>CSR CRITERION: DIVERSITY</b>	<ul style="list-style-type: none"> <li>Women on the different Group management committees</li> </ul>	<b>10%</b>
<b>QUALITATIVE CSR CRITERIA: CAP 50</b>	<ul style="list-style-type: none"> <li>Reduction trajectory of CO<sub>2</sub> emissions in line with the CAP 50 plan: <b>12%</b></li> </ul>	<b>10%</b>	<b>CSR CRITERION: CAP 50 PLAN</b>	<ul style="list-style-type: none"> <li>Reduction trajectory of CO<sub>2</sub> emissions in line with the CAP 50 plan</li> </ul>	<b>10%</b>

**1,700 KEY MANAGERS**

The annual variable compensation for the Group's 1,700 key managers is indexed to the same criteria (including CSR criteria) as for the Chief Executive Officer.

(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;
- **review:** the risk map is reviewed and updated at regular intervals.



RISK CATEGORIES	RISK FACTORS	
<b>STRATEGY RISKS</b>	● Risks related to the automotive equipment industry	●
	● Risks related to attracting and retaining talent	●
<b>OPERATIONAL RISKS</b>	● Risks related to the development and launch of new products	●
	● Risks related to the quality and safety of products and services sold	●
	● Cybersecurity	●
	● Supplier and supply chain failure risk	●
<b>FINANCIAL RISKS</b>	● Risks related to an increase in operating costs	●
	● Foreign currency risk	●

**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, Business Group and function;
- a whistleblowing system based on a global online platform and a network of corporate and local correspondents.

nearly **100%**  
OF NEW HIRES HAVE ACKNOWLEDGED RECEPTION OF THE CODE OF BUSINESS ETHICS

**86%**  
OF NEW EMPLOYEES FOLLOWED AND PASSED THE INDUCTION TO COMPLIANCE PROGRAM MODULE

nearly **100%**  
OF THE EMPLOYEES CONCERNED COMPLETED THE ANNUAL ANTI-CORRUPTION TRAINING MODULE



## Interview with Catherine Delhaye, Chief Ethics, Compliance and Data Protection Officer



### What are Valeo's main ethics and compliance challenges?

#### Catherine Delhaye:

Among the major challenges facing Valeo, strictly complying with international

sanctions against Russia demands especially diligent implementation and tracking of all the related transactions. Although Valeo has announced the sale of its operations in Russia, the Group remains vigilant and is striving to strictly abide by export controls and other international rules. Moreover, as a tech company that is rapidly expanding in software, led by the strong growth in software-defined vehicle demand, we operate in a very fast moving competitive environment, which is seeing the emergence of new competitors, so we have to be extremely attentive to competition rules. Lastly, we're continuing to focus sharply on fighting against corrupt practices and protecting personal data, in line with our various compliance programs and our Code of Business Ethics, which will be revised in 2023.

### How does Valeo's whistleblowing system work and what have been the outcomes?

**C. D.:** Valeo introduced a whistleblowing system back in 2014, well before it was legally required to. Today, it is accessible to every stakeholder,

enabling them to report possible violations of any ethics or compliance issue, including corruption, competition, harassment, safety and fraud. The mechanism is well publicized, and reports are systematically and diligently investigated, in the strictest of confidence, and followed up on a weekly basis. In line with Valeo's zero-tolerance policy, proven allegations

are sanctioned in line with the violation and corrective measures are taken as necessary, under the supervision of the Alerts Committee, which meets every month. Lastly, this procedure enables any serious violation likely to expose Valeo to be immediately notified to the highest level of corporate governance.

### How does Valeo protect the personal data it collects through its products?

**C. D.:** Valeo processes two types of personal data. The first concerns our operations and the protection of employee, partner

and customer data. The second, which is less conventional, concerns the products and technologies we've developed that use or generate personal data and that, as such, may be subject to data protection regulations. This is the case for the CDA Business Group's ADAS systems, which use sensors and cameras located both inside and outside the vehicle. Even though we don't own the data managed by the sold vehicles, our program enables us to work with customers to address any personal data protection issues concerning our onboard products and technologies.

