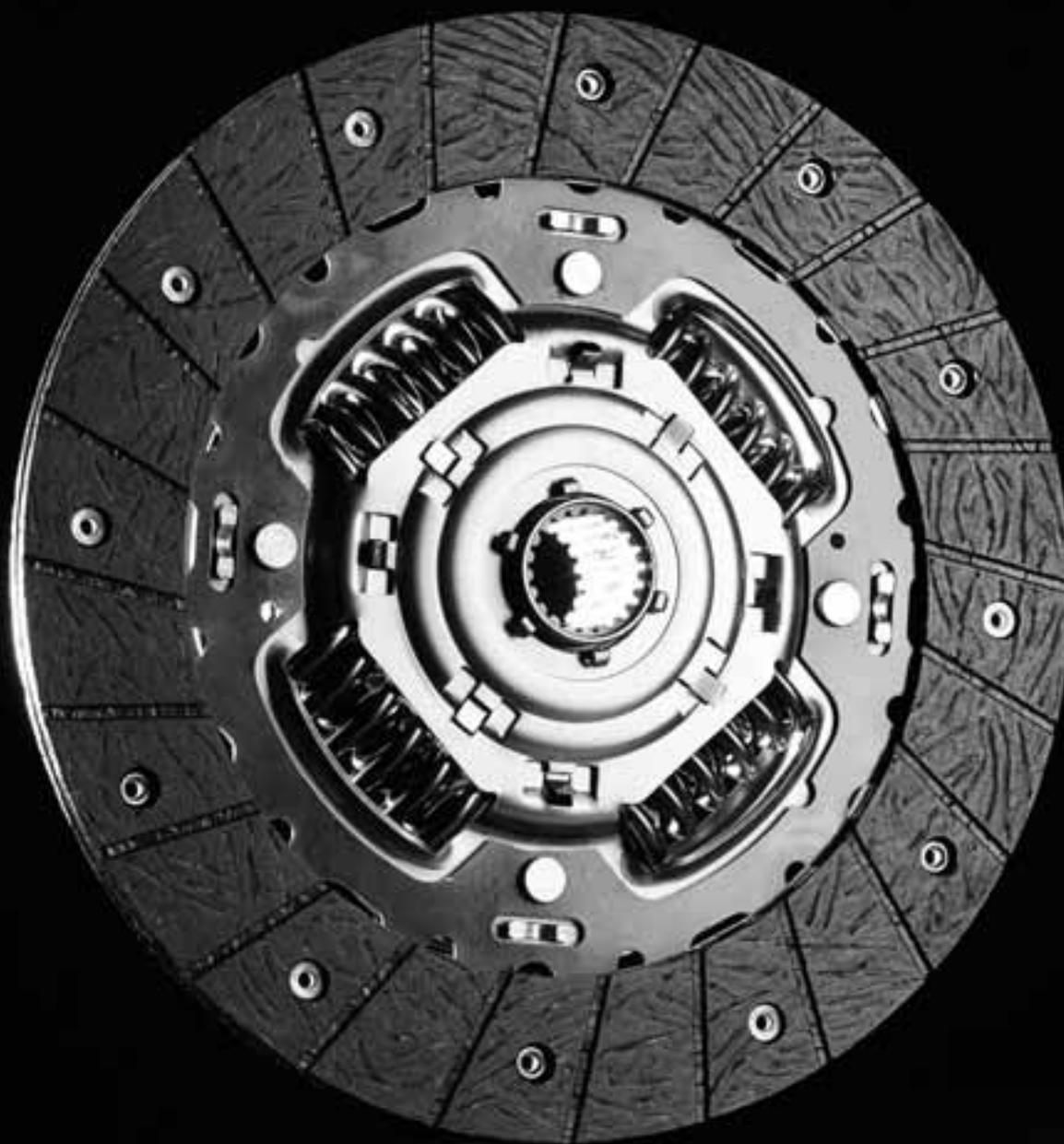


2011

Sustainable Development Report

Extract of Registration Document



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Message from Jacques Aschenbroich, Chief Executive Officer of Valeo



Jacques Aschenbroich
Chief Executive Officer



Valeo's commitment to sustainable development is inscribed in the Group's DNA.

Our operations are entirely dedicated to the automotive sector, for which we create value by offering technological solutions to automaker-customers. Valeo develops and markets components that improve energy efficiency and systems that enhance safety and comfort. The Group serves both the original equipment market and the aftermarket. Its activities, design and production processes and manufactured products all contribute to the automotive sector's gradual shift towards a carbon-free energy paradigm. Valeo is also using its technological and innovation firepower to help promote the deployment of mobility-enhancing systems for transportation users. In so doing, the Group has reinforced its position in the marketplace and has become the partner of choice in the quest for mobility networks that are more environmentally respectful and more intelligently connected.

The Group is ever mindful of business and operational imperatives across its manufacturing base. Care is taken to achieve conformity to economic, legal, social and environmental criteria. This commitment is shared unreservedly by the Group's General Management, employees, customers and suppliers. All of the Group's sites and installed systems in 28 countries successfully meet objectives that are increasingly ambitious and subject to regular updating. Commitments are enshrined in charters, codes of conduct and alert measures; they concern the safety, well-being and respectful treatment of all, responsible energy usage, CO₂ emissions reduction, and the moderation of natural resource and raw material consumption.

The activities performed by Valeo's employees are conducted with due regard to the economic, social and environmental aspects of sustainable development as applied to the automotive sector. In addition, the Group is currently in an organic growth phase entailing the widespread deployment of businesses and projects throughout the world, especially in emerging markets. This means that Valeo has to adapt continually to different challenges.

What were the highlights in the sphere of sustainable development in 2011?

In order to ensure operational continuity, we have stepped up our efforts and investment concerning Research and Development for innovative products that reduce vehicle CO₂ emissions and are tailored to emerging markets.

Based on market and customer feedback, we know that automakers are constantly shifting towards the production and marketing of vehicles that are less energy-intensive and ensure security and comfort for users.

This encourages us to focus on economically viable carbon-free technologies, such as hybrid and fully-electric vehicles, with enhanced accident prevention systems and driving assistance systems that make driving safer and more enjoyable.

Thanks to its wide product range, Valeo is well placed to rise to the challenges posed by structural changes in the automotive sector.

In the sphere of corporate social responsibility (CSR), the Group has made huge strides and undertaken new initiatives.

2011 saw the launch of an ambitious program dubbed "Well-being at work". Under the program, managers and operators are asked about their working conditions and their responses serve to inspire concrete solutions to the problems and difficulties encountered in the workplace on a daily basis.

Another program called "Plants Initiatives" gives pride of place to local actions undertaken by our plants. The program was unveiled three years ago at all of our sites worldwide in the form of workplace-related measures for employees and corporate-citizenship measures for the benefit of local communities. Initiatives are scrutinized on an annual basis and plants are requested to launch new actions in subsequent years, while maintaining or improving existing measures.

Accordingly, just over one year ago, I requested that Valeo set up a dedicated Sustainable Development Department to embody and coordinate the Group's vision in this sphere, both internally and externally. The function works in a cross-disciplinary manner within the Group and reports to me directly. It plays a vital role in responding to the increasing requirements imposed by a stakeholder base encompassing customers, employees, shareholders, employee representative bodies and industry associations.

In addition, an Ethics and Compliance Department – reporting directly to me – was set up in a constant effort to ensure that the Group's operations fully comply with laws and regulations. The Department trains our employees and monitors their

activities in all of the regions in which the Group operates. The aim is to define and implement in the short term a compliance program comprised of clear instructions, in-depth employee training, as well as procedures and tools to help employees comply with our rules and the relevant legislation on a daily basis. The Department also seeks to continuously improve our program through audits and regular compliance checks.

On the environmental front, Valeo has set out a strategy and ambitious targets for the reduction of natural resource consumption and CO₂ emissions. The Group's second action plan, launched in 2010 and due to end in late 2012, has already permitted the attainment of reduced energy and water consumption targets. A new plan will be implemented towards the year-end for the 2013-2015 period. The policy put in place aims not only to lower energy consumption at our plants, but also to mitigate the use of hazardous substances, systematically emphasize energy efficiency, reduce waste production and increase the proportion of recycled waste.

While the consolidation of our position in the automotive industry is essential, we also recognize that, as an automotive supplier, Valeo is increasingly expected to provide expertise and innovation. The Group is therefore broadening its horizons and actively contributing to the automotive-related research that will help shape mobility solutions in the coming years.

Our commitments in the sphere of sustainable development therefore also enhance our appeal as an employer for new generations, for whom sustainability issues will weigh increasingly heavily in the balance.

In light of these challenges, sustainable development will be a critical source of leverage for meeting our corporate objectives. Valeo, through the efforts of existing and future employees, will continue to work to cement ties with customers and suppliers. Our strategic priorities are to remain on a growth trajectory and to continue working towards responsible, sustainable value creation for the benefit of all stakeholders.

Jacques Aschenbroich

Chief Executive Officer



3.1 Sustainable development policy

At Valeo, sustainable development is part and parcel of the Group's activities. Valeo's commitment to sustainable development is based on two focus areas:

- promoting a cross-disciplinary approach between the Group's key functions;

- ensuring that Valeo's policy is fully recognized and accepted by its stakeholders.

The Group's sustainable development policy is therefore centered on these two main focus areas.

3.1.1 Valeo's cross-disciplinary approach to sustainable development

The Sustainable Development Department instills its principles and best practices into the Group's functions and teams. The Human Resources and Risk, Insurance, Environment networks provide key support in the communication of these messages.

The Research and Development function also plays a fundamental role in Valeo's sustainable development policy by creating innovative technological solutions that meet customer expectations in terms of vehicle CO₂ emissions reduction. Accordingly, Valeo's sustainable development principles are applied right from the product design stage and

the corresponding restrictions and opportunities are therefore taken into account before product development even begins.

At the operational level, several functions are organized around the sustainable development policy in order for them to be well positioned to deal with crisis situations. Consequently, the Purchasing, Quality and Industrial support functions are all concerned by crisis management. This requires, on the one hand, a constant focus on preventing breakdowns in the supply chain and delivery delays and, on the other hand, responsiveness during major crises (such as those in Japan and Thailand) in order to protect and satisfy Valeo customers.

3.1.2 An improved sustainable development performance within and outside the Group

Emphasis on continuous and measurable improvement

Since signing up to the UN Global Compact in 2005, Valeo presents the environmental and social improvements it makes on an annual basis. The Group has phased in a self-evaluation mechanism for continuous and measurable progress at all sites worldwide. Through the "Plants Initiatives" program (see sections 3.4 and 3.5), the Group encourages its sites to implement initiatives for the benefit of its employees and the local communities. This program has met with great success within the Group and each year new initiatives are put forward and subsequently developed into tangible, recurring actions. Accordingly, all employees at the Group's sites and their local communities are enjoying a better quality of life.

Adaptive capacity and development of monitoring indicators

In 2011, Valeo undertook to take account of the impact of its activities on biodiversity by introducing biodiversity monitoring indicators based on the Global Reporting Initiative (GRI) framework. This move is the Group's response to the growing concern about biodiversity expressed by stakeholders and society as a whole, and to associated calls for compliance in this sphere.

Strengthening and deployment of good practices during acquisitions

Within the framework of its external growth strategy, Valeo places great importance on the ability of newly-acquired entities to adhere to the Group's sustainable development approach. The arrival of each new company in the Group presents an occasion to take a fresh look at best practices and to assess the acceptance and effectiveness of these within newly-acquired entities.

Sustainable development: a source of assertive commitment

Some initiatives go even further than Valeo's own sustainable development framework.

The Group finds ways to improve the functioning of the automotive industry by bringing together players from the public and private sectors, automotive-industry practitioners and other parties to reflect on the subject of sustainable mobility. Valeo's participation highlights the Group's commitment to dialogue, collaborative research and effective action in an industrial environment.

In addition, Valeo shares its know-how through "skills sponsorship", an expression of the determination by an industrial player like Valeo to assume responsibilities within wider society. This chapter contains numerous examples of the Group's national and international initiatives on this front.

Finally, the Group strives to increase awareness of sustainable development matters amongst its suppliers with the help of the Purchasing and Quality networks. Valeo's crisis management policy enables it to anticipate and prepare upstream for crises and to overcome any natural disasters that could have an impact on its supply chain. In this context, Valeo aims to nurture solidarity within the supplier base and in a performance culture compatible with the Group's values.

Valeo's established convictions and its confident determination to adapt sustainable development measures to each real-life situation will enable the Group to continue to build and capitalize on the advances achieved to date.

3.2 Research and Development, product innovation and sustainable development

3.2.1 Research and Development: Valeo's vision and innovation policy

To ensure that its products are aligned to market demand and anticipate future needs, Valeo continually analyzes economic, technological and social shifts with the aim of identifying key challenges and priorities.

Ambitious regulations on climate change and atmospheric pollution

Governments' growing awareness of climate change is having major, direct consequences for the automotive sector. Regulations are increasingly exacting, particularly as concerns authorized emission levels for vehicles. The United States, Japan and Europe have instituted regulations aimed at reducing vehicle emissions in the medium term. In Europe, the European Commission has set a CO₂ emissions quota for vehicles of 130g CO₂/km in 2012 and

95g CO₂/km by 2020 (compared with an actual average of 163g CO₂/km in 2007). Non-compliance with quotas will give rise to financial penalties. Regulations in the other main industrialized countries likewise impose ever-larger reductions for other pollutants emitted during the combustion of fossil fuels, such as nitrogen oxides (NOx) and particles.

One of Valeo's aims is to help automakers comply with quota requirements by providing competitively-priced technological solutions or breakthrough innovations for hybrid and electric vehicles.

Growing scarcity of natural resources and raw materials

Consumption of natural resources like water, minerals and oil generally increases with human activity. Given that some resources are limited and non-renewable, there is a risk that global economic development will deplete supply, threatening the ability of future generations to enjoy an environment as diverse as today's.

The prices of commodities like metal, oil and – therefore – plastics also show that the use of natural resources has become a major economic issue, as well as an environmental challenge. Because of the products that it makes and the packaging and manufacturing processes used, Valeo consumes natural resources, including water, metals and plastics derived from oil. **The Group is working hard to reduce its environmental footprint and is taking action along two lines by limiting its consumption of raw materials and by making greater use of recyclable and recycled materials.**

Awareness of increasing urbanization

Urban expansion is another key consideration for the automotive sector. Population density in urban areas is on a relentless upward trend. In 1950, 29% of the world's population lived in cities; by 2005, that proportion had risen to 49% and the United Nations expects it to reach 70% by 2050. Cities are currently facing worsening congestion, with economic, social and environmental repercussions. Demographic growth and socio-economic projections suggest that this problem will intensify.

Against this backdrop, Valeo is proving that it is not only an automotive supplier, but also a company capable of engaging in dialogue with automakers and the various stakeholders who shape policy-making in cities.

Another factor is the expected change in mobility behavior as a result of the use of emerging virtual technologies.

Valeo's teams design and develop new solutions to improve urban traffic flow and optimize drivers' safety

and comfort, exploiting the possibilities afforded by new "connected" technologies.

The Group's scope of work now extends beyond the traditional boundaries of scientific engineering to include functionalities and services.

Using sustainable development to drive Group strategy

Valeo's strategy is founded on product-related CO₂ emissions reduction and on exploiting growth in Asia and emerging countries, where the development of low-cost, low-priced vehicles represents a formidable challenge. Robust economic growth in such markets is fueling brisk demand for new vehicles. **This means that Valeo needs to adapt existing products to local markets or develop new products that meet the various technical constraints and other requirements encountered in industrialized markets.**

In responding to the above-mentioned market shifts and imperatives, Valeo is guided by four priorities, as follows:

- matching of R&D team skills and locations to growth strategies for products and regions;
- utilization of strategic product marketing and provision of tools, procedures, methodologies and standards to all engineers, in a context of globalized operations;
- provision of a novel and affordable technology for intelligent and less polluting vehicles;
- dialogue with automakers and the various stakeholders who shape policy-making in cities.

3.2.2 Business growth underpinned by organizational processes and a talent pool dedicated to Research and Development

Thanks to the strong rebound in orders in the global automotive market, Valeo's Research and Development teams currently manage nearly 2,000 customer projects. A workload of such magnitude requires coherent organizational processes and a broad spectrum of skills. This is why Valeo initiated measures to fine-tune know-how across its geographic footprint one and a half years ago. To achieve better operational coordination, the Group's network of engineers and technicians around the globe responds to automaker-customers' needs on a local basis.

Worldwide Research and Development organizational structure

In 2011, the number of employees assigned to Research and Development worldwide rose by more than 20% year on year. In Europe, R&D headcount exceeded 4,000. At end-2011, the number of persons assigned to the function in France reached 2,702. With a strong presence in the French market, where almost all its upstream research centers are located, Valeo is pursuing its growth strategy in emerging markets.

The Group has identified five broad types of Research and Development center and has opted for a project- and skills-based organizational set-up. In so doing, Valeo hopes to provide each entity within the new organization with the wherewithal to attain critical mass and fulfill its role within the Group's global network.

Five types of R&D center

- Research centers, currently numbering 21, are dedicated to pure research, advanced engineering and the formulation of new product standards (P2 and P3 projects).
- Development centers, currently numbering 40, adapt standards in line with customer requirements (P1 projects) and coordinate the work of launch and support teams, together with that of front office personnel.
- Launch and support teams are tasked with launching new products and with providing support throughout the production phase.
- Front office personnel work alongside customers, assisting with product definition and providing back-up for project teams.
- The Group technical service centers provide specific skills in a cross-disciplinary manner. Electronics-related skills, for example, are covered by the VIAS centers⁽¹⁾ in Egypt, VIPL R&D⁽²⁾ in India and VEHC⁽³⁾ in China, which are all housed in the Group's GEEDS entity⁽⁴⁾.