# Business model



## OUR RESOURCES

### HUMAN CAPITAL

- 112,747 employees
- 141 nationalities
- 37% women and 32% under 25s in new hires

### INTELLECTUAL CAPITAL

- 19,376 R&D employees working at 19 research centers and 47 development centers
- Net R&D representing 9% of 2023 sales
  - 1,666 patents filed in 2023
  - 9,450 software engineers

### INDUSTRIAL CAPITAL

- Investments in property, plant and equipment: 4.4% of 2023 sales
  - 175 plants
  - 29 countries

### SOCIAL CAPITAL

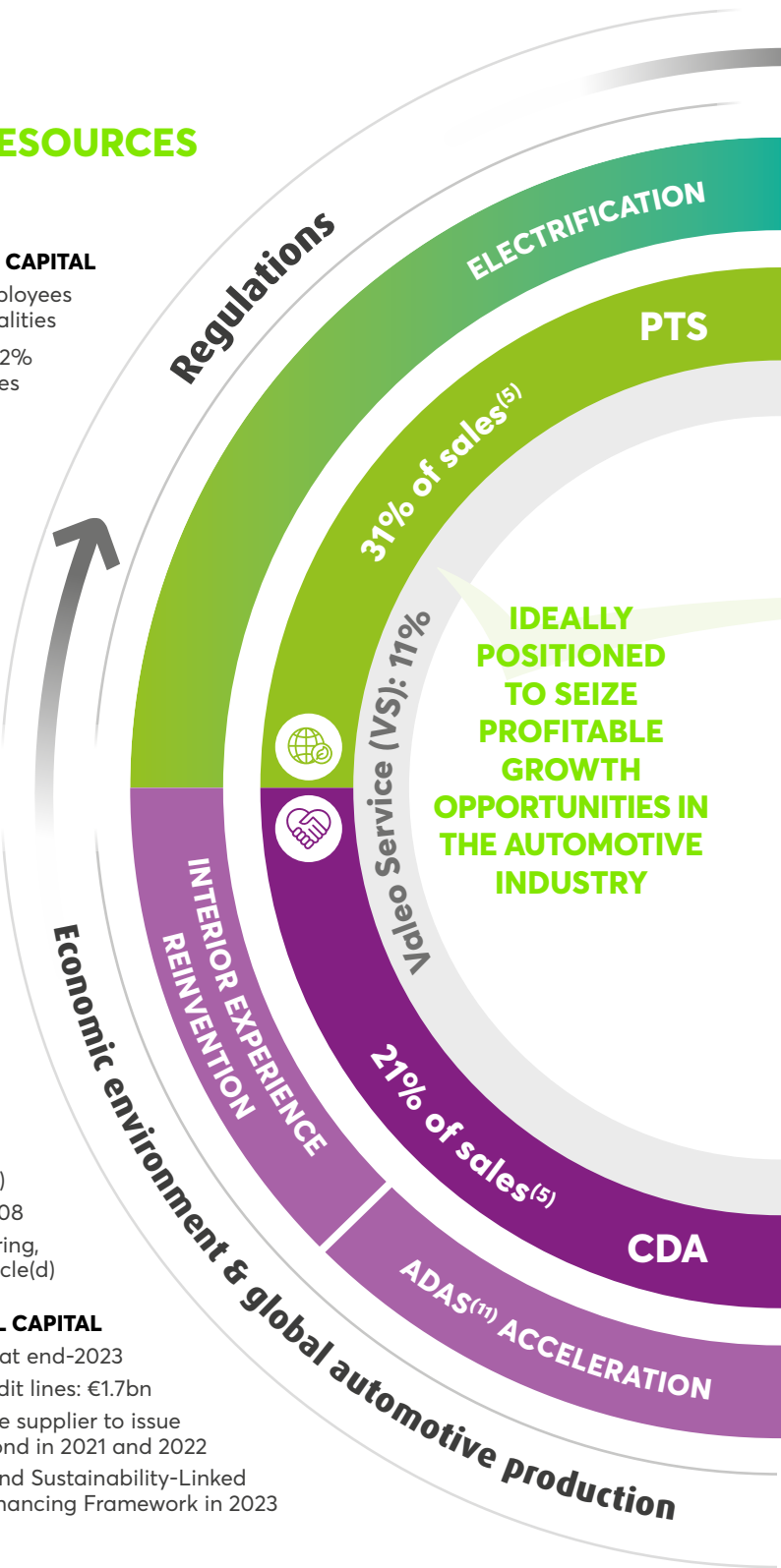
- 1,986 suppliers representing 95% of Valeo's needs, with the top 10 suppliers accounting for 14.3% of Group purchases
- 85% of Group production purchases from suppliers whose ESG practices have been assessed
- Supplier adherence to Business Partners Code of Conduct

### NATURAL CAPITAL

- Development of technologies that reduce GHG<sup>(6)</sup> emissions and decarbonize the value chain (CAP 50 PLAN)
- 60% reduction in water consumption since 2008
  - 4Rs: Robust Design, Remanufacturing, Repair and Recycle(d)

### FINANCIAL CAPITAL

- Available cash of €3.0 billion at end-2023
  - Undrawn credit lines: €1.7bn
- First European automotive supplier to issue a sustainability-linked bond in 2021 and 2022
  - Roll-out of the Green and Sustainability-Linked Financing Framework in 2023



● PTS: Powertrain Systems Business Group

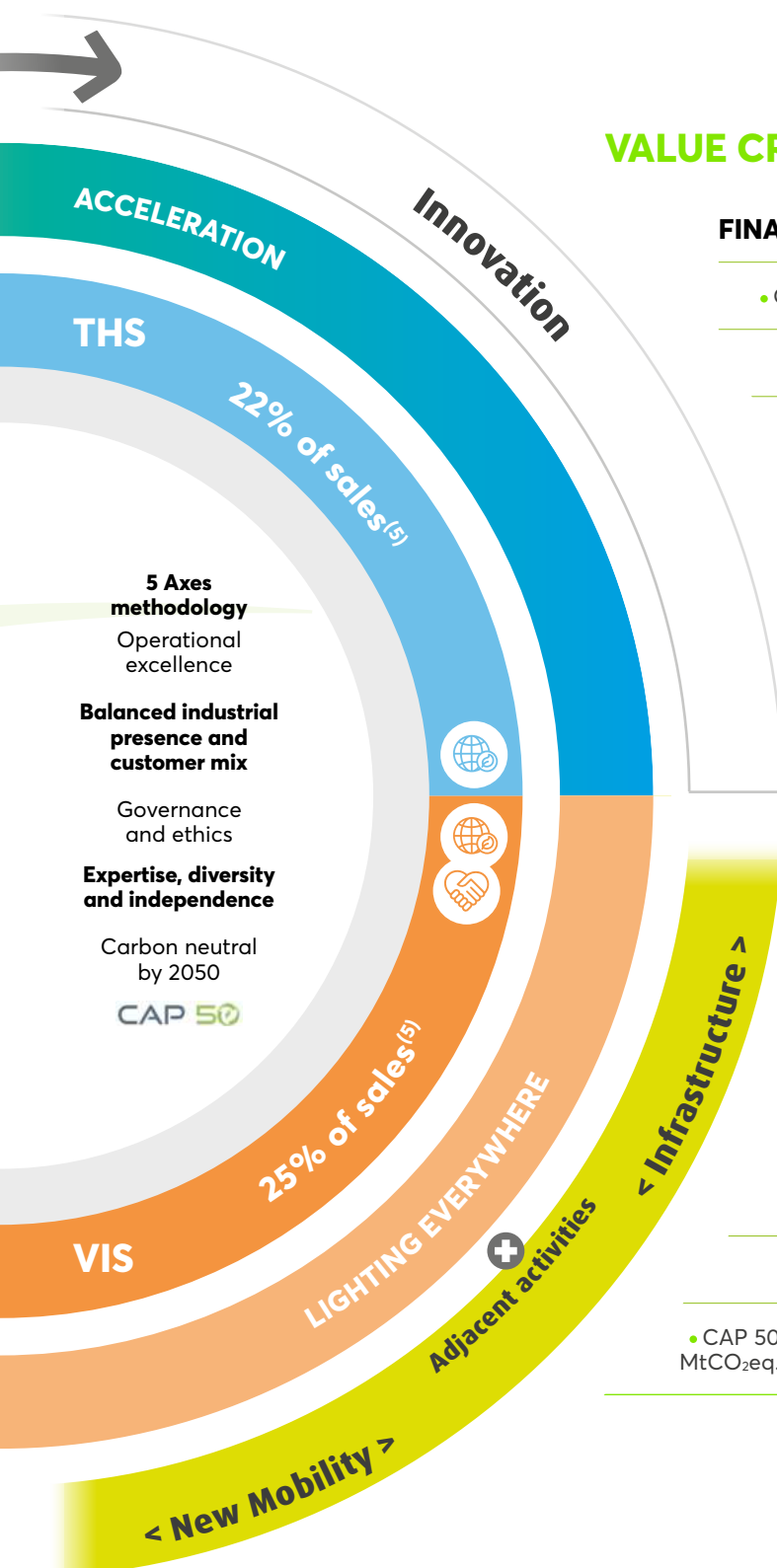
● THS: Thermal Systems Business Group

● CDA: Comfort & Driving Assistance Systems Business Group

● VIS: Visibility Systems Business Group

Contributes to: cleaner mobility

Contributes to: safer mobility



## VALUE CREATED

### FINANCIAL PERFORMANCE

**2023**

• Order intake (€bn)	<b>34.9</b>	
• Sales (€bn) <sup>(2)</sup>	<b>22.0</b>	
• Outperformance <sup>(3)</sup>	<b>3 pts</b>	
• EBITDA margin <sup>(1)</sup>	<b>12.0%</b>	Comp.
• Operating margin <sup>(1)</sup>	<b>3.8%</b>	Comp. <sup>(10)</sup>
• Free cash flow (€m) <sup>(1)</sup>	<b>379</b>	Comp.