For the breakdown of R&D centers by geographic area see section 1.3.5 on page 33.

Recognition by the European Union of the importance of Research and Development projects

Valeo is involved in a large number of projects supported by the European Union.

The European Investment Bank, for example, has provided the Group with a loan in a total amount of 300 million euros – the second part of which was received in 2011 – to fund Research and Development programs devoted to environmental and safety improvements. The programs include those that reduce fuel consumption and emissions, such as the hybrid solutions Valeo has developed. This project falls within the European Clean Transport Facility.

(1) Valeo Interbranch Automotive Software.

(2) Technical service center.

(3) Valeo Engineering Hardware China.

(4) Group Electronics Expertise and Development Services.

Recruitment strategy centered on Research and Development skills in high-growth markets

Valeo is steeling itself for the future by laying the foundations of sales expansion in growth markets, notably emerging countries.

The Group's approach is based on the conviction that a sales network must be organized to facilitate the identification of local needs and galvanize action in response to them. Appropriately qualified teams are needed to cover the full range of customer requirements and strengthen the Group's presence in high-growth countries. Valeo strives to attract and retain locally-recruited engineers by offering solid opportunities for professional advancement. Some of the Group's technical centers – for example, in Egypt (software), India (mechanical/mechatronics engineering) and China (hardware) – have already attained a scale that enables them to offer engineers interesting career paths. Recruits have the opportunity to optimize and share their knowledge and gain recognition on the world stage. The VEHC center⁽¹⁾ in Shenzhen, which employs about 100 engineers and plans to recruit an additional 200 by end-2015, has reinforced the Group's position in China.

GEEDS⁽²⁾, a cross-functional entity composed of three technical centers and focused on Research and Development in electronics, is tasked with meeting the development needs

of the various Product Lines. The deployment of project co-management with Product Lines, which is intended to promote seamless interaction between GEEDS centers and Product Lines around the globe, is a particular feature of the network organization practiced by Valeo. The resulting knowledge-sharing enhances the expertise of Research and Development centers located in emerging countries. Among those centers' personnel, Valeo has already identified the first clutch of high-fliers with the potential to win worldwide recognition in their field of research.

The Group is determined to use its network and standards to achieve greater responsiveness, with the aim of providing competitive, task-specific solutions for customers.

Key recruitment information

- R&D headcount in 2011: 7,600 engineers and technicians.
- 2012 recruitment target: +1,000 engineers worldwide.
- Local recruitment: 34% of development projects targeted at emerging markets.
- 60 different skills areas or disciplines.
- Specific needs in electronic and electromechanical engineering: intelligent lighting, driving assistance solutions, electrical systems, transmission systems, electronic drives and electric vehicles.

3.2.3 Natural fit between sustainable development, eco-design and Research and Development

In keeping with the Group's strategic orientations, the Research and Development function takes account of product-related environmental issues. Improving the environmental performance of products throughout the various stages of their life cycle, especially during the in-service phase, begins with the design stage of R&D programs. This approach, called eco-design, has been applied by Valeo since 2007.

Routine assessment of eco-design stewardship to improve the environmental performance of products

In 2007, Valeo adopted an **Eco-design Standard Directive** and **eco-design guidelines by Product Line**. This approach enables engineers to assess all product-specific

environmental impacts throughout the product life cycle. Impacts concern:

- the type, number and quantity of raw materials;
- production, packaging, transportation and distribution;
- use and maintenance;
- disassembly, recycling, reuse, recovery and disposal.

Engineers are provided with a tool consisting of a **detailed matrix of improvement measures** and **design guidelines** to help them integrate all relevant dimensions for product development purposes. Six hundred field experts, including 60 international senior experts (one per cross-disciplinary area of expertise as defined by the Group, for example, mechatronics or acoustics and vibration), join forces to define the good practices to be incorporated into standards. The improvement measures included in the matrix relate to design

(1) Valeo Engineering Hardware China

(2) Group Electronics Expertise and Development Services

and production and cover the use of raw materials, production processes and logistics. But above all they make it possible to factor in sustainable development constraints from the use of the product, as this phase of the product accounts for 90% of its total impact. **2011 saw assertive action to draft and/or revise Product Lifecycle Management (PLM) standards and to institute iterative updating.**

Valeo has also published an **Eco-design checklist** in order to track the application of the criteria to new projects. This easy-to-use tool ensures that eco-design criteria are observed from the start of the product design process and thereafter. This means that products are consistently engineered from the outset with an eye to sustainability compliance.

Compliance with procedures is guided by Product Lifecycle Management standards, which are displayed on screen during the design of parts and systems. Any detected departure from the procedures (for example, the use of non-documented materials) is required to be justified. **This systematic, standards-based approach demonstrates Valeo's determination to embed eco-design into product development as early as possible.**

In 2011, Valeo developed innovative processes for the production of plastic parts, with **grading of recycled plastics and natural materials.**

This work has involved collaboration with an automaker in the field of light-projection solutions.

Valeo also strives to reduce the **impacts of end-of-life products**. The Eco-design Standard Directive establishes requirements in three areas: presence of heavy metals, recyclability and reuse. From the start of the design stage, Valeo seeks to reduce the number of parts and different metals used, facilitate disassembly and emphasize products that are reusable. In accordance with the EU Directive on end-of-life vehicles (ELV), Valeo is committed to taking steps in terms of vehicle design. The directive aims among other things to prohibit, except where technically infeasible, the use of heavy metals (for example, mercury, lead, cadmium and hexavalent chromium) and to encourage recycling when such metals are used. A French government order of December 24, 2004 sets out the conditions in which such substances may still be used. Valeo has been among the first to use lead-free welding in its electronic housings.

The ELV Directive was amended in February 2010. The exemption granted for the use of lead, in particular for welding purposes, will be reviewed no later than 2014 and that for the use of lead for glass welding in 2012. This means that electronic components with lead welding will be prohibited for vehicles put into circulation after January 1, 2016.

Alongside the eco-design measures for the original equipment market, the Group is increasingly contributing to environmental compliance in the remanufacturing market through **Valeo Service** (aftermarket products and replacement parts).

Valeo, a responsible participant in the remanufacturing market

Valeo is placing its OEM parts design and manufacturing expertise at the service of the remanufacturing market, for which the Group has developed a high-quality, environmentally respectful range of products.

Valeo therefore offers two parts ranges – one new and one remanufactured.

In the case of the remanufactured market, the systems concerned are mainly alternators and starters, with a choice of 1,700 products.

Valeo's eCORPS system for the collection of used parts permits the immediate identification of product references (type of part, origin, size, production year and so forth).

Once parts have been retrieved, Valeo disassembles, inspects and cleans them, in addition to subjecting them to electrical and electronic tests.

The Group then initiates a remanufacturing process, during which all asbestos traces, for example, are eliminated to guarantee human safety. The existence of more than 40 testing points on test benches ensures compliance with original equipment standards and the testing of 100% of remanufactured products prior to packaging for sale in the aftermarket.

This industrial expertise has enabled Valeo to offer a full range of remanufactured parts and thereby champion environmental protection in the remanufacturing market.

The Group is working towards the systematic deployment of eco-design tools and procedures. Another key aim is to ensure that experience feedback from projects serves the cause of continuous improvement in the sphere of Research and Development – and, therefore, eco-design.

Standardization and globalization of Research and Development practices

In October 2010, Valeo began the development of a **methodology** called **RAISE (Robustness, Accountability, Innovation, Standards, Expertise)** for the purpose of guaranteeing the robustness of the Group's products and processes. Dedicated teams (one per Product Group) have been assigned to RAISE on a full-time basis, with the following explicit objectives:

- build standards that are easy to implement, identify, verify, understand and learn. This is critical to guaranteeing proper application within a Group like Valeo, which plays host to a mix of cultures and languages;
- communicate about the standards and disseminate them internally. Knowledge transmission is a central issue for the RAISE teams and care should be taken to ensure that standards are made available in a single, globally-accessible database – the PLM (Product Lifecycle Management) database – and that training in the standards is provided at Valeo's various technical institutes;
- verify that standards are properly implemented. For this purpose, RAISE teams make regular on-the-ground visits (Genba) to review project designs and thereby ensure that standards are correctly implemented. Such visits also serve as a channel for feedback that may be used to enhance standards. The RAISE methodology has been integrated into Valeo's "Continuous Innovation" policy⁽¹⁾ and a collaborative approach is vital to its proper application. RAISE is also instrumental to ensuring the adherence of all future recruits to the Group's culture of profitable growth.

Another priority for the Group is the **elimination of hazardous substances contained in the Group's products.**

The European Regulation of December 18, 2006, commonly known as REACH, established a single system for the Registration, Evaluation and Authorization of CHemicals. It took effect on June 1, 2007, replacing more than 40 directives and regulations.

REACH is aimed at increasing knowledge of the properties of chemical substances manufactured or marketed in the European Union so as to contain risks related to their use and, where necessary, restrict or ban their use.

For REACH purposes, the Valeo Group is generally considered to be a user of chemicals. Steps must therefore be taken to ensure safety throughout the Group's supply chain and operations. An inventory must be made of the substances that are used to make products or are needed to keep plants working.

Valeo actively participates in projects conducted by professional associations in Europe and internationally. The Group further observes the recommendations contained in the Automotive Industry Guide published in 2007.

Valeo has adopted a **specific organization** to ensure compliance with REACH. Each entity concerned by the regulation and each plant has a designated REACH representative, who is part of the group-wide **network of 242 REACH managers**. The R&D, Purchasing and Quality departments are responsible for ensuring full product knowledge and for communicating on the subject with external parties (suppliers, customers and the authorities). In 2010, the Purchasing, **Health, Safety, Environment**, and Research and Development departments updated their Internal Procedures to include REACH requirements.

Since 2008, the Valeo Group has ensured its compliance with regulatory requirements by identifying and pre-registering with the European Chemicals Agency a total of 13 imported substances or preparations deemed "critical" to its operations.

In 2011, the Group continued the identification of its products containing SVHC (Substance of Very High Concern)-rated chemicals, as per the lists published by the European Chemicals Agency.

The Group's capacity to adapt to local markets

The standardization of practices does not overlook market specificities. In India, for example, Research and Development activity is focused on dust- and monsoon-resistant products. In China, the emphasis is on the detection of uneven road surfaces and obstacles, and in Japan on enhanced vehicle interior air quality and competitively-priced design solutions. In 2010 and 2011, engineers at the VIPL Research and Development center in India completed their first alternator and starter prototypes. One of the center's key aims is to focus on low-cost projects, for example, in the spheres of clutches and air-conditioning systems specifically for the Brazilian, Russian, Indian and Chinese markets.

(1) For the 5 Axes see section 1.3.3 on page 21.

3.2.4 Development of technical solutions for less polluting vehicles

Valeo's long-standing commitment to environmental protection and the fight against climate change is demonstrated by the Group's decision to **develop environmentally friendly products and systems**.

One of Valeo's key assets is the Group's capacity to calculate the impact of its innovations on overall vehicle emissions with precision, based on vehicle model and utilization scenario. Thanks to the enrichment of related documentation, the Group's **simulation software** now takes account of interactions between a given enhanced parameter and the rest of the vehicle. As a result, Valeo no longer reasons in terms of discrete components' contribution to emissions reduction, which might not yield synergistic outcomes. **Instead, the reductions calculated are those resulting from the impact of innovations on the vehicle as a whole.**

For example, the switch to a windshield wiper control system compatible with a smaller engine size affects a vehicle on several fronts: vehicle weight and engine power are lowered, leading to a reduction in fuel consumption and emissions. Valeo's simulation software quantifies such 'indirect' final reductions alongside direct outcomes.

This simulation capacity enables the Group to select the innovations of most benefit to automaker-customers.

More than half of the products developed by Valeo have a direct impact on CO₂ emissions reduction. **Taken together, Valeo's recent innovations can reduce vehicle fuel consumption and CO₂ emissions by up to 20%.**

Continuous performance improvement for combustion engines

Valeo develops innovative products to optimize flows of electric current, heat and mechanical energy within the vehicle.

The Group is also contributing to the development of new low-consumption engine types (lower-capacity engines, direct-injection engines and supercharged engines) in readiness for forthcoming European requirements, in particular the emissions quota of 95g CO₂/km by 2020. Associated enhancements include new systems for gasoline-engine control, depollution, engine thermal management and transmissions.

The EGR (Exhaust Gas Recirculation) system offered by Valeo effectively reduces nitrogen oxide (NO_x) emissions from

diesel-powered vehicles. In the case of gasoline engines, the system reduces fuel consumption and CO₂ emissions by about 6%-8%.

Unlike conventional automatic transmission systems, the **dual dry clutch** concept developed by Valeo meets the twin needs of increased driving comfort and fuel savings. In combination with electromagnetic actuator technology, the concept delivers a higher performance, with fuel savings and CO₂ emissions reduction of about 4% relative to a wet clutch and 8% relative to an automatic gearbox. When devising the concept, Valeo drew on its experience with similarly complex products (for example, torque converters) and came up with a simplified solution for providing a level of comfort during gear shifts akin to that afforded by automatic gearboxes.

Anticipating technological breakthroughs, particularly for electric and hybrid vehicles

It takes 400kg of conventional lead batteries (30Wh/kg) to store the energy contained in 1kg of gasoline or diesel. This amply explains why attempts to market electric vehicles have been unsuccessful to date. However, given the growing appeal of electric vehicles, attributable to their low level of emissions and acoustic and driving comfort, Valeo is working on solutions to enhance the autonomy of such products.

The Group is now an indisputable player in the **hybrid combustion engine field**, with its micro-hybrid solutions and more recent mild-hybrids (8-15kW). These are associated with new electrical energy management strategies and related storage devices (batteries and ultra-capacities).

The **electric engine-combustion engine hybrid solution** offers three functions which deliver **15%-20% fuel savings** for an average gasoline-powered vehicle: **stop-start, engine torque assistance** and **recovery of the kinetic energy generated by braking** as electricity. The recovered energy is used to support the combustion engine during acceleration. This hybridization solution should help automakers meet future European pollution standards by 2020.

Valeo's pioneering stop-start solution shuts the engine off when the vehicle is at a standstill, achieving fuel savings of 6%-15% depending on traffic conditions. The new **i-StARS** (integrated starter-alternator) and **Re-Start** (reinforced starter) versions both improve restart functionality. **i-StARS** even allows an engine to be restarted while it is still rotating.

In the sphere of vehicle electrification, Valeo is also developing accessories (for example, pumps, valves and compressors) strictly for use on an as-needed basis. As a thermal management specialist, Valeo also provides **battery**

temperature regulation solutions using a dedicated thermal control circuit to guarantee vehicle autonomy and optimized battery life.

3.2.5 Development of solutions for responsible, connected mobility

In keeping with market expectations and the general shift towards a driving experience that is more enjoyable, more comfortable, easier, safer and more environmentally friendly, Valeo is developing electronic driving-assistance solutions. Such products **enhance safety** (Cross Traffic Alert, LaneVue lateral surveillance and so forth) and some are dedicated to urban driving needs, such as parking assistance.

In 2007, Valeo became the first automotive supplier to introduce active parking-assistance solutions for mid-range vehicles. The **second-generation Park4U®** solution enables drivers to park a car in tight spaces with only 40cm of clearance and to exit with just 25cm at either end. In addition to parallel parking, the system now provides parking assistance around corners, in narrow streets and for reversing into a perpendicular space. In the case of perpendicular parking, the difficulty mainly concerned the accuracy of available-width measurement, as bumper ends are rounded. This problem has been overcome by enhancing the precision of sensor signal processing. In addition, the Cross Traffic Alert system uses radar sensors to detect the presence of approaching vehicles when a car is being backed out of a perpendicular space. This maneuver, sometimes rendered dangerous by restricted visibility, has been made safer thanks to this functionality.

Other applications, such as Inc Sync, allow drivers to use their smartphones for remote consultation of information emitted by vehicles (location, mileage, fuel level and so forth).

Sensor fusion mimics the processes of the human brain and combines the different attributes and reaches of technologies like cameras, radars, ultrasonic and infrared to provide the driver with 360° vision of his or her surroundings from within the vehicle. The combination of data from sensors based on different technologies enriches the information captured and enhances system performance. Here, too, parking assistance

is an apt example. Ultrasonic sensors combined with cameras provide the driver with distance-related information and with total vision around the vehicle for increased safety. Advances in the sphere of sensor fusion will engender cutting-edge active safety systems. At end-2011, the 360Vue® system had been installed on 17 models produced by five automakers.

In the sphere of lighting, Valeo is working on all-LED projector systems like **BeamAtic® Premium LED**, which should come to market in 2013. This intelligent, electronically-controlled headlamp adapts its beam to suit driving conditions. For example, if the headlamps are on full beam and an oncoming vehicle is detected, the lighting is automatically adjusted to avoid dazzling the oncoming driver while keeping the rest of the road well illuminated. The technology is twice as efficient as Xenon and power consumption is lower. The replacement of traditional halogen bulbs by LEDs would **save 2.8g of CO₂/km**.

The Valeo-Ichikoh Alliance won the Nissan Global Innovation Award 2011 thanks to the **LED headlamp** for the Leaf, Nissan's electric vehicle. The LED-based low-beam module is the first of its kind on the market and has a power consumption of **just 50 watts**.

Valeo is considering ways of taking vehicle-driver dialogue to the level of connected driver communities with the aim of enhancing comfort and safety and reducing the environmental impact of road travel. The Group continues to improve its driving-assistance systems, which not only help make urban driving safer, but also ensure a more fluid flow of traffic by allowing drivers to avoid traffic jams, optimizing vehicle speed and encouraging a more appropriate driving style.