• Leverage ratio <sup>(1)</sup>	<b>1.5x</b>	

### DIVIDEND PER SHARE

**2023**

 In respect of 2023<sup>(4)</sup> **€0.40**

### NON-FINANCIAL PERFORMANCE

**2023**

• Accident frequency rate	<b>0.8<sup>(9)</sup></b>	Comp.
• Gender equity index	<b>88.9 pts</b>	Comp.

**2023**

• Percentage of women in Group management committees	<b>23.6%</b>	Comp.
• CAP 50 plan: reduction in GHG <sup>(6)</sup> emissions in MtCO <sub>2</sub> eq. – Scopes 1, 2 & 3 (validated by SBTi <sup>(6)</sup> )	<b>-9%<sup>(7)</sup></b>	Comp.

(1) See glossary.

(2) Original equipment sales: 85%, Aftermarket: 10%, Miscellaneous sales (R&D, tooling): 5%.

(3) Outperformance versus S&P Global Mobility figures in 2023 on an adjusted basis. See glossary, page 46.

(4) To be submitted for approval at next Shareholders' Meeting.

(5) % of total sales, and other sales 1%.

(6) Greenhouse gas.

(7) Vs. 2019 baseline year.

(8) Science Based Targets initiative.

(9) Number of lost-time occupational accidents per million hours worked (frequency rate [FR1]).

(10) Under the 2020 performance share plan.

(11) ADAS: advanced driver assistance system.



**Criterion included in the short-term variable compensation and/or long-term compensation of the Chief Executive Officer (subject to shareholder approval at the Annual Meeting on May 23, 2024).**

# Financial and non-financial performance highlights

## FINANCIAL PERFORMANCE

<b>ORDERS</b>	<b>2022</b>	<b>2023</b>
<b>ORDER INTAKE FOR THE YEAR (IN €BN)</b>	<b>32.6</b>	<b>34.9</b>
<b>FINANCIAL PERFORMANCE</b>		
<b>GROUP SALES (IN €M)</b>	<b>20,037</b>	<b>22,044</b>
Original equipment sales (in €m) <i>As a % of Group sales</i>	16,748 84%	<b>18,701</b> <b>85%</b>
<b>Performance</b>	<b>+3 pts</b>	<b>+3 pts<sup>(1)</sup></b>
Aftermarket sales (in €m) <i>As a % of Group sales</i>	2,256 11%	2,267 10%
Miscellaneous sales (in €m) <i>As a % of Group sales</i>	1,033 5%	1,076 5%
R&D expenditure (in €m) <i>As a % of Group sales</i>	(1,880) (9.4%)	(2,029) (9.2%)
<b>EBITDA (IN €M)</b> <i>As a % of Group sales</i>	<b>2,401</b> <b>12.0%</b>	<b>2,647</b> <b>12%</b>
<b>OPERATING MARGIN EXCL. SHARE IN JVS (IN €M)</b> <i>As a % of Group sales</i>	<b>635</b> <b>3.2%</b>	<b>838</b> <b>3.8%</b>
Share in net earnings of JVs (in €m) <i>As a % of Group sales</i>	115 0.6%	17 NS
Net attributable income (in €m) <i>As a % of Group sales</i>	230 1.1%	221 1.0%
<b>BASIC EARNINGS PER SHARE (IN €)</b>	<b>0.95</b>	<b>0.91</b>
<b>STATEMENT OF CASH FLOWS</b>		
Change in working capital <i>As a % of Group sales</i>	231 1.1%	278 1.3%
Investments excl. capitalized development expenditure (in €m) <i>As a % of Group sales</i>	(832) (4.1%)	(1,006) (4.6%)
Capitalized development expenditure (in €m) <i>As a % of Group sales</i>	(657) (3.3%)	(995) (4.5%)
<b>FREE CASH FLOW (IN €M)</b>	<b>388</b>	<b>379</b>
<b>FINANCIAL STRUCTURE AND DIVIDEND</b>		
Net debt (in €m)	4,002	4,028
Leverage ratio: Net debt to EBITDA	1.7x	1.5x
<b>DIVIDEND PER SHARE (IN €)</b>	<b>0.38</b>	<b>0.40<sup>(2)</sup></b>

(1) On an adjusted basis, see glossary page 46.

(2) To be submitted for approval at the Shareholders' Meeting to be held on May 23, 2024.