Outcomes are more efficient vehicle use and a reduction in both fuel consumption and pollution emissions.

3.2.6 In addition to offering technical solutions for vehicles, Valeo is working to ensure that vehicles have their place in sustainable city planning

By participating in various working groups and collaborating on projects, Valeo is striving for a concerted approach to mobility. Attention is devoted not only to vehicle-related issues, but also to interactions between different travel modes, infrastructure, services and associated practices.

The participatory process is intended to aid the emergence of eco-mobility solutions, i.e., a mobility that is environmentally friendly, cost-effective, accessible to all and, consequently, compatible with sustainable development.

Valeo, along with about 40 other partners, is involved in an unprecedented project undertaken in response to the French government's appeal to Excellence Institutes in the field of carbon-free energies. The envisaged research and demonstration programs concern three themes:

- **the carbon-free electric vehicle**, the aims being to reduce costs by a factor of 5, increase production by a factor of 100, deploy mechatronics more widely and achieve non-reliance on rare resources;

- **smart, fully automated driving solutions and connectivity** for new individual travel modes, combined with optimized intermodal transportation;

- **new practices** associated with shared-mobility services: service delivery and infrastructure need to be reconsidered concurrently and dialogue needs to be pursued with sustainable-city participants (local and regional government, mobility service providers, R&D and training providers and so forth).

Input will have to be sought from many quarters – including physicists, chemists, sociologists and economists – for the purpose of exploring the new practices destined to take root in society.

Valeo is contributing to these nascent exchanges on fresh themes. The objective is to create solutions for tomorrow and thereby usher in a mobility model suited to emerging needs and in which the automobile has its rightful place alongside other transportation modes.

3.3 Environmental performance of Valeo's sites

3.3.1 Environmental management of Valeo's sites

The Risk Insurance Environment Department spearheads the environmental management of Valeo's sites. Environmental commitments and measures as well as occupational health and safety assurance are managed within a dedicated

organizational structure, using appropriate tools to achieve the environmental objectives for the 2010-2012 period.

Ambitious objectives for the 2010-2012 period and encouraging results at end-2011

Objectives ⁽¹⁾	2012 target (base = 2009)	2011 result (base = 2009)	Units
Environmental performance of plants			
Reduction in energy consumption	-10%	-12%	MWh/€m
Reduction in water consumption	-7%	-32%	m ³ /€m
Reduction in packaging materials consumption	-15%	-5%	kg/€m
Reduction in waste production	-15%	+13.3%	Mt/€m
Waste recovery rate	+15%	+6%	%
Carbon efficiency of infrastructure and logistics			
Reduction of Scope 1 and 2 emissions within Valeo Group's carbon footprint ⁽²⁾	-10%	-7%	t CO ₂ /€m
Environmental and occupational health and safety certification ⁽³⁾			
ISO 14001 certification	100%	98%	% of certifiable sites
OHSAS 18001 certification	100%	93%	

(1) These objectives have been set by reference to the performance for 2009.

(2) The Valeo Group's carbon footprint was initially estimated in 2009 and then in 2010 and 2011 (see section 3.3.2 for a description of the scope of the carbon footprint evaluation). The 10% objective set by Valeo represents the targeted reduction in direct and indirect greenhouse gas (GHG) emissions (Scopes 1 and 2).

(3) Number of certifiable sites: 108.

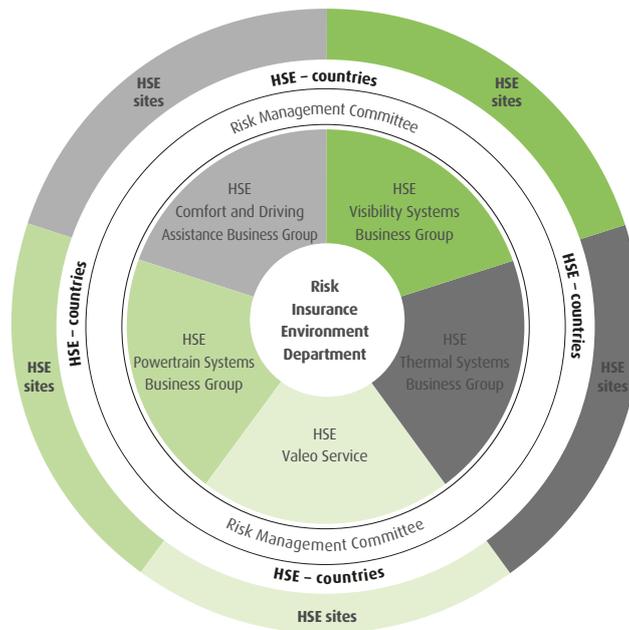
At end-2011, Valeo had achieved its objectives in terms of energy and water consumption reduction. Objectives concerning environmental and occupational health and safety certification, together with targeted reductions in CO₂ emissions, should be attained by end-2012.

Valeo will need to intensify efforts to achieve the targeted cuts in the Group's use of packaging materials and waste production.

Results are discussed in greater detail in section 3.3.2 below.

Valeo's Health, Safety, Environment organization

Valeo's Risk Insurance Environment Department has a specific organizational structure. It houses a network of Health, Safety, Environment (HSE) managers who operate at various organizational levels and are responsible for the implementation and application of the Group's HSE policy.



Risk Management Committee

The **Risk Management Committee** is the Risk Insurance Environment Department's central steering body. It consists of the four HSE managers representing the Business Groups, the HSE manager of the Valeo Service Department and the Group Risk, Insurance and Environment Director. In 2011, the HSE manager for France became a Committee member. Committee members meet at least once every two months to share feedback and further the development of the Group's environmental and industrial risk management policies.

Health, Safety, Environment network

The Risk Insurance Environment Department works closely with the **HSE managers** in each of the four Business Groups and at the Valeo Service Department. These departments provide technical assistance to the site HSE managers who report to them. The departments also provide feedback to the **Risk Management Committee**. They contribute to ensuring that the improvement process constantly moves forward and conduct fundamental groundwork in support of the sites:

- ensuring that Group directives are properly applied and providing technical expertise to sites for that purpose;
- ensuring that the environmental-performance objectives set by the Group are achieved;

- communicating all known good practices to the sites and defending the expenditure requirements identified during site visits;
- passing on conclusions, lessons and action plans resulting from internal on-site audits.

At **each site**, an **HSE manager** is responsible for the practical implementation of the Group directives, contained in the Risk Management Manual, with respect to occupational health and safety, the environment, and the safety and security of buildings and facilities. HSE managers share their expertise with site management, verify conformity to regulations and to Valeo's directives, and train employees in directive-related compliance and good practices.

In 2011, **country HSE** managers were designated to coordinate measures in Valeo's geographic markets. Country HSE managers also have site-related responsibilities. They complement the work of the Business Groups' HSE managers and facilitate the deployment of measures decided by the Group and at their own level. They further help overcome cultural obstacles, as they speak local languages and have forged close local ties by building an on-the-ground presence. Country HSE managers are also particularly well placed to perform cross-functional tasks like local regulatory monitoring.

One of the first tasks for the HSE manager for France was the implementation of a **common regulatory monitoring tool** at all Group sites in the country. The monitoring tool was tested at a number of locations during 2010 and was **rolled out to 17 sites in France during 2011**. The tool is intended to:

- harmonize regulatory monitoring processes across sites;
- facilitate regulatory monitoring by site HSE managers;
- permit better prevention of regulatory risks.

Information feedback is systematically adapted to Valeo's operational context. The monitoring tool thus enables sites to make the acquisition of regulations-related knowledge and regulatory implementation more effective and more reliable. The tool is to set the standard for regulatory monitoring within the Valeo Group.

The regulatory monitoring tool is to be rolled out to other countries where Valeo is present during 2012. The ultimate goal is to have a group-wide monitoring tool in place at all sites.

Work done in 2011 regarding the new country HSE network will be consolidated during 2012 through the strengthening of country HSE managers' role to include:

- the consistent dissemination of good practices based on key themes;
- the improvement of safety- and environment-related communication using new channels, such as seminars bringing together site HSE managers in each country.

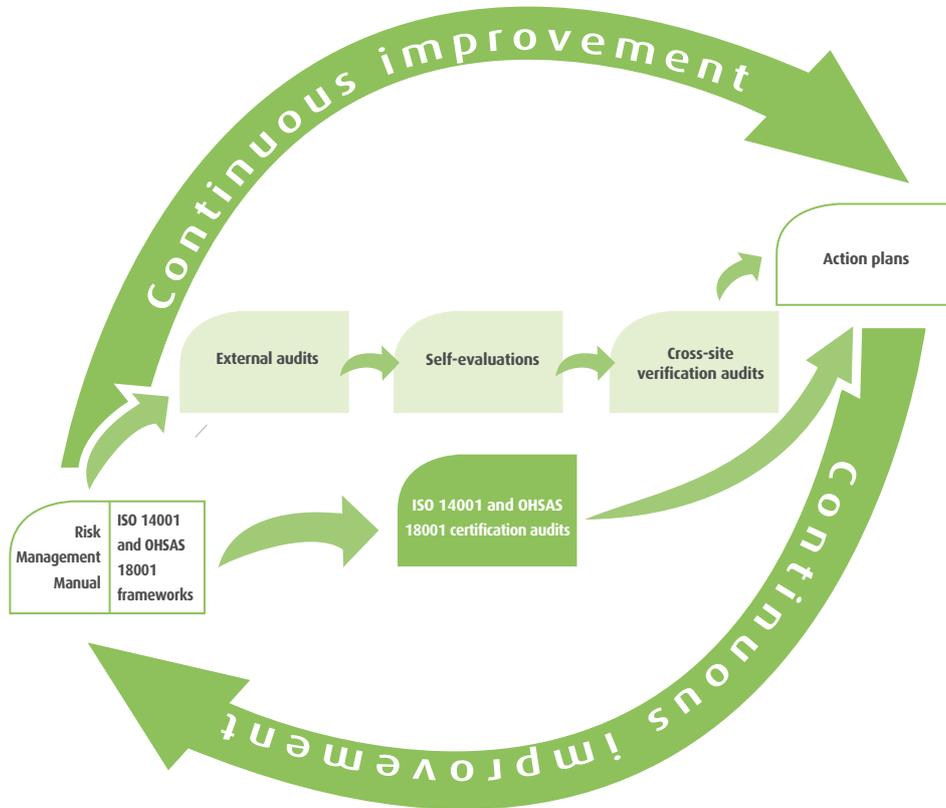
Policy coordination tools

The Risk Management Manual (revised in 2011)

The Risk Management Manual contains all of Valeo's directives with respect to the environment, human health and safety, and the safety and security of facilities. The directives are applied with the same attention to detail at all Group sites and their application has aided continuous performance improvement at Valeo's sites for more than 20 years. External consultants perform regular inspections to verify that the directives are applied in practice.

In 2011, the Group's directives in the spheres of occupational health and safety and the environment were largely revised and deployment of the new version of the Risk Management Manual got under way. The revision process will continue in 2012 and will concern security-related directives.

Regular HSE audits



Audits and self-evaluations

External audits

At the request of the Group Risk Insurance Environment Department, regular **inspections are carried out by independent, external consultants** to verify that the risk management policy and associated directives are correctly applied at Group sites. Valeo's audit program has been in place for nearly 20 years and is instrumental to the Group's risk reduction policy. Each site is audited about once every three years.

The purpose of these on-site audits is to evaluate the sites' performance and progress in the following five areas:

- environment;
- occupational health and safety;
- ethics;
- safety of buildings and facilities;
- security of facilities and information.

The audits give rise to reports and evaluations, with grading on a scale of 1 to 5. Grades reflect objective criteria that are founded on the criticality of risks for which recommendations are formulated.

The sites draw up action plans based on the audit findings and a rank of these recommendations by reference to risk level. Progress on these action plans is reported to the Group Risk Insurance Environment Department.

Each audit report is input into a risk management tool that enables each site to update its action plan to incorporate recommendations made during an audit. The risk management tool also allows the Business Groups' HSE managers to monitor the implementation of the recommendations concerning sites under their responsibility from start to finish. It further provides the Risk Insurance Environment Director with a compilation of ongoing and completed measures.

Self-evaluation tool

A self-evaluation tool was introduced in 2008 alongside external audits to enable sites to monitor their compliance with Group directives. The tool also provides the Business Groups' HSE managers and the Risk Insurance Environment Director with an overview of the deployment of Valeo directives at the Group's sites.

The self-evaluation tool has been developed by reference to Group directives. Each directive is integrated into the tool in the form of a roadmap and is divided into five stages, each of which is checked off by the site in question once specific actions have been completed. The application of the directives is, therefore, an autonomous process for each site.

Cross-site verification audits

Cross-site verification audits, i.e., audits carried out by HSE managers at sites other than those to which they are assigned, are the third constituent of the Group's audit approach. They permit the verification of methods adopted and of consistency between self-evaluation findings and the practical measures taken in response. As such, they also promote performance improvement, exchanges between sites and skills-sharing.

Qualification criteria for the conduct of such audits were formalized in 2011. New training modules for cross-site auditing have been created with the help of an external specialist and support with deployment will be provided by the country HSE organization. Training courses for aspiring auditors in all countries will begin in 2012.

ISO 14001 and OHSAS 18001 certification audits

To demonstrate its commitment to reducing its environmental footprint and to improving the health and safety of its employees from one year to the next, Valeo has introduced a number of **independently-certified management systems**.

In 2009, the Group started harmonizing its ISO 14001 and OHSAS 18001 management systems with a view to the gradual standardization of systems and procedures to allow for multi-site certifications, when appropriate. Harmonization should permit better risk control and more effective sharing of expertise and best practices, in addition to the application of more stringent requirements to sites.

Quarterly reporting tool for performance indicators

More than 10 years ago, Valeo undertook the deployment of a **purpose-built Internet-based reporting tool** to assess the environmental performance of Group sites around the globe. Every quarter (or on an annual basis for some metrics), the tool compiles and monitors more than 200 indicators. 2011 saw a number of significant tool upgrades:

- new indicators were added to permit a more broad-based measurement of sites' environmental performance and monitoring of changes in Global Reporting Initiative (GRI) indicators;
- the module dealing with greenhouse gas emissions was tailored to the new French regulatory requirements for corporate environmental reporting (Decree no. 2011-829).

The module automatically calculates direct emissions (Scope 1) and indirect emissions (Scope 2 and certain Scope 3 items), in accordance with the above-mentioned French regulatory requirements and the Greenhouse Gas (GHG) Protocol (see section 3.3.3.1);

- new data extraction and processing tools were added to allow more granular analysis, notably by geographic region.

The environmental data published in the following section applies to all Valeo Group production and distribution sites worldwide, with the exception of those belonging to affiliates in which the Group has a non-controlling interest. The financial data reported by the Group are checked for consistency against data reported by the sites. Environmental indicators for 2011 cover a total of 117 sites, including eight Valeo Service locations. Note that:

- centers dedicated only to R&D, together with offices and sites acquired, sold or closed during 2011, are not covered by the reporting process;
- data for companies 50%-controlled by Valeo are taken into account in a commensurate proportion and data for companies in which Valeo has an interest of more than 50% are included in full. Since January 2011, data for the 50%-owned Taegu plant in South Korea (VPH) have been included in full for environmental reporting purposes, in line with the practice for financial reporting (full consolidation of financial data since October 2011).

Most indicators are expressed in terms of total quantity and in relative quantity expressed per million euros of sales. Quantity per million euros is calculated by dividing total quantity by total sales for the relevant sites.

Operating levels from one year to the next may impact certain environmental indicators, particularly those expressed in absolute terms. Consequently, it is more meaningful to use sales-based indicators, many of which reflected a significant improvement in environmental performance in 2011.

The representativeness of each indicator is measured by a response rate. The rate is expressed as total sales of relevant sites divided by total sales of all sites in the reporting scope. In 2011, the response rate per indicator was excellent, with readings of 100% for practically all sites. As in previous years, the responses from all sites were consolidated and checked by an independent, external firm in order to ensure quality and representativeness. For this purpose, nearly 180,000 data items were processed and validated. The sales figures used are provided by the Group Finance Department. The Valeo Group's environmental performance in 2011 is presented in section 3.3.2.

3.3.2 Key environmental performance indicators

This section deals with Valeo's overall environmental footprint. The measurement basis is the Group's 2011 results concerning the three themes for which environmental objectives have been established for the 2010-2012 period:

- environmental performance of plants;
- carbon efficiency of infrastructure and logistics;
- certification of environmental and occupational health and safety assurance at sites.

In 2011, the increase in Valeo's production levels and sales led to higher energy and resource consumption. Nevertheless, the sales-based environmental performance improved in nearly all of the Group's priority areas during the year. The particularly commendable performances with regard to water, energy and packaging materials testify to the earnestness of the Valeo Group's endeavors in those essential spheres.

Environmental performance of plants

This section presents the environmental strategy adopted by Valeo for site management with a view to meeting each corporate commitment. The associated charts and comments explain the Group's performance and provide a track record for the preceding five-year period. Examples of actions taken at Group and local levels are given to illustrate the advances made by Valeo. Lastly, the Group's future strategic emphases for environmental stewardship, together with related action stages, are outlined.

The Group's strategy as regards sustainable development is deployed at plants and distribution sites based on the principles contained in the documents explaining the strategy. Many initiatives are carried out at the local level with the aim of reducing operations-related environmental impacts and incorporating sustainability into manufacturing processes to the maximum extent.

Valeo has formalized the application of its sustainable development policy to plants and distribution sites over their life cycle, i.e., from the selection of site location to site construction, site operation and, possibly, closure or sale. Accordingly:

- sites are usually located close to customers' premises. They are located in existing industrial parks or in industrial parks under construction so as to benefit from local infrastructure and skilled subcontractors;

- when choosing site locations, the Group systematically commissions audits to determine: (i) whether there are any potential environmental liabilities, such as soil or groundwater pollution; (ii) whether the surrounding area is hazardous or particularly sensitive; and (iii) whether there are risks of natural disasters, such as floods or earthquakes;
- the construction or rehabilitation of sites takes account of sustainable development criteria related to construction per se, working conditions for employees, plant operating conditions, regulatory compliance, Valeo risk prevention standards, the optimization of resource consumption and the reduction of emissions and waste;
- in addition to the need to make allowance for the various constraints and specifications (architectural, environmental, organizational and so forth), it is absolutely vital that a "project team" be formed and that it include from the outset members with skills in environmental matters and facility safety. The project team is tasked with applying the best-possible sustainable development solutions for each stage in the life cycle of the site (construction, operation, expansion and closure);
- the operational phase of each site is governed by Group directives concerning occupational health and safety, the environment, and the safety and security of facilities. If soil or groundwater pollution is suspected during this phase, an investigation is conducted and, if necessary, appropriate remedial action is taken;
- when a business is sold or shut down, the Valeo Group systematically commissions an audit, usually accompanied by an investigation of the soil and groundwater, to determine whether any pollution has occurred during the operational phase. If pollution is discovered, the necessary measures are taken. If a site is closed permanently prior to sale, all waste, raw materials, products and equipment are removed and site maintenance continues.

The new Biodiversity Directive will be published in 2012 and will present the biodiversity protection measures to be applied during the selection of site locations, site development, site operation and site closure.

Indicators that reflect sites' operations

Valeo monitors a large number of operations-related environmental indicators that mainly concern two categories: consumption and emissions. Emissions resulting from goods transportation and employee travel are also monitored.

2011 marked the first-time 100% consolidation of environmental data for the Taegu plant in South Korea. The plant is 50%-owned by Valeo, but is fully consolidated in the Group's financial statements.

Improving energy efficiency and reducing greenhouse gas emissions for buildings and industrial processes

During 2011, Valeo maintained its campaign, initiated in 2010, to improve the energy efficiency of its buildings and manufacturing processes. Efforts culminated in the publication of a *guide on good practices for energy conservation at the year-end*.

The guide presents a wide range of actions conducive to the optimal use of energy and resources. Information is also provided concerning the potential return on investment from the proposed solutions, with a view to ensuring that only economically viable options are pursued.

The information provided in the guide is based on energy surveys and audits conducted at sites. It is supplemented by the findings of tests carried out at a number of pilot sites considered to be **Excellence Centers**.

A large number of initiatives have been launched at the Angers plant by the **Energy Committee**, created in 2007. A continuous improvement program has been unveiled by the Plant Director and the heads of the various functions at the site. Energy consumption readings are recorded every weekend and results are communicated to the Plant Director every Monday. The involvement of senior plant management and of the heads of other functions lends credibility and impetus to the process. Thanks to its commitment, the Angers plant has become a beacon of good practices and is actively participating in practice feedback and deployment at Group level.

The energy-saving measures implemented at Valeo's sites are monitored using the Group's environmental reporting tool. The measures concern more than 80 sites and potential energy savings represent over 39GWh.

Action is focused on consumption related to buildings and manufacturing processes. In order to better identify leeway for improvement and steer consumption behavior in the

right direction, Valeo encourages sites to measure energy consumption for buildings and manufacturing processes separately.

All sites are seeking to cut energy consumption by adopting local initiatives, examples of which are given below:

Angers, France

The acquisition of a variable-speed compressor alongside the plant's two fixed-speed compressors is delivering annual energy savings of 17,000 euros.

The Angers Excellence Center has also installed energy meters for injection processes. The analysis of energy consumption trends and consumption data for equipment/facility injection processes has led to annual energy savings representing about 9,000 euros.

Queretaro, Mexico

Thanks to a leak detection program and subsequent repairs, the Queretaro plant has reduced its energy consumption by 16,000kWh per month. This equates to annual savings of 250,000 Mexican pesos (21,500 US dollars), for an investment of 40,000 Mexican pesos (3,300 US dollars).

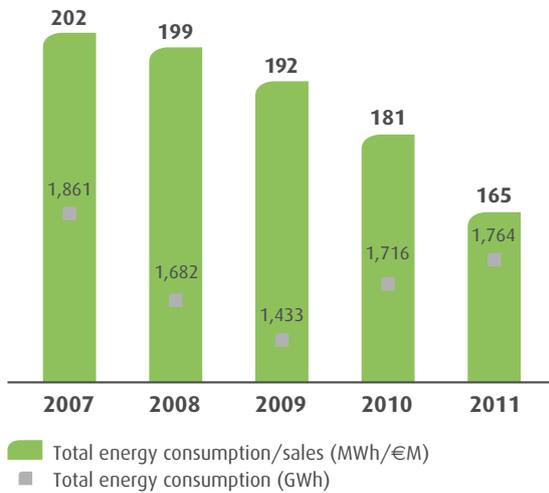
Itatiba, Brazil

Timers have been installed at the Itatiba plant to align run time for HVAC (heating, ventilation and air-conditioning) systems to working hours. Temperature settings have been modified based on the findings of an efficiency study, leading to enhanced thermal comfort in the building and estimated savings of 17,500 euros annually.

Another aspect of the energy efficiency drive is the boosting of energy auditing levels at sites worldwide. Goals are the identification of energy uses and reduction avenues as well as the sharing of good practices among sites. Some local solutions are selected for group-wide application.

Valeo is also considering pursuing ISO 50001 certification for its sites' energy management systems as part of its adoption of a more structured approach to energy efficiency.

Energy consumption



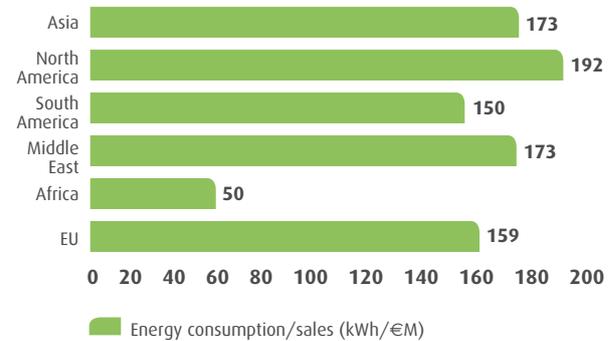
In 2011, energy consumption dropped by 8.8% relative to sales, but rose by 2.7% in absolute terms. The increase is partly attributable to the first-time 100% consolidation of the Taegu plant in South Korea, whose reported consumption accounted for roughly 40,000MWh of the total increase of 50,000MWh.

The share of renewable energies in the energy mix remains low. However, some sites have installed renewable energy-producing facilities that not only cover their needs, but also generate electricity for sale back to the grid. The Limoges plant, for example, produced 2,629kWh of electricity during 2011 and the Isle-d'Abeau plant allowed EDF EN (Énergies Nouvelles) to install solar panels on 11,045m² of its roof in exchange for roof repairs. In 2012, an estimated 1,788MWh of renewable energies should be produced.

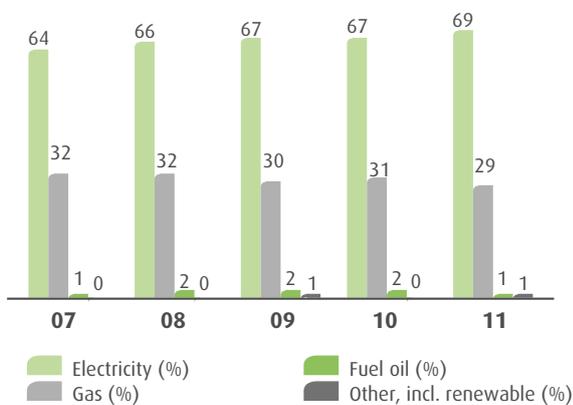
Response rate

2007	2008	2009	2010	2011
99.7%	98.9%	100%	100%	100%

Energy consumption by geographic area



Energy consumption by source



Based on energy consumption per million euros of sales, the Group's sites in North America and Asia are the biggest consumers.

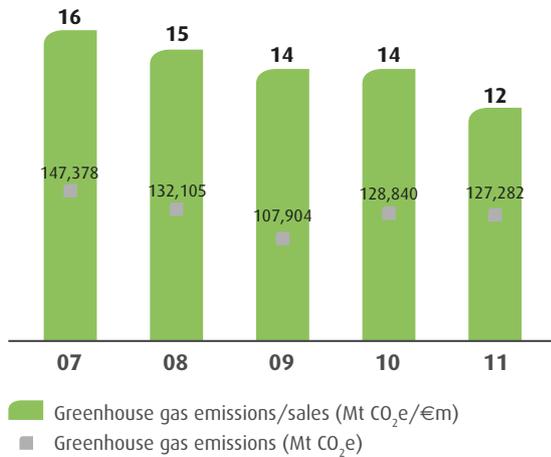
In Asia, the Taegu plant in South Korea accounts for 18.7% of total energy consumption for all Group sites in the region.

The very good performance by plants in Africa reflects the low heating requirement in the region.

Response rate

	2007	2008	2009	2010	2011
Electricity	99.7%	98.9%	100%	100%	100%
Gas	99.7%	98.9%	100%	100%	100%
Fuel oil	99.6%	98.9%	100%	100%	100%

Direct CO₂ emissions



N.B.: In the interests of consistency, the change in 2011 in emission factors (multiplier coefficients for calculating the quantity of CO₂ emitted by fuel consumption) from GHG Protocol factors to factors prescribed by the French Environment and Energy Management Agency (ADEME) has been applied retrospectively to prior years.

Response rate

2007	2008	2009	2010	2011
99.7%	98.9%	100%	100%	100%

Relative to sales, direct CO₂ emissions from the burning of fuel oil and gas at Valeo's sites fell by 12% in 2011

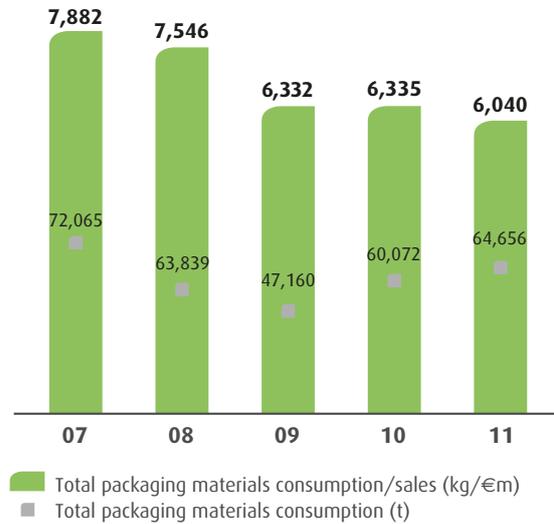
The targeted 10% reduction in energy consumption over the 2010-2012 period has already been exceeded.

Direct greenhouse gas (GHG) emissions represent just 3% of the Group's carbon footprint (see section 3.3.3). However, Valeo pays close attention to the Scope 1 emissions for which it is responsible and may implement tailored measures to get sites to reduce their consumption of non-renewable energies.

Limiting the quantity of packaging materials

Packaging is essential to the handling of Valeo products. Packaging is required for transportation, it facilitates storage, protects products and in the case of aftermarket products, helps to sell them. For these various purposes, Valeo uses many different kinds of packaging materials, mainly paper, cardboard, wood, plastics and metal.

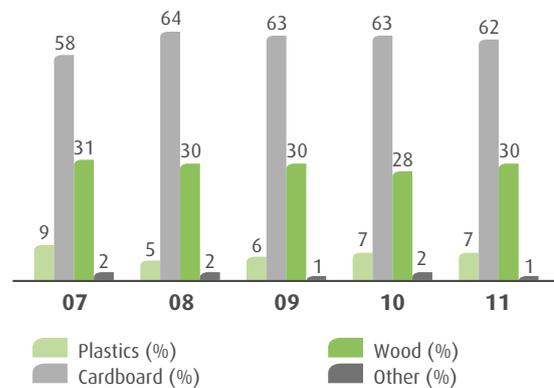
Packaging materials consumption



Response rate

2007	2008	2009	2010	2011
99.1%	98.9%	99.2%	100%	100%

Breakdown of packaging materials consumption



Response rate

	2007	2008	2009	2010	2011
Plastics	99.1%	98.9%	100%	100%	100%
Cardboard	99.1%	98.9%	100%	100%	100%
Wood	99.1%	98.9%	99.2%	100%	100%

In 2011, packaging materials consumption as a proportion of sales decreased by 5%. In absolute terms, consumption increased as a result of the start-up or scale-up of production lines at the Wuxi plant in China, Chrzanow in Poland and Martos in Spain. Efforts to reduce packaging materials consumption within the Group focused mainly on packaging reuse, with more than 1,000 metric tons of materials reused during the year.

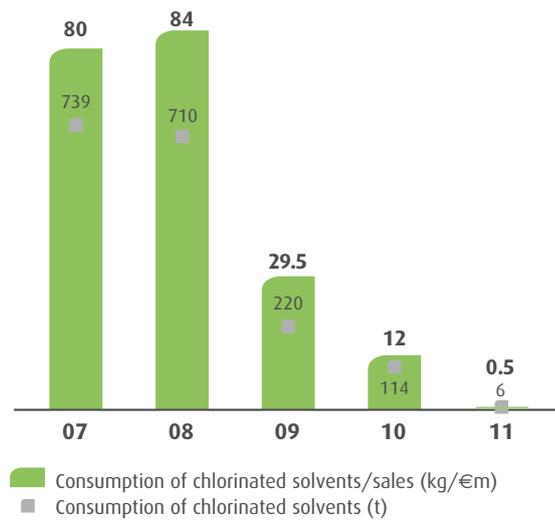
The Group also encourages the use of recycled materials. In 2011, recycled packaging materials represented 3% of all recovered and recycled waste, corresponding to a 59% year-on-year increase.

Eradication of hazardous substances used at sites

Exposure to hazardous substances is an issue in terms of products as well as production processes.

Hazardous substances generally have carcinogenic, mutagenic or reprotoxic properties that can be harmful to the health of any person exposed to them.

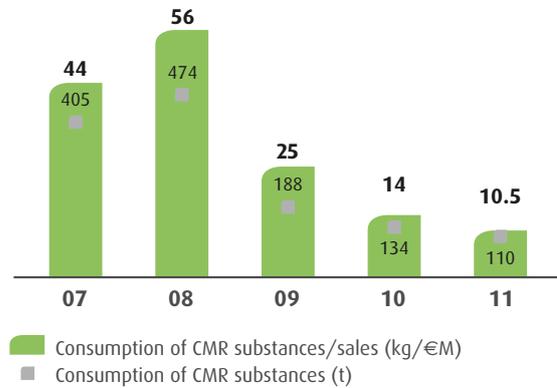
Consumption of chlorinated solvents



Response rate

2007	2008	2009	2010	2011
100%	98.9%	100%	100%	99.1%

Consumption of carcinogenic, mutagenic and reprotoxic (CMR) substances



Response rate

2007	2008	2009	2010	2011
99.4%	98.9%	100%	100%	99.1%

N.B.: Data for the Taegu plant have been intentionally excluded from the consolidated indicators for 2011, as they were deemed unreliable compared with those of other plants. An audit of environmental data for the site will be organized in 2012.

Consumption of chlorinated solvents and of carcinogenic, mutagenic and reprotoxic (CMR) substances has been on a declining trend since 2007 on account of product substitution.

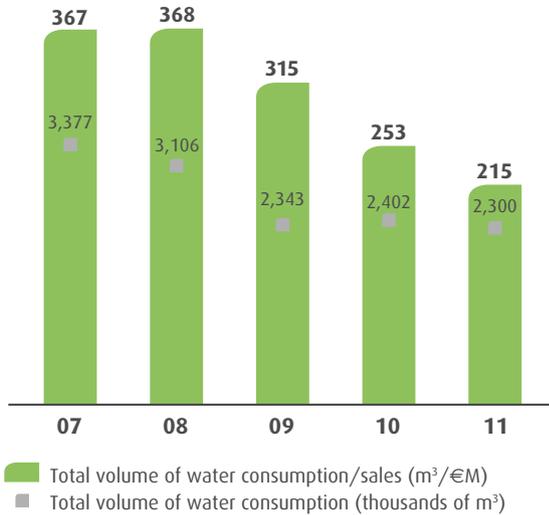
Alongside compliance-related actions concerning products (see section 3.2.3), the Group has continued the process of **eradicating all substances deemed hazardous that are used at its plants**. Since 2008, the new European CLP (Classification, Labeling and Packaging) regulation, which is aligned to the GHS (Globally Harmonized System), has required that information on the evaluation of chemical risks (based on REACH registration) be included in new safety data sheets.

To this end, sites follow a procedure that involves **identifying prohibited substances, seeking out substitute products** (at an acceptable price), **testing them and having them approved by customers**. Most of the hazardous substances still in use at Valeo's sites are substances for which substitute products are either still undergoing approval or are currently available only at excessively high cost.

Under the REACH regulation, sites must adhere strictly to the scope of application of the substances concerned as registered by manufacturers and distributors.

Reduction of water consumption in buildings and processes

Water consumption



Response rate

2007	2008	2009	2010	2011
99.7%	98.7%	100%	100%	100%

Water consumption at Valeo's sites dropped by 4% in absolute terms in 2011. Relative to sales, water consumption fell by an even larger 15% year on year.

The Group has cut its water consumption by 32% since 2009, largely exceeding the targeted 7% reduction in water consumption over the 2010-2012 period.