# NON-FINANCIAL PERFORMANCE AND OBJECTIVES<sup>(3)</sup>

CHALLENGES	ENVIRONMENTAL INDICATORS	2019	2023	2025 OBJECTIVES	2030 OBJECTIVES	SDG IMPACTED
<b>CARBON NEUTRALITY CONTRIBUTION PLAN</b>	Emissions from operating activities – Scopes 1 & 2 (MtCO <sub>2</sub> eq.)	1.1 <i>Baseline</i>	0.65 -41%	0.65 -41%	0.28 -75%	
	Emissions from purchased goods and services – Upstream Scope 3 (MtCO <sub>2</sub> eq.)	9.5 <i>Baseline</i>	8.3 -12.6%	8.9 -6%	8.1 -15%	
	Emissions from the use of Valeo products – Downstream Scope 3 (MtCO <sub>2</sub> eq.)	39.0 <i>Baseline</i>	36.2 +7%	35.8 -8%	33.1 -15%	
	Total Scopes 1, 2 and 3 emissions (MtCO <sub>2</sub> eq.)	49.6 <i>Baseline</i>	45.2 -9%	45.3 -9%	41.4 -17%	
<b>ENERGY</b>	Energy consumption as a proportion of sales (MWh/€m)	142 <i>Baseline</i>	133 -6%	134 -6%	-30%	
	Share of low-carbon electricity purchased	5.5%	43.8%	50%	80%	
<b>WATER</b>	Water consumption as a proportion of sales (cu.m/€m)	197 <i>Baseline</i>	148 -25%	185 -6%		
<b>DISCHARGES AND WASTE</b>	Production of hazardous and non-hazardous waste as a proportion of sales (t/€m)	16.4 <i>Baseline</i>	12.7 -23%	15,0 -9%		
CHALLENGES	EMPLOYEE-RELATED INDICATORS	2019	2023	2025 OBJECTIVES	2030 OBJECTIVES	SDG IMPACTED
<b>HEALTH AND SAFETY</b>	Accident frequency rate (FR1): number of accidents with lost time per million hours worked	1.9	0.8	<1		
	Gender equity index	82 pts	88.9 pts	90 pts		
<b>PROMOTING EQUALITY AND DIVERSITY</b>	Percentage of women on the Group's management committees (the 300 most important Group management positions)	16%	23.6%	24%	32%	
	Percentage of sites run by local directors	78%	77%	>80%		
	Percentage of employees with disabilities on Group payroll	2.1%	1.9%	2.5%		
	Percentage of new hires under 25	20%	32%	>35%		
<b>QUALITY OF WORKLIFE</b>	Rate of compliance with the "Building a well-being environment" Employee Engagement roadmap	61%	53%	75%		
<b>SKILLS</b>	Number of hours of technical training (in thousands of hours)	1,743	5,026	3,000		
CHALLENGES	SOCIAL INDICATORS	2019	2023	2025 OBJECTIVES	2030 OBJECTIVES	SDG IMPACTED
<b>PURCHASING AND SUSTAINABLE DEVELOPMENT</b>	Share of production purchases for which the suppliers' sustainable development practices were assessed during the year (% of total purchases)	80%	85%	82%		
<b>LOCAL INTEGRATION</b>	Organization of initiatives and events by the Valeo sites with educational and vocational training institutions (in % of sites)	68%	73%	85%		
<b>LOCAL COMMUNITIES</b>	Share of sites participating in the "One Plant, One Initiative" program	50%	64%	100%		

(3) Changes shown in the table are versus the 2019 baseline year.

# 2024-2025 outlook and the Move Up plan

**Targeted increase of more than 60% in operating income and cash flow between 2023 and 2025**

## Valeo stays the course set out in its Move Up strategic plan and accelerates its transformation

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. The Group has strengthened its software capabilities in all its businesses, and now proposes a separate offering in this area, known as Valeo anSWer. The sharp rise in order intake to 34.9 billion euros in 2023 and the significant improvement in the margins embedded in these orders demonstrate the validity of these strategic choices.

## Expected acceleration in organic growth – based on prudent assumptions – driven by the start of production on profitable new orders booked since 2022

The Group is confident as to growth in its original equipment sales in all production regions, notably in Europe. In 2025, the start of production on large orders booked since 2022 should lead to an acceleration in original equipment sales. For greater comfort, Valeo's new medium-term growth objectives are based on prudent assumptions:

- Light vehicle production 3% below the S&P Global Mobility scenario released on February 16, 2024;

- Stable sales in high-voltage electrification over the period 2023-2025, taking into account significant current volatility in the electrification market and uncertainty as to the timetable for the ramp-up of electric vehicles.

## New cost reduction measures

Valeo is accelerating the reduction in its costs through:

- Specific, targeted cost reduction measures, representing an expense of 300 million euros over the next two years, including those associated with the expected improvement in operating efficiency in the Powertrain Systems and Thermal Systems segments;
- Accelerated R&D efficiency through standardization of "project" developments (technological platforms) and the addition of essential skills, particularly in software development, in cost-competitive countries.

To better prepare Valeo for the accelerating pace of vehicle electrification, the Group announced a plan to reorganize and merge these two previously separate activities to create a coherent, comprehensive and competitive technology offering. The proposed reorganization is in line with the many similar reorganizations already carried out by major automaker customers.