The improvement in the water footprint is the result of efforts by the Group's sites in two main areas: reduction in water consumption for manufacturing purposes, which represents 57% of total consumption, and reduction of water consumption for non-manufacturing purposes.

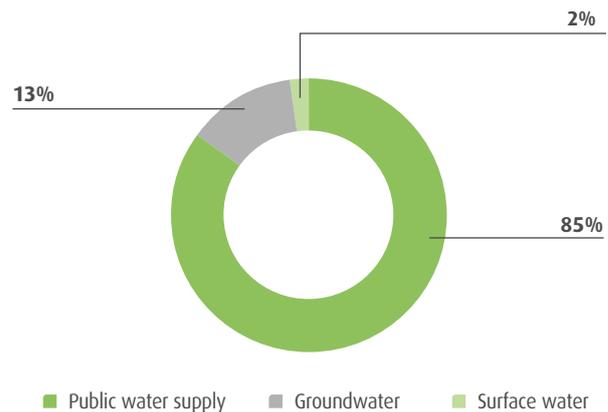
Some sites have achieved sizeable reductions in their water consumption for manufacturing purposes. Leaks in the water systems at the Martos plant in Spain and the Reims plant in France have been repaired. At the Frosinone plant in Italy, process modifications have led to a sharp decrease in water consumption. In Timisoara, Romania, the plant's cooling systems for presses were converted to closed-circuit upon the transfer of production to a new location.

As a result, all of the Group's sites now have closed-circuit cooling systems.

On the building management front, the introduction of detailed monthly consumption monitoring at the Gravatai plant in Brazil permitted the detection of a major leak and the implementation of repair work, together with measures to reduce routine consumption. The site was thus able to achieve its objective of lowering consumption to less than 30m³ per month. Similar steps have been taken at the Itatiba plant, also in Brazil, where the installation of tap flow reducers yielded savings of 1,448m³ over 12 months. This action was organized in partnership with students from the prestigious SENAI technical school and the PCJ Consortium (a regional agency tasked with watershed protection).

To measure the potential impact of its operations on water resources, Valeo also looks at the sources of its plants' water supply.

Water supply sources



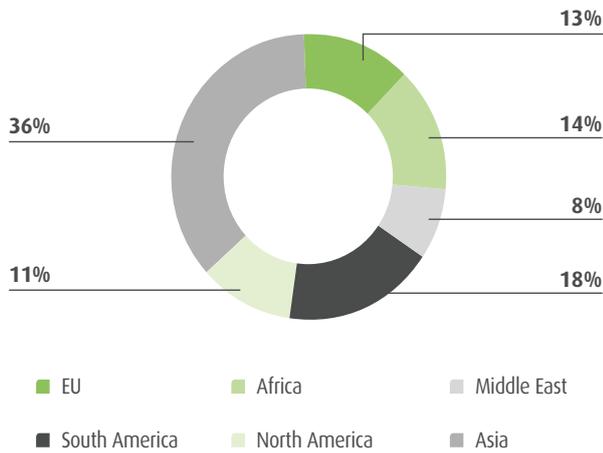
As shown in the chart above, Valeo's sites use relatively little groundwater and surface water (15%).

The Group also takes account of water restrictions, which reflect pressure on local water resources. Among the Group's 117 reporting plants, only seven cases of water restrictions (attributable to the limited quantity of regional resources) and two brief stoppages were recorded in 2011, in Brazil, Thailand and Japan.

Cutting water consumption is a particular concern in regions where water resources are scarce. In Africa and Latin America, which both suffer chronic water shortage (hydric stress), Valeo's plants have adopted countermeasures to reduce their consumption. The Campinas plant in Brazil, for example, has been treating its wastewater since June 2008

and reuses 45% of the total amount treated for production purposes. The rest of the recycled water is used in a roof-cooling system.

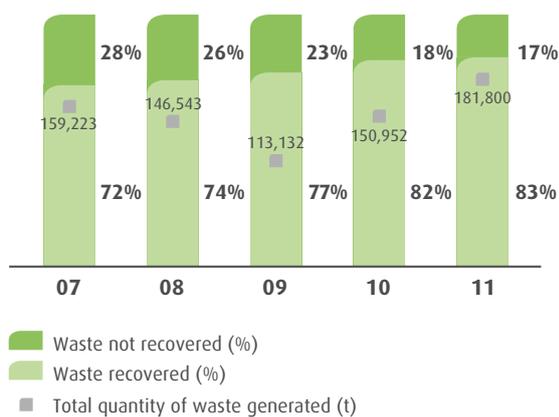
Water consumption by geographic area



Reduction of waste production at sites

The Group's main waste products in descending order of weight are metal, wood and plastics. Almost all metal waste is sold for recycling. Wood is recycled or used for heating. Two-thirds of plastics are sold for recycling.

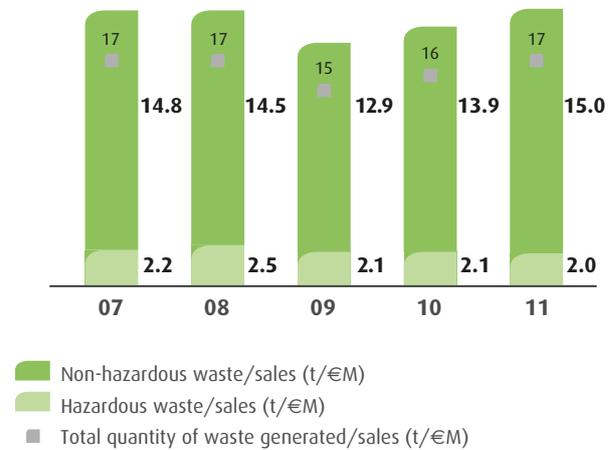
Waste production and recovery rate



Response rate

2007	2008	2009	2010	2011
99.7%	98.9%	98.9%	99.7%	100%
94.7%	98.9%	98.9%	99.7%	100%

Production of hazardous and non-hazardous waste



Response rate

2007	2008	2009	2010	2011
100%	98.9%	100%	99.7%	100%

In 2011, the quantity of waste produced relative to sales rose by 6%.

The bulk of the increase in absolute terms is attributable to the Taegu plant, which was 100% consolidated for environmental reporting purposes for the first time in 2011. The Taegu plant alone accounted for more than 14% of the Group's waste production.

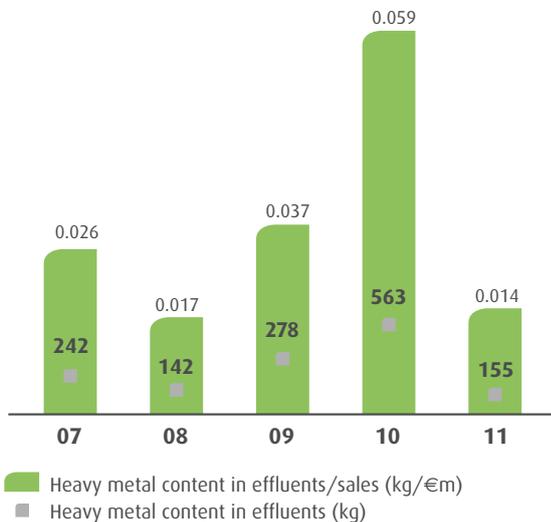
Production-related changes at the Mondovi plant in Italy, combined with the removal of unused products and materials from the Martos plant in Spain and the inclusion of foundry scrap and cores in calculations at the Nevers site in France, also contributed significantly to growth in waste generation.

2011 saw a decrease in the production of hazardous waste by Valeo in parallel with an increase in the proportion of recovered waste, to 83% from 82% in 2010.

In 2011, to refine its waste management even further, Valeo introduced a new indicator detailing waste by type and destination (transfer to another Valeo site or to an external provider). For example, because of the lack of waste-processing capability in Mexico, the Juarez and Río Bravo plants in that country export their waste to the United States. Measures are in progress to ensure the reliability of the reporting framework associated with the new indicator.

Measurement and containment of wastewater emissions

Heavy metal content in effluents



Response rate

2007	2008	2009	2010	2011
100%	100%	100%	100%	100%

In 2011, the total volume of industrial effluents fell by 15% year on year in absolute terms and by 25% relative to sales.

This decrease is related to that in water consumption resulting from various process-optimization initiatives across Group sites.

Valeo's sites measure the degree of pollution contained in their effluents by reference to various indicators, including the content of heavy metals, COD (chemical oxygen demand), BOD (biological oxygen demand) and the presence of suspended material (SM). Precision and transparency are central to the Group's targeted reduction in effluents. This is evidenced by the public display of monthly information concerning effluent volume, other emissions and resource consumption at the entrance to the Pune plant in India.

In 2011, heavy metal content in effluents dropped by 72% in absolute terms. This steep reduction is due mainly to the resolution of a technical problem affecting the effluent filtration system at the Rayong plant in Thailand, which was the principal contributor to the indicator in 2010.

Reduction of atmospheric emissions and of ozone-depleting substances

Valeo also monitors atmospheric emissions resulting from its operations by measuring the presence of ozone-depleting

substances (ODS), emissions of lead to the atmosphere, TCE (trichloroethylene) and VOCs (volatile organic compounds).

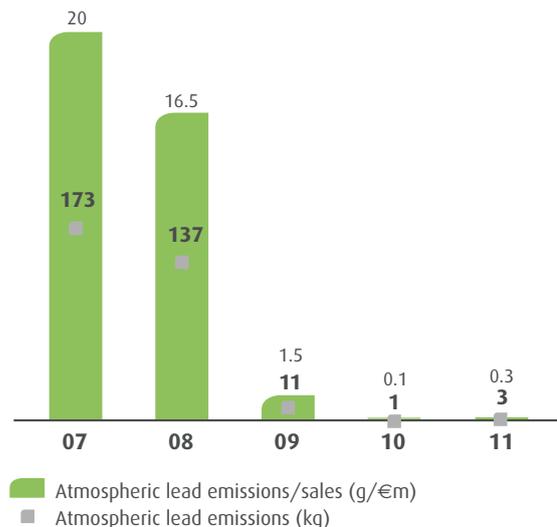
2012 will see the introduction of an "Ozone-depleting substances" Directive, which will explain which substances are concerned, how they are used in manufacturing and the timetable for their withdrawal.

Despite a steep downward trend since 2007, emissions of lead and TCE rose slightly in 2011 as a result of the first-time 100% consolidation of data concerning the Taegu plant in South Korea, which is chiefly responsible for such emissions.

But for that change, TCE emissions would have fallen by 12% in 2011.

The increase in lead emissions is attributable to two plants, Annemasse in France and Veszprém in Hungary, which are now the only Group sites to perform lead welding following the discontinuation of all lead-welding operations by the Shenzhen plant in China during the year.

Atmospheric lead emissions

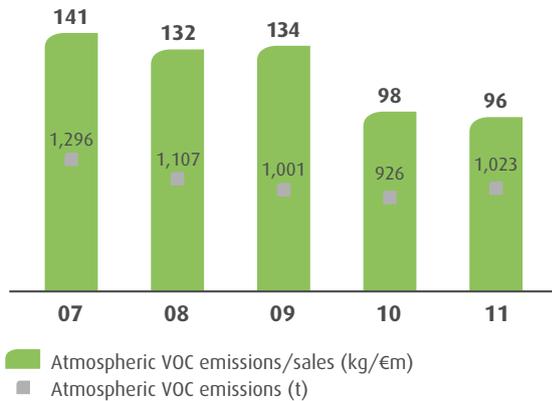


Response rate

2007	2008	2009	2010	2011
100%	100%	100%	100%	100%

As a proportion of sales, VOCs were down by 2% over 2011. The year saw significant efforts to make VOC measurement more reliable by improving the evaluation tool used at certain sites, including the Sens plant in France and the Skawina plant in Poland, which has since refined its data capture. The enhancement of VOC measurement will continue in 2012.

Atmospheric VOC emissions



Response rate

2007	2008	2009	2010	2011
100%	100%	100%	100%	99.1%

Accountability for biodiversity impacts

Valeo also recognizes its accountability with regard to the potential impact of its operations on biodiversity. Accordingly, in 2011, the Group introduced a number of indicators to measure the potential impact of its sites on protected areas. Results show that Valeo's plants pose few risks, as 79% of them are located beyond a 10km radius of biodiversity conservation areas.

In addition, aside from the localized steps taken at 13 sites during the year, a Biodiversity Directive has been drafted with a view to group-wide deployment in 2012. The directive will present the biodiversity protection measures to be applied during the selection of site locations, site development (creation of areas with trees, bushes and shrubs with the potential to sustain animal life, for example), site operation (absence of biochemical processing) and site closure (removal of waste and maintaining of landscaped areas up to site handover). The directive will operate alongside provisions governing the application of sustainable development principles to Group sites and will likewise call for a life cycle-based approach.

Ensuring high-level operational safety and the security of installations

The Group's policy has always been to assure the highest-possible level of protection at its sites against natural disasters and technological risks. This is why:

- the vast majority of Valeo's sites are HPR (Highly Protected Risk)-classified and are equipped with automatic fire-protection sprinkler systems. Furthermore, employees receive regular training in dealing with all kinds of risk situations;

- all sites located in areas exposed to seismic risk have been built or upgraded to comply with the most recent seismic standards. Valeo's sites in Japan suffered little physical damage during the March 11, 2011 earthquake;
- the Group's sites are not located in flood-prone areas or are equipped with flood-protection systems. The sites in Thailand did not suffer any physical damage during the floods in that country towards the end of 2011;
- new Valeo sites are located far from sites representing significant potential risks (for example, Seveso sites) that could have a domino effect on them;
- in 2011, risks related to tsunamis were added to the document dealing with the selection process for potential locations and to the risk management policy;
- Valeo is continuing to reinforce the quality of physical and non-physical security systems for facilities (access control, video surveillance and intrusion detection). The Group also conducts physical and virtual intrusion tests to verify effectiveness. Fundamental performance considerations – health, safety and security – are tested on an ongoing basis to allow for on-site improvements.

The Risk Management Manual contains a specific directive on crisis prevention and on situation-specific contingency plans. The directive requires each site to draw up an emergency plan for dealing with potential incidents.

As part of its overall risk management policy, Valeo uses the VERM (Valeo Emergency and Recovery Management) tool for the prevention of emergency situations. This framework tool, which is an integral part of each Valeo site's risk management system, aids the design and implementation of emergency, crisis-management and recovery plans.

The VERM approach unifies procedures for managing the emergency situations covered by the Group's existing frameworks and enhances a site's preparedness in any kind of crisis. The system ensures that decision-makers are well informed by holistically anticipating the problems faced by sites in crisis situations. In addition, response mechanisms are defined for identified problems to guarantee decision-making effectiveness.

Country HSE managers play a role in awareness-raising in support of the deployment of the VERM risk management tool.

Carbon efficiency of infrastructure and logistics

Valeo's operations require inbound supplies of raw materials and parts from suppliers, the transfer of parts between sites, and outbound deliveries to automaker-customer premises plants and dealer networks. This involves transportation and the consumption of packaging materials, two areas for improvement identified by the Group.

In 2011, Valeo continued to focus on its three logistics management policy objectives:

- optimization of transportation use;
- reduction of storage facilities;
- optimization of finished-product packaging.

Action undertaken in 2010 in the sphere of transportation was continued in 2011. Grouped supplier deliveries were stepped up and replicated in several other countries. In addition, as part of Valeo's new organizational approach, regional teams were formed **in the nine regions** where localized **transportation-optimization measures** have been adopted. The new organization also accommodates transportation-sharing by sites based in the same region. Another undertaking initiated in 2011 was the optimization of shipping container loads on Asia-United States and Asia-Europe routes.

As part of the supply chain, **storage facilities likewise benefited from renewed improvement efforts** during 2011. Optimization measures for in-house storage premises were introduced in parallel with the continuing reduction of the number of external warehouses. The harmonization of the warehousing approach across sites has enabled Valeo to enhance both the use of space and warehouse management, paving the way for very significant inventory reductions. The year also saw reliability testing of warehouse equipment to improve utilization rates and measures to improve storage-space energy efficiency.

In the sphere of packaging materials, Valeo's actions are guided by a spirit of innovation and a determination to show the way in its sector. Attention is being focused on **optimizing the containers** used for product transportation in order to maximize trailer and container loads and thereby reduce CO₂ emissions.

During the year, new forms of flexible packaging were tested at a number of plants with a view to solving problems identified at the design stage. Because it is foldable, the packaging permits a two-thirds reduction in the number of journeys required for its return after product delivery. The tests have resulted in the validation of new specifications for flexible packaging.

The Group is also testing a new model of roller pallet. The pallet should allow improved multi-level truck loading and thereby help maximize the use of available space.

In the sphere of maritime transportation, Valeo's commitment to packaging standardization was probably best illustrated in 2011 by the achievements shared within the context of the project launched by GALIA (Groupement pour l'amélioration

des liaisons dans l'industrie automobile), a group tasked with promoting information and product exchanges in the automotive industry. The year witnessed the appointment of the Valeo Group's Director of Supply Chain Development and Continuous Improvement as Chairman of GALIA's Logistics Committee (see text box).

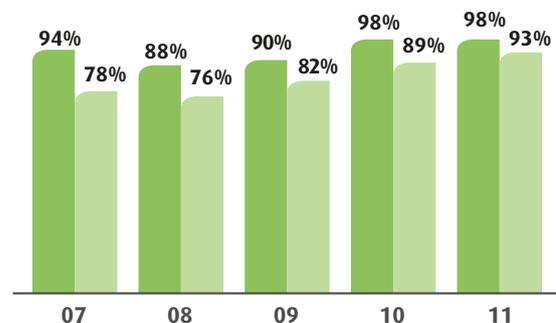
The project concerning standardized packaging for long-distance maritime transportation has made significant advances and was officially presented to the GALIA community in June 2011. The proposals submitted by Valeo to the Group's partners have been adopted by the sector and have already been implemented by Valeo in several countries.

The related standard allows a 15%-20% increase in available container volume through optimized loading.

In 2012, Valeo will push ahead with the group-wide deployment of the standard.

Measures concerning the three logistics management policy objectives delivered an **8% decrease in the Group's transportation-related expenditure in 2011**. The improvement in financial terms was accompanied by a reduction in transportation use, occupied space and energy and materials consumption.

Certification



■ % of ISO 14001-certified sites
 ■ % of OHSAS 18001-certified sites

Valeo is seeking external accreditation for its environmental and occupational health and safety assurance by working towards ISO 14001 and OHSAS 18001 certification for all Group sites, R&D centers and distribution sites.

At end 2011, a total of 98% of Valeo's certifiable sites had obtained ISO 14001 certification and 93% had obtained OHSAS 18001 certification. The objective for the 2010-2012 period is to have 100% of sites ISO 14001- and OHSAS 18001-certified by 2012. The attainment of this ambitious objective will necessitate a rigorous program of compliance audits.

3.3.3 Environmental performance overview

A table summarizing the Group's environmental indicators is presented in section 3.6.1 on page 120 and 121.

In addition to evaluating the environmental performance of the Group's plants, Valeo has assessed its carbon footprint since 2009. The aim is to measure the quantity of greenhouse gas (GHG) emissions generated directly and indirectly by Valeo's operations. In accordance with the method prescribed in Article 75 of Law no. 2010-788 of July 12, 2010 enshrining France's national commitment to the environment, Valeo's assessment takes account of the following emissions:

- **direct** GHG emissions from the combustion of fixed sources at sites (fuel oil and gas), emissions caused by fuel combustion in vehicles operated by Valeo and non-energy emissions from manufacturing processes like on-site biochemical processing;
- **indirect** GHG emissions resulting from the production of electricity and other types of energy (for example, compressed air and steam) used by Valeo's sites;
- **other indirect** GHG emissions attributable to the purchase of products used in Valeo's manufacturing processes (steel, aluminum, copper, zinc, plastics and electronic components), the treatment of waste generated by sites, goods transportation and employee travel.

Valeo's carbon footprint in 2011

Based on the 2009 consolidation scope for environmental reporting, the Group's **direct GHG emissions fell by 18%**. To comply with Article 75 of France's "Grenelle 2" environmental protection act, Valeo has included emissions generated by the Group's vehicle fleet and by manufacturing-related biochemical processing in the calculation of its carbon footprint. **On this basis, Valeo's direct GHG emissions have dropped by nearly 9% since 2009.**

Direct emissions account for 3% of the Group's overall carbon footprint and fall into three groups: CO₂ emissions generated by fuel oil and gas combustion at Valeo's sites, emissions caused by Valeo's vehicle fleet and emissions from biochemical processing at sites.

Indirect GHG emissions from electricity consumption likewise decreased, by 5% relative to 2009.

Emission category	Emission sources	2009 (Eq. t CO ₂)	2010 (Eq. t CO ₂)	2011 (Eq. t CO ₂)	Change rel. to sales ⁽¹⁾
Direct GHG emissions (Scope 1)	Emissions generated by fuel oil and gas combustion at sites	108,087	129,051	127,282	-18%
	Emissions caused by Valeo's vehicle fleet	NC	NC	12,994	-
	Emissions from wastewater treatment plants	NC	NC	1,662	-
	TOTAL DIRECT GHG EMISSIONS	108,087	129,051	141,938	-9%
Indirect GHG emissions (Scope 2)	Emissions from electricity consumption	336,078	410,513	457,712	-5%
	TOTAL INDIRECT GHG EMISSIONS	336,078	410,513	457,712	-5%

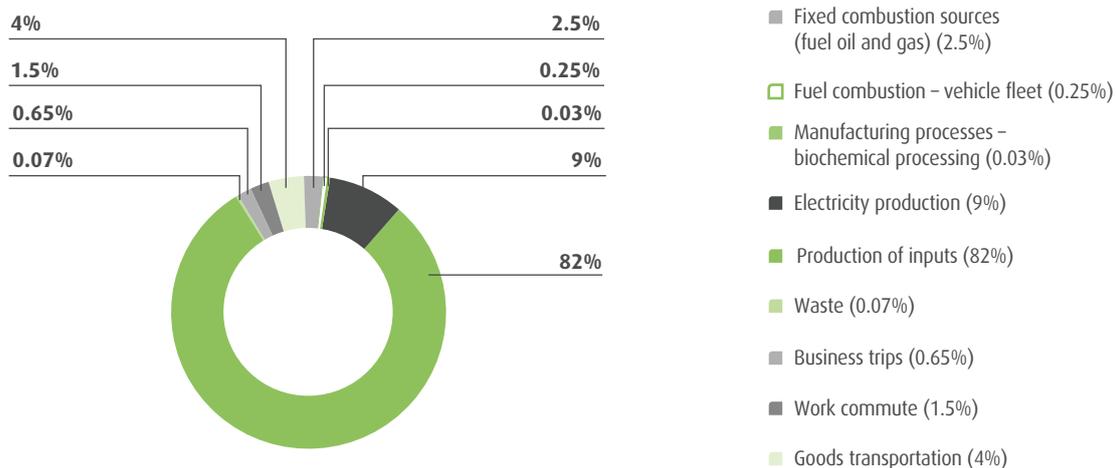
(1) Refers to the difference between the 2009 total emissions/2009 sales ratio and the 2011 total emissions/2011 sales ratio.

All told, indirect emissions (Scope 2 and Scope 3 (optional)) represent 97% of the Group's overall carbon footprint.

Indirect emissions in the optional Scope 3 category account for the bulk of the overall carbon footprint. The following chart shows the **high contribution of materials** to Valeo's carbon footprint. Materials consumption is responsible for 82% of the direct and indirect greenhouse gas emissions generated by Valeo's operations; metals (chiefly steel and aluminum) make up 57% of the Group's footprint.

Emission category	Emission sources	2009 (Eq. t CO ₂)	2010 (Eq. t CO ₂)	2011 (Eq. t CO ₂)	Change rel. to sales ⁽¹⁾
Other indirect GHG emissions (optional Scope 3 category)	Emissions generated by the production of the main materials used in Valeo's products	2,782,908	3,643,161	4,198,216	5%
	<i>Materials (metals)</i>	1,887,007	2,470,085	2,817,035	4%
	<i>Materials (other)</i>	895,900	1,173,076	1,381,181	7%
	Emissions caused by the treatment of waste generated by sites	1,968	2,845	3,668	30%
	Emissions generated by logistics	120,796	142,326	207,100	19%
	<i>Road/rail/sea transportation</i>	87,032	92,766	117,400	-6%
	<i>Air/express transportation</i>	33,764	49,560	89,700	85%
	Emissions generated by employee travel	146,253	101,853	110,393	-47%
	<i>Work commute</i>	89,841	68,636	77,884	-40%
	<i>Business trips</i>	56,412	33,217	32,509	-60%
TOTAL INDIRECT GHG EMISSIONS (EXCLUDING SCOPE 2)		3,051,925	3,890,185	4,519,377	3%

(1) Refers to the difference between the 2009 total emissions/2009 sales ratio and the 2011 total emissions/2011 sales ratio.



In 2011 the Group's carbon footprint amounted to 5 million metric tons of CO₂ equivalent emissions.

As a proportion of Valeo's sales, the overall carbon footprint was virtually stable relative to 2009.

3.4 Valeo's social performance

The employment indicators shown below are based on the provisions of Articles L.225-102-1 and R.225-104 of the French Commercial Code (*Code de commerce*).

The Group has opted to take into account the entire worldwide scope of consolidation, consisting of 124 plants, 21 research centers, 40 development centers and 12 distribution platforms, located in 28 countries ⁽¹⁾.

3.4.1 Headcount in line with the Group's growth

Change in headcount over three years

	2009	2010	2011
Engineers and managers	10,834	11,375	13,611
Administrative staff, technicians and supervisors	7,433	7,637	10,910
Operators	28,789	31,767	35,268
REGISTERED HEADCOUNT	47,056	50,779	59,789
Temporary staff	5,054	7,151	8,211
TOTAL HEADCOUNT	52,110	57,930	68,000
o/w:			
Permanent staff	44,705	47,146	54,897
Temporary staff	7,405	10,784	13,103

Breakdown of registered headcount by socio-professional category



At December 31, 2011, the Group employed 68,000 people worldwide, an increase of 17.39% more than in 2010. This increase was the result of a recovery in the automotive industry and market share gains.

The number of temporary employees rose in 2011 as a result of increased business volumes (arising from the temporary impacts of vehicle scrappage programs in Europe and the subsequent competitive offers from automakers) and the strong recovery in vehicle production in emerging economies.

The industry is undergoing swift and profound changes all over the globe, reflecting today's economic and financial paradigm. Companies have had to become more resilient to the crisis as a precondition for their survival and ability to maintain jobs. This explains why, on a group basis, temporary workers rose from 18.6% of the total workforce in 2010 to 19.3% in 2011.

The proportion of engineers and managers stood at 22.8% of the total workforce at the end of 2011 compared with 22.4% at end-2010 and 23.0% at end-2009. The increased number of engineers and managers Group wide (up 2,236) signals the growing importance of technological innovation in the Group's products and means of production.

(1) Excluding the following entities:

- only registered headcount has been counted for the Pune joint venture (India), the SMD joint venture (China), and shared service centers;
- only registered headcount and new hires have been counted for the Niles, Climate Control and Compressor entities in India, and the Huada entity in China.

3.4.2 Organization of work according to Group needs

Working time

Working week of full-time employees

The working time of employees at the Group's 124 plants, 21 research centers, 40 development centers and 12 distribution platforms is organized on the basis of statutory provisions, varying from 35 to 48 hours per week, depending on country.

The most frequent statutory working week is 40 hours.

In France, the agreement on the reduction of working time, signed with the trade unions on April 20, 2000, establishes the following number of hours for the working week:

Engineers and managers (<i>fixed daily basis</i>)	215 days annually
Administrative staff, technicians and supervisors	35 hours
- employees without paid overtime hours	37 hours 30 mins.
Operators	35 hours

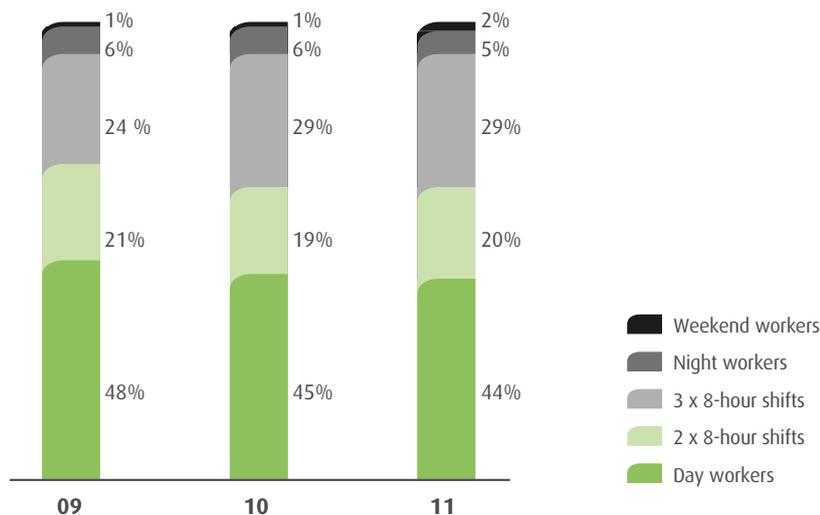
Working week of part-time employees

Part-time work is considered to be any work schedule with fewer hours than the standard working week at the entity in question. Average working hours for part-time employees

consequently vary from 16 to 36 hours per week, depending on country and socio-professional category.

Working hours

Breakdown of employees by % of working hours



Most production employees work as part of 2x 8-hour or 3x 8-hour shifts teams. By having teams working night or weekend shifts, plant utilization can be optimized. At the end of 2011, 56% of the registered headcount worked on the basis of shifts.

Overtime

In 2011, 7,647,515 hours of overtime were paid (compared with 5,463,551 in 2010 and 4,393,339 in 2009), of which 86.5% for production workers (86.9% in 2010 and 87.7% in 2009).

Paid overtime corresponded to 7% of total possible working hours (i.e., the number of basic hours that could be worked by all Group employees).

Part-time work

A total of 1,120 employees were working part-time in the Group in 2011, or 1.9% of the registered headcount (versus 2.1% in 2010 and 2.2% in 2009).

Women accounted for 72% of this number (versus 74.5% in 2010 and 76.9% in 2009).

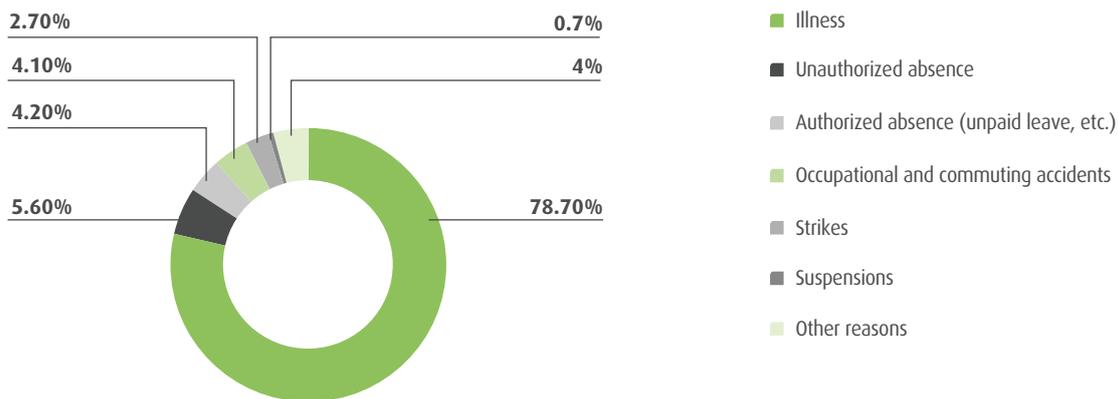
The number of part-time employees breaks down as follows:

- engineers and managers: 8.6%;
- administrative staff, technicians and supervisors: 16.3%;
- operators: 75.1%.

Absenteeism

In 2011, the Group-wide absenteeism rate (ratio of hours of absence to total possible working hours) was 2.28% (versus 2.35% in 2010).

Breakdown of absent hours by reason for absence



3.4.3 Stringent health and safety policy

In the field of safety and working conditions, our goal is “zero accidents”.

Valeo considers health and safety in the workplace as a key priority. Systematic audits are performed by external consultants so that risks can be better assessed and managed and so that standards can be improved. In 2010, a new self-evaluation tool was developed to allow each HSE manager to perform a self-compliance audit against benchmarks drawn from applicable Group directives. The tool is used in addition to the audits performed by external consultants and makes it possible to assess site performance on a more regular basis.

In 2011, in keeping with its policy of ongoing improvement, Valeo continued to deploy tools for analyzing each occupational accident or incident (Quick Response Quality Control – QRQC). These tools were implemented in 2007 and have been optimized annually since then through the involvement of management. This has resulted in a significant decline in the number of accidents. For example, the number

of occupational accidents (with or without lost time) has fallen by 69% since 2007.

In 2010, safety performance became an integral part of managerial assessment criteria at all levels of the organization, as a way of increasing employee awareness and involvement.

Besides the regular audits, Valeo uses two indicators to gage the efficiency of its measures:

- frequency rate (number of lost-time accidents per million hours worked);
- severity rate (number of days lost owing to an occupational accident per thousand hours worked).

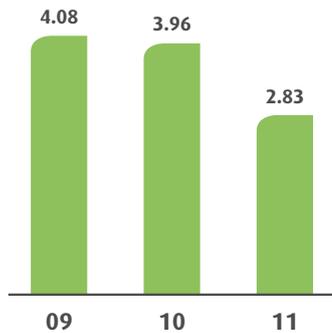
In 2011, the number of occupational accidents (with or without lost time) continued to decline. The frequency rate of accidents leading to absences has dropped by 48% since 2007.

In addition, the severity rate declined by 50% in the space of five years.

Generally speaking, the main causes of lost-time accidents concern machines, processes or working practices.

Group frequency rate 1 (FR1)

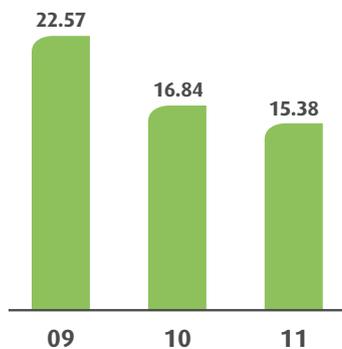
Lost-time accidents



Calculation: number of lost-time accidents per million hours worked.
Formula for calculating FR1: (number of lost-time accidents x 1,000,000)/number of hours worked.

Group frequency rate 2 (FR2)

Total accidents (with or without lost time)

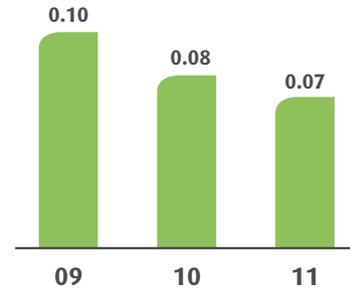


Calculation: number of accidents with or without lost time per million hours worked.

Formula for calculating FR2: (total accidents x 1,000,000)/number of hours worked.

Group severity rate 1 (SR1)

Total accidents (with or without lost time)



Calculation: number of days lost owing to occupational accidents per thousand hours worked.