	2023 REPORTED	2024 GUIDANCE <sup>(1) (2)</sup>	2025 OBJECTIVES <sup>(2)</sup>	PREVIOUS 2025 OBJECTIVES (February 2022)
<b>Sales</b> (in billions of euros)	<b>22.0</b>	<b>22.5 to 23.5</b>	<b>24.5 to 25.5</b>	<b>~27.5</b>
<b>EBITDA</b> (as a % of sales)	<b>12%</b>	<b>12.1%-13.1%</b>	<b>13.5%-14.5%</b>	<b>~14.5%</b>
<b>Operating margin</b> (as a % of sales)	<b>3.8%</b>	<b>4.0%-5.0%</b>	<b>5.5%-6.5%</b>	<b>~6.5%</b>
<b>Free cash flow before one-time exceptional cost reduction measures<sup>(3)</sup></b> (in millions of euros)	<b>-</b>	<b>~500</b>	<b>~800</b>	<b>-</b>
<b>Free cash flow after one-time exceptional cost reduction measures<sup>(3)</sup></b> (in millions of euros)	<b>379</b>	<b>~350</b>	<b>~650</b>	<b>~800-1,000</b>

(1) Second-half margins and free cash flow generation higher than in the first half, thanks to higher production volumes and efficiency gains.

(2) For greater comfort, figures are based on (i) light vehicle production 3% below the S&P Global Mobility scenario released on February 16, 2024, and (ii) stable sales in high-voltage electrification over the period 2023-2025.

(3) Includes, but is not limited to, potential restructuring measures.

**Strict cash-oriented management of our businesses and capital allocation with a focus on deleveraging, targeting an expected leverage ratio of 1.0x EBITDA in 2025**

# Ratings

## ESG ratings (as of March 1, 2024)

<p>ESG performance and commitments recognized by non-financial rating agencies</p>	<p>S&amp;P GLOBAL</p> <p><b>68/100</b></p>	<p>SUSTAINALYTICS</p> <p><b>10.1</b> low risk</p>	<p>ISS ESG</p> <p><b>B- Prime</b></p>
	<p>CDP CLIMATE</p> <p><b>A-</b></p>	<p>MSCI ESG RATINGS</p> <p><b>AAA</b></p>	<p>MOODY'S</p> <p><b>63/100</b></p>

## ESG indices (as of March 1, 2024)

<p>ESG stock market indices of which Valeo is a member</p>	<p>EURONEXT CAC 40 ESG CAC 40 SBT 1.5°</p>	<p>STOXX Global ESG Leaders</p>
	<p>FTSE4Good</p>	<p>MSCI ESG Leaders</p>

## Credit ratings (as of March 1, 2024)

<p>Deleveraging as a Group priority</p>	<p>STANDARD &amp; POOR'S</p> <p><b>BB+/B</b> Outlook: stable</p>	<p>MOODY'S</p> <p><b>Baa3/P3</b> Outlook: negative</p>
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# Glossary

**Adjusted data:** data for first-half 2022 has been adjusted as though the high-voltage electrification business (formerly Valeo Siemens eAutomotive) had been consolidated in the Group's financial statements as of January 1, 2022. To calculate year-on-year changes in sales on an adjusted basis, 2021 figures have been adjusted as though the high-voltage electrification business had been consolidated in the Group's financial statements as of January 1, 2021.

**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.

**Gearing ratio:** Net debt/stockholders' equity.

**Leverage ratio:** Net debt to EBITDA.

**Like for like (or LFL):** the currency impact is calculated by multiplying sales for the current period by the exchange rate for the previous period. 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.

**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.

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

**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.

**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.

**ROA**, or return on assets, corresponds to operating income divided by capital employed (including investments in equity-accounted companies), including goodwill.

**ROCE**, or return on capital employed, corresponds to operating margin (including share in net earnings of equity-accounted companies) divided by capital employed (including investments in equity-accounted companies) excluding goodwill.





Design and production

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United Nations

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