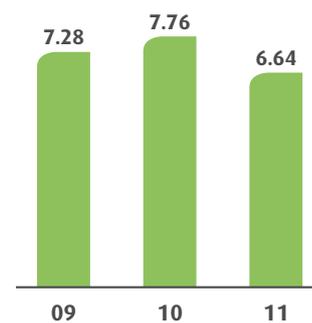
Formula for calculating SR1: (number of days lost owing to occupational accidents x 1,000)/number of hours worked.

The employees included in the calculation of the number of accidents are as follows: all Valeo employees whatever their type of employment contract, including fixed-term employees, interns, temporary employees, service providers and VIEs (international corporate volunteers).

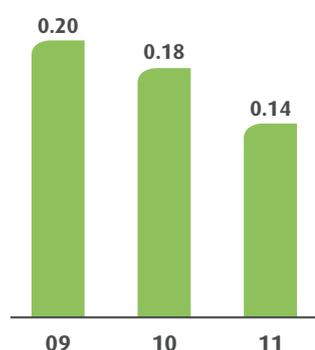
The employees included in the calculation of the number of hours worked include all Valeo employees, whatever their type of employment contract (including fixed-term contracts and VIEs, and takes overtime into account). Hours worked by interns, temporary employees and service providers are not included (Source MAF I.03.21).

France

Frequency rate



Severity rate



In France, the Group's frequency and severity rates for 2011 are situated below the industry average, namely 22.2 for the frequency of lost-time accidents and 1.1 for their severity (source: latest survey published by the Occupational Risk Department of the French national insurance fund [2011-085 CNAMTS-DRP]).

A total of 18.8% of the Group's training hours in 2011 were devoted to safety. In 2011, 58.6% of employees attended at least one training session devoted to safety (59.6% in 2010).

3.4.4 Diversified compensation system

Compensation and social charges

<i>(in millions of euros)</i>	2009	2010	2011
Payroll costs excluding social charges and temporary staff	1,354	1,460	1,579
Social charges	358	404	422
Pension costs under defined-benefit plans	25	26	20
Pension costs under defined-contribution plans	79	71	64
Loaded payroll costs	1,816	1,961	2,085
Loading rate	32.3%	32.5%	30.8%

<i>(in millions of euros)</i>	2009	2010	2011
Loaded personnel costs (including temporary staff)	1,888	2,114	2,294
% of sales	25.2%	21.9%	21.1%

Breakdown by geographic area in 2011

<i>(in millions of euros)</i>	France	Europe (excl. France)	Outside Europe
Payroll costs excluding social charges and temporary staff	561	498	520
Social charges	213	107	103
Loaded personnel costs (excluding pension costs)	774	605	623
Loading rate	38%	21.5%	19.8%

The highest portion of Valeo's registered headcount is in France, with 12,576 employees at December 31, 2011.

Financial benefits

Statutory profit-sharing

In 2011, only one of the Group's French entities set aside a special profit-sharing reserve, amounting to 711,000 euros.

Incentive plans

Talks with French labor organizations produced an agreement on incentive plans in June 2011, which in due course will be applicable to all of the Group's French employees. The agreement, which covers a three-year period (2011-2013) concerns 8 out of the Group's 13 entities in France. The calculation formulae laid down by this agreement reflect the need for the Valeo Group to improve performance, and take into account the contribution of employees to the Group's development. For example, incentive bonuses will depend on the operating margin at Group, country (France) and entity levels.

Using the formulas set out by this Group agreement, or under corporate agreements still in force during 2011, a total of 5,435,000 euros was paid out to employees at 11 of the Group's 13 French entities.

Profit-sharing bonus

Pursuant to the first Article of law 2011-894 of July 28, 2011, General Management instigated talks with labor organizations to define the amount of the so-called "profit-sharing bonus". As these talks failed to deliver an outcome, management of each of the Group's French entities decided to pay a gross premium per employee of 90 euros. This bonus was paid to employees during the fourth quarter of 2011.

Improvement bonus

For many years, all entities within the Valeo Group worldwide have offered a so-called "improvement" bonus. The purpose of this management tool is to encourage employees to play an active part in helping achieve growth targets. For French employees, this variable component of their compensation represented a total of 5.5 million euros, equating to an annual average of approximately 440 euros per employee.

Employee savings plans

The Group savings plan (*Plan d'Épargne Groupe* – PEG) was set up on November 13, 2001, under a collective bargaining agreement was entered into by General Management and

four trade unions. It was amended on June 29, 2011, to reflect changes in French regulations and allow for employees to benefit from new forms of investment.

The collective pension savings plan (*Plan d'Épargne pour la Retraite Collectif* – PERCO) was introduced on September 17, 2008, under a collective bargaining agreement entered into by General Management and four trade unions and amended on June 29, 2011.

French employees have the possibility to invest sums received through profit-sharing and incentives, and make voluntary payments into the PEG or PERCO. PERCO assets are invested in the same funds as the PEG. Employees also have the option of transferring assets from the PEG to the PERCO. Voluntary contributions are matched by Valeo for amounts of up to 275 euros for the PEG and 750 euros for the PERCO on an annual basis per employee (in proportion to payments). A specific matching contribution was created by the June 29, 2011 amendment under which employees wishing to invest their funds in Valeo shares enjoy an additional contribution of as much as 350 euros annually.

The employee booklet summarizing the benefits relating to employee savings plans at Valeo France was republished in 2011.

These agreements concern only the Group's French entities.

At December 31, 2011, in France, 7,669 French employees had Valeo employee savings plans in their name (PEG and PERCO), equating to 61.8% of the registered headcount in France.

Total assets invested by employees in the Valeo PEG amounted to 41,973,492 euros, spread across seven mutual funds.

At December 31, 2011, 1,658 employees had joined the Valeo PERCO, representing 13.2% of the registered headcount in France, an increase of more than 75% compared with at December 31, 2010. Total assets invested by employees in the Valeo PERCO amounted to 4,866,664 euros, spread across five mutual funds.

In 2011, 4.2 million euros from profit-sharing and incentives paid for 2010 were invested in the savings plans, in addition to 1.8 million euros of voluntary payments and 0.7 million euros in matching employer contributions. Altogether, 6.7 million euros of new money was placed in Valeo Group's employee savings plans.

Reallocation of assets through internal movements totaled 7.9 million euros.

Since 2008, the management of these mutual funds has been entrusted to AMUNDI (the merger of Crédit Agricole Asset Management and Société Générale Asset Management) and to BNP Paribas Asset Management. Valeo chose a single service provider, CREELIA, a subsidiary of Crédit Agricole Asset Management, to manage the administrative side of the savings plans.

Global employee share ownership

Following a proposal by General Management, on June 8, 2011 the Board of Directors of Valeo decided to grant each eligible employee three free Valeo shares. The operation took place during the fourth quarter of 2011 and benefited 45,074 employees in 28 countries.

3.4.5 Promoting positive labor relations is at the heart of Valeo's Human Resources policy

Collective bargaining agreements

Valeo is convinced that social cohesion is vital for the Company in order to adapt to the vast, swift and deep-seated changes affecting the automotive industry.

To meet today's challenges, the Group must continue promoting 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. That is why Valeo's labor relations policy is enshrined in contractual agreements.

	No. of agreements	Working hours	Types of agreement			
			Wages	Profit-sharing/ incentives	Bonuses	Other
Germany	25	13	4	0	8	5
Argentina	2	0	1	0	1	0
Benelux	2	0	0	0	2	0
Brazil	20	3	10	7	1	4
China	1	0	0	0	0	1
South Korea	5	1	4	1	1	1
Spain	14	6	3	0	2	5
France	61	32	35	41	0	144
Hungary	2	0	1	0	1	2
India	3	1	1	0	1	2
Italy	11	6	0	0	1	5
Japan	14	9	5	0	5	4
Mexico	14	8	7	1	1	1
Poland	2	0	2	0	0	0
Czech Republic	9	6	5	3	3	4
Romania	3	3	3	0	3	3
Thailand	7	0	2	0	2	4
Tunisia	14	5	4	1	3	6
Turkey	2	0	0	0	0	2
TOTAL	211	93	87	54	35	193

In 2011, **211** agreements were entered into (compared with 269 in 2010 and 315 in 2009) in 28 countries covering a variety of matters, in accordance with arrangements under national jurisdictions.

Among these agreements, 93 concerned working hours (44%), 87 wages (41%), 54 profit-sharing and incentive plans (26%), 35 bonuses (17%), and 193 other matters (91%).

NB:

- agreements could fall into more than one of the above categories. Agreements can cover a single entity, all the plants belonging to a single legal entity, or all French or European entities;
- in the 19 countries in which Valeo operates, national collective agreements govern wage terms either fully or partially. These countries are the following: Argentina, Belgium, Brazil, Czech Republic, France, Germany, Hungary, India, Italy, Japan, Mexico, Romania, South Africa, South Korea, Spain, Thailand, Tunisia, Turkey and the United States.

In France, besides the aforementioned agreements, five rounds of talks were held in respect to 13 legal entities and their 37 plants in 2011. Agreements were entered into for those concerning incentives, the Group savings plan (PEG), the collective pension savings plan (PERCO) and the employee share-ownership plan (Valeorizon). Those concerning the profit-sharing bonus (*Prime de Partage des Profits*) ended in a statement of disagreement, followed by a unilateral decision on the part of the employer.

Furthermore, a comparative report on the freedom of association at the Group's entities in France highlighted the advantages of setting up labor relations oversight (talks on this will continue into 2012) and revising the agreement governing the French Group Committee.

In Europe, two rounds of talks began within the context of the European Works Council in the second half of 2011, and will continue into 2012. They cover the 44 Valeo entities active in Europe and their 75 plants. These talks concern corporate social responsibility and an amendment to the agreement governing the European Works Council.

Employee representative bodies

In 1984, Valeo Group established a Group Committee in France, the members of which are appointed by trade unions from among the elected representatives sitting on Works Councils at Company and plant levels. They represent the various French plants. This representative body, which is

chaired by the Chief Executive Officer, meets twice annually and is briefed on the business activity, financial position, economic outlook and employment trends and forecasts concerning the Group and Valeo's French entities.

In 1999, Valeo also created, by way of agreement, a European Works Council. While not interfering with the work of national representative bodies, the European Works Council provides a forum for exchanging views and establishing a dialogue between the Management and the 19 employee representatives from each European country in which Valeo operates. A Committee, comprising nine members, meets quarterly at a European site. The European Works Council is informed about the Group's business and financial position, trends in activity, production and sales, the employment situation and likely changes, and investing activity. It may also be called on to offer an opinion on changes to organization, the introduction of new working methods or the downsizing/closure of Group companies or plants when developments concern at least two Group plants or companies located in at least two different European countries, the result of which would be the dismissal of more than 30 employees.

The European Works Council comprises representatives from the following countries: Belgium, Czech Republic, France, Germany, Hungary, Ireland, Italy, Poland, Romania, Slovakia, Spain and the United Kingdom. Only the Netherlands, which has fewer than 150 employees, is not represented.

The European Works Council met four times in 2011. Talks were initiated last year to bring the text of the agreement into line with European Directive 2009/38/EC, which was transposed into French law in late 2011.

Labor relations in 2011 and 2012

Global and/or European scope

Achievements in 2011

- Nationwide wage negotiations.

On the agenda for 2012

- European talks on corporate social responsibility.
- Well-being at work: extending the French framework to the rest of the world.
- Revision of the European Works Council agreement.
- Nationwide wage negotiations.

French scope

Achievements in 2011

- Talks on the allotment of the profit-sharing bonus (Prime de Partage des Profits) to French employees.
- Signing of amendments to agreements governing employee savings (Group savings plan and collective pension savings plan).
- Talks in various French entities on gender equality in the workplace.
- Negotiation and signing of incentive-plan agreement for the Group in France.

- Implementation of action plans with entities affected by the law on strenuous working conditions.

On the agenda for 2012

- Implementation of labor relations oversight by agreement.
- Negotiations in France of agreement on disabled employees.
- Negotiations to harmonize personal risk coverage and healthcare plans.
- Group Committee: revision of the 1984 agreement.

3.4.6 Our workforce: an asset to be developed

The Group's mobility policy

Valeo believes that its employees are its most vital asset. With this in mind, it assigns a great deal of importance to internal mobility, in all the countries in which it operates. Mobility is a cornerstone of career management at Valeo.

It is a strategic component of human resource management that is tailored to two different needs:

- redeploying human resources in accordance with the demand for skills at the Group's various sites;
- increasing loyalty among employees by sustaining the motivation of employees that want to evolve in a different direction.

To ensure that all aspects of internal mobility are adhered to, an internal mobility charter has been drawn up, laying down the rules applicable to cases of internal mobility within the Group. Each Human Resources Department has a duty to ensure that the charter is applied to the letter.

Moreover, in connection with the importance assigned to internal promotion and employees' personnel advancement needs, the Group has created "Valeo Opportunities", an internal mobility bulletin board on which all open job positions within the Group are posted.

Various tools and techniques are available to employees and managers for optimizing career development within the Group: annual appraisals, mid-year appraisals, career interviews, the Individual Career Development Plan (which helps employees

take the necessary steps for the next stage in their careers), the Succession and Development Plan (helping each Group engineer and manager to identify scope for development, subsequent career moves, and potential successors).

One aspect of this policy has resulted in a specific program encouraging cross-border mobility.

The Group's international strategy, relating to the presence of automakers in global markets, can only be successful if its men and women are prepared for advancement in a multicultural setting.

For reasons of stability, culture and costs, the Group's goal is to have local employees with skills, advancement potential and an international outlook in keeping with its standards. However, the following circumstances may in particular warrant a cross-border transfer:

- obtaining vital skills and technologies;
- swiftly deploying the 5 Axes business culture and transferring Valeo's expertise in the context of new establishments and joint ventures;
- furthering the careers of high-potential executives.

To deal with increasingly complex legal issues and provide personalized support to employees and their families during relocations, the Group set up a cross-border mobility unit in November 2010.

Training

In 2011, the Group spent 21,251,589 euros on training, down 16% on 2010 in absolute terms. In relative terms, this represented 1.34% of payroll costs, excluding social charges.

The number of training hours and trainees rose by 9% and 7% respectively compared with 2010.

In 2011, the Group continued to extend its training policy to more and more employees. A total of 79.4% of employees took part in at least one training program during the year

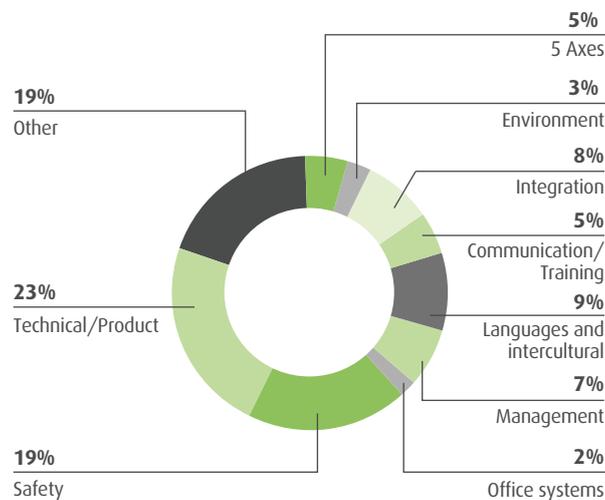
(compared with 81.6% in 2010). Notable beneficiaries were operators, for which participation in at least one training initiative rose by 1.4%.

The number of training hours per person was stable on average across all categories (23 hours in 2010 and 2011).

New-entrant and job-instruction training increased from 62% in 2010 to 66% in 2011. Training initiatives dedicated to the development of transferable skills (prior to internal mobility) or advancement within one of the Group's business lines rose 34%.

	2009	2010	2011
Number of training hours provided	780,413	944,671	1,029,768
Training expense	€20,180,632	€25,231,511	€21,251,589
Number of employees trained	36,285	41,317	44,298
Total % of employees trained	77.1%	81.4%	79.4%
■ Engineers and managers	86.9%	88.4%	83.7%
■ Administrative staff, technicians and supervisors	82.5%	93.9%	80.3%
■ Operators	72.0%	75.9%	77.5%

Breakdown of training hours by subject category in 2011



Average number of training hours per socio-professional category

	2009	2010	2011
Engineers and managers	33	37	35
Administrative staff, technicians and supervisors	29	28	28
Operators	14	16	17
All categories	22	23	23

Training requirements are analyzed on the basis of skill assessments for given jobs, business development or internal mobility. Individual Career Development Plans are drafted to support talent development in three stages: (i) theory, (ii) practical application and experience-sharing, and (iii) supervised presentation and feedback.

To support the Group's innovation and technological development policy, programs relating to materials, products, production systems and manufacturing processes continue to rank the highest in terms of the number of training hours, accounting for 23% of the total in 2011 (up from 21% in 2010). These programs, led by Group technical experts or independent specialists, are constantly evolving under the guidance of the Research and Development Department and the Valeo Technical Institutes.

As in previous years, the Group continued to emphasize safety training, participation in which increased (19% of total hours and 63% of registered headcount), especially the Play Safe module in Europe. In 2011, the 5 Axes school set up and started rolling out the Safety First module in China.

The Group's training policy is based on several learning techniques, to accommodate varying requirements in terms of time and geographical mobility to provide resources suited to the subjects addressed, the methods used and the individual pace of learning.

In this respect, alongside face-to-face or remote sessions (via online, videoconference or telephone courses) conducted by outside trainers or Valeo's own experts, field training initiatives have also been developed, involving local management, to increase operator versatility and multidisciplinary skills. Training is also dispensed by the 5 Axes schools to enhance expertise in Valeo working methods and tools.

Demand for online self-study modules – Valeo C@mpus (with or without an assigned tutor) – increased considerably in 2011 relative to 2010 (25% more hours and trainees on average).

This channel is often used either to acquire theoretical basics before a session in the classroom or on the field or as part of an individual training program, carried out in stages and alternating theory with periods of supervised practice.

The complementarity of these training methods, which also help support international growth and meet cross-cultural challenges, is today a central feature of the Group's 5 Axes training programs, which are run in all entities (5% of training hours in 2011), and its programs for improving managerial skills (7% of training hours in 2011), operated in conjunction with CEDEP (European Center for Continuing Education).

Thus, e-learning and face-to-face training, allowing managers to experience real-life situations and develop individually, are both part of the change-management module (Driving Dynamic Change) and the co-management/intercultural module (Develop Collaborative Management), for which pilot sessions were held in France and China in 2011, and were also a feature of the new CEDEP1 program (of which the first session took place in China in October 2011).

The Group's training programs are a reflection of its global footprint and the increasing international reach of its business lines. This international expansion demonstrates the importance of language learning and training programs in cross-cultural relations, which together accounted for 9% of training hours in 2011.

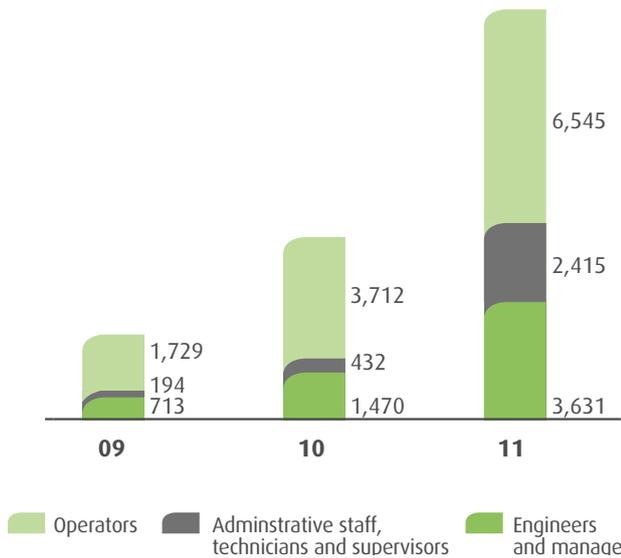
New hires and departures

With its strong corporate image and experience, the Group did not encounter any particular problems with recruitment during the year, apart from certain highly localized difficulties concerning positions requiring advanced specialization or specific language skills and in catchment areas where competition for skilled labor is fierce.

New hires

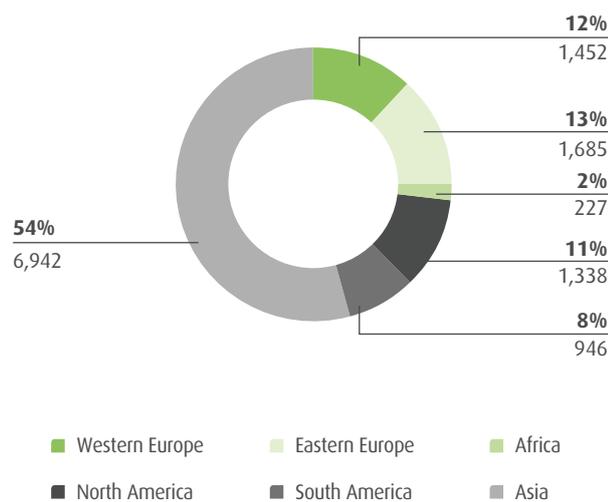
Permanent contracts

Number of new hires on permanent contracts



The number of employees hired on permanent contracts more than doubled in 2011 (by a factor of 2.24) compared to 2010 and was more than four times higher than in 2009 (x 4.8), across all socio-professional categories.

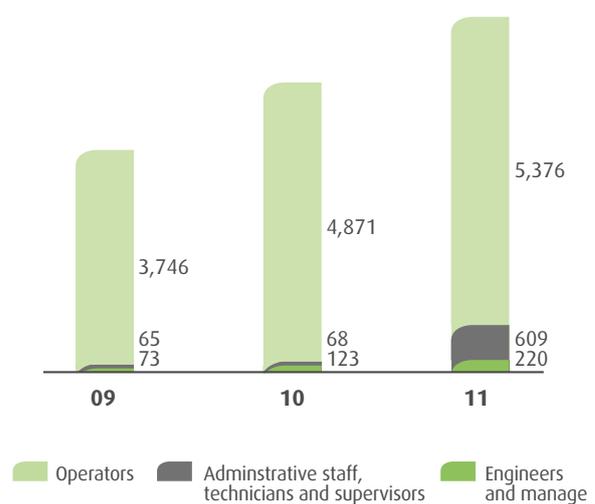
Breakdown of new hires on permanent contracts by geographic area



The primary focus of the Group's recruitment efforts was in Asia where, following the acquisition of Niles, the Group's position on the continent among Japanese automakers was bolstered.

Fixed-term contracts

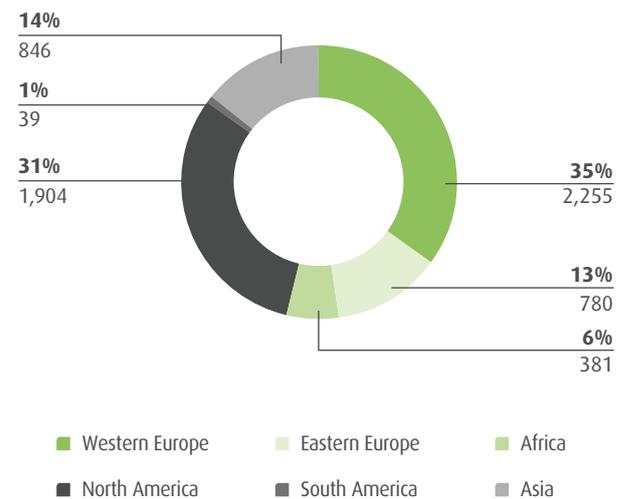
Number of new hires on fixed-term contracts



A total of 6,205 employees were hired on fixed-term contracts in 2011, representing an increase of 23% compared to 2010.

A total of 4,900 employees were on fixed-term contracts at December 31, 2011 compared with 3,633 at end-2010 and 2,350 at end-2009.

Breakdown of new hires on fixed-term contracts by geographic area



Compared with 2010, the number of new hires on fixed-term contracts fell by 0.3 point in Eastern Europe, 3.6 points in Asia, 6.3 points in Western Europe and 0.1 point in South America. In contrast, the number rose by 5 points in Africa and 5.3 points in North America.

Departures

	2009	2010	2011
Contract terminations	3,806	2,058	2,010
o/w layoffs	2,619	733	196
Resignations	2,038	2,141	3,855
Early retirement	225	115	111
Retirement	285	247	288

Valeo terminated 2,010 contracts in 2011 corresponding to 3.7% of permanent employees compared with 4.4% in 2010 and 8.5% in 2009.

Layoffs accounted for 9.8% of the total compared with 35.6% in 2010 and 69% in 2009. The drop in layoffs reflects the upturn in automotive production.

Other contract terminations were for personal reasons, some of which on disciplinary grounds.

Early retirements and retirements amounted to 0.73% of permanent employees versus 0.8% in 2010 and 1.1% in 2009.

Resignations, which were again one of the main reasons for departure, represented 7% of the permanent headcount in 2011 (4.5% in 2010 and 4.6% in 2009). By socio-professional category, resignations represented 2.4% of permanent engineers and managers, 0.7% of permanent administrative staff, technicians and supervisors, and 4% of permanent operators.

Breakdown of departures in 2011 by geographic area

	Western Europe	Eastern Europe	Africa	North America	South America	Asia
Layoffs	130 66.3%	14 7.1%	1 0.5%	36 18.1%	7 3.6%	9 4.3%
Dismissals	166 9.2%	202 11.1%	4 0.2%	241 13.3%	764 42.1%	437 24.1%
Resignations	585 15.2%	760 19.7%	53 1.4%	748 19.4%	243 6.3%	1,466 38%
Early retirement	108 97.7%	1 0.9%	0 0.0%	0 0.0%	0 0.0%	2 1.4%
Retirement	121 42.1%	48 16.7%	1 0.3%	51 17.7%	6 2.1%	61 21%

Valeo is firmly committed to a forward-looking employment and skills management policy. The Group implements measures to delay and, wherever possible, avoid layoffs such as granting leave or vacations, cutting overtime, reducing the number of temporary employees and subcontractor, and putting employees on short-time working arrangements. When there is a clear need to optimize industrial facilities,

Valeo undertakes restructuring operations. In this case, the Group works in coordination with labor organizations and uses all available mechanisms to find alternative employment through internal redeployment, outplacement, takeover of the plant by another owner or reindustrialization of local labor pools.

3.4.7 Company reorganization and innovative solutions for safeguarding jobs

Following the crisis in 2008 and the Group's reorganization in 2010, the economic and financial climate improved in 2011, although it could not be said that the global downturn was completely over. Technological innovation, competitiveness and strong take-up of goods suggest that organic growth will be strong in the future provided that the right measures are taken here and now.

However, the Group's competitive record varies markedly by product line, country and plant. Specific manufacturing adjustments are required constantly to ensure that the Group remains on a sound financial footing. Resources must also be devoted to supporting the personnel concerned. Workforce and Skills Planning (*Gestion prévisionnelle des emplois et des compétences* – GPEC) is used to inform labor organizations of strategic decisions and business-related constraints so that all the resulting changes can be managed together. Through upstream analysis of situations, the industrial, technological and commercial changes that are on the horizon can be debated in a calm context and preparations can be made to cushion the impact of these changes on business lines, skills, jobs, and careers.

By making these policies a pivotal part of human resource management, when events occur, resources are on hand to anticipate, reduce and support the redeployment of jobs and skills.

For example, the following occurred last year in France:

Valeo Abbeville announced that in the future it would halt production of security locks and negotiated with labor organizations improvements to competitiveness and on-site working practices to ensure a sufficient return on investment for new product lines as part of the plant's restructuring.

Valeo Nogent le Rotrou was proactive in communicating on the discontinuation of air-conditioning activities and negotiated, again with labor organizations, improvements in competitiveness and working practices to ensure a sufficient return on investment of the new sensors product line, which will enable the plant to diversify its activities.

Valeo Angers La Roseraie made plans in conjunction with labor organizations ahead of an expected downturn in production relating to the aftermarket. The plant was merged into the Group's legal entity, located in the same municipality, to create a local job pool with a view to facilitating the future management of jobs, skills and careers.

In addition to the capital-intensive investments required in the first two cases, large-scale programs were set up for retraining employees within the scope of these plant restructurings.

3.4.8 Encouraging diversity is a day-to-day commitment

Gender equality in the workplace

Diversification in terms of employees is a priority for Valeo. Diversity, including a healthy gender balance, is an important part of competitiveness and is one of the ways in which the Group can improve results in relation to other companies in the same business.

In endeavoring to be an employer of choice, Valeo seeks to attract, promote and retain top talent in what has become a highly competitive market. Valeo Group has a diverse mix of cultural backgrounds. However, in spite of a commitment to enforce gender parity in comparable situations (in terms of career development, training possibilities and wages), women are not as well represented within the Group as men.

Thus, despite a rising proportion of female engineers and managers in the Group (up 1.1 point relative to 2010 and 1.6 points versus 2009), the proportion of women in the workforce, across all categories, was 32%.

Breakdown of registered headcount by gender



Breakdown of women by socio-professional category

(as a % of the registered headcount)

	2009	2010	2011
Engineers and managers	18.5%	19.0%	19.9%
Administrative staff, technicians and supervisors	24.6%	24.3%	26%
Operators	38.1%	37.1%	38.3%

Breakdown of men and women by geographic area and socio-professional category (registered headcount)

	Engineers and managers		Administrative staff, technicians and supervisors		Operators		Total	
	Men	Women	Men	Women	Men	Women	Men	Women
Western Europe	82%	18%	76%	24%	64%	36%	71%	29%
Eastern Europe	77%	23%	75%	25%	47%	53%	55%	45%
Africa	73%	27%	76%	24%	57%	43%	63%	37%
North America	81%	19%	78%	22%	58%	42%	64%	36%
South America	84%	16%	67%	33%	81%	19%	77%	23%
Asia	78%	22%	75%	25%	65%	35%	70%	30%

Proportion of women among new hires on permanent contracts over three years

	Engineers and managers		Administrative staff, technicians and supervisors		Operators		Total	
	Women	%	Women	%	Women	%	Women	%
2009	144	20.2%	44	22.7%	419	24.2%	607	23.0%
2010	304	20.7%	116	26.9%	1,012	27.3%	1,431	25.5%
2011	877	24.1%	708	29.3%	2,687	41.1%	4,272	34%

Convinced of the benefits that a better gender balance could afford in terms of leadership, talent, and markets at all levels of the Company and within every business line, Valeo created a diversity think tank in late 2011. The purpose of this working group is to form recommendations on how more women can be hired, retained, and promoted in order to provide better gender equality at all levels of the organization, including within General Management.

To factor in cultural differences, four subcommittees have been set up under the auspices of the working group, covering Europe, the United States and China. The main areas in which action should be taken have been identified, laying the foundation for further initiatives. These are improving the Group's image as an employer of choice in order to attract more applications from women, monitoring equality indicators, implementing measures to help improve work-life balance, improving human resources management processes, and supporting leadership through mentoring, coaching, and internal networks as a way of stimulating ambition.

Valeo draws up a comparative gender status report for each of the Group's French entities. This report serves as a basis for annual negotiations with labor organizations on targets for gender equality and the measures to achieve these targets.

Furthermore, Valeo commissioned an independent econometric report to measure the importance of 67 different variables that may account for disparities in annual salaries in France. The main reasons turned out to be training, absence, working time, proficiency in English, mobility, age, occupation, variable compensation, expatriation, and potential. The "gender" variable is significant in four of the eight professional categories: operators, level II and III administrative staff, technicians and supervisors, and level III managers. Further analysis is underway at all the plants concerned to determine what action should be taken.

Through partnerships with leading French business schools and associations such as *Elles Bougent*, Valeo is striving to increase the percentage of female employees.

Employees with disabilities

When it revised its Code of Ethics in 2005, Valeo reaffirmed its commitment to promoting respect for human dignity and value in the workplace as well as equal rights for all workers. Accordingly, the Group participates in programs to foster the employment and insertion of workers with disabilities.

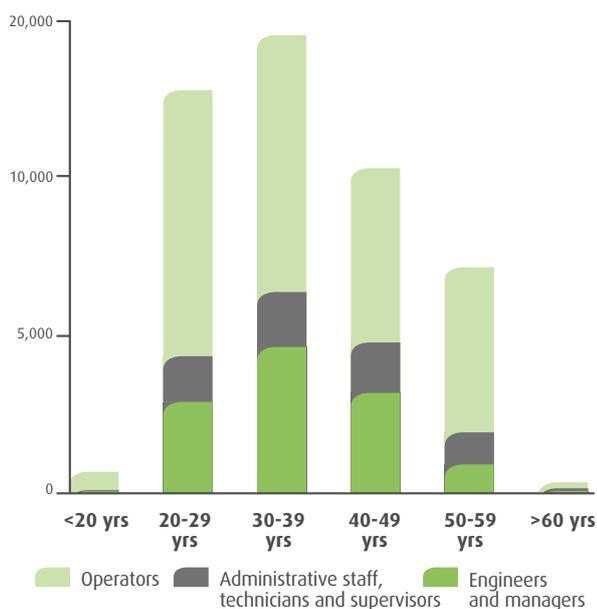
A total of 824 employees with disabilities were working for the Group at end-December 2011, representing 1.4% of registered headcount.

Approximately half this number was located in France (415), equating to 3.3% of the French registered headcount. The total value of subcontracting and service contracts with sheltered employment providers and organizations that help disabled people back into work (*établissements et services d'aide par le travail* – ESATs) was 2 million euros in 2011, up 40% relative to 2010. France accounts for the majority of the demand for these companies' goods and services (66% in 2011).

To increase its commitment to disabled workers, Valeo initiated a review of plants in France during the fourth quarter of 2011, calling in a specialist consultancy firm for this purpose. The findings of this review will be available towards the end of the first quarter of 2012. This is expected to lead to talks with French labor organizations with a view to forging an agreement on disabled workers, thereby providing a powerful impetus for the implementation of tangible action steps at Valeo's sites.

Generational turnover

Registered headcount by age bracket



At December 31, 2011, the Group's registered headcount broke down as follows:

- 1.4% aged under 20;
- 28% aged between 20 and 29;
- 34.8% aged between 30 and 39;
- 22.7% aged between 40 and 49;
- 12.4% aged between 50 and 59;
- 0.7% aged 60 or over.

40.4% of engineers and managers are in the 30-39 age bracket, compared with just 34.4% of administrative staff, technicians and supervisors, and 32.8% of operators. 30.9% of operators are in the 20-29 age bracket.

Because of the large number of new employees recruited each year, generational turnover is significant.

Professional integration of young people

The Group also continued contributing to the basic training of young people, welcoming 1,216 interns (of whom 32% were women), 770 apprentices (of whom 24% are women) and 137 international corporate volunteers (of whom 28% are women) during the year. Together, this represented some 3% of the Group's workforce.

In 2011, 26.5% of the young people that had completed internships, international corporate work placements, or apprenticeships were hired by the Group.

The Group furthermore employs 16,068 workers aged below 29, equating to 29.3% of the registered headcount.

International workforce

Valeo is strengthening its policy of relations with higher education establishments by developing partnerships with universities and schools of international renown and fostering diversity within its workforce.

In 2011, the Group participated in a large number of events where it was able to make contact with future graduates, particularly at universities in China, Egypt and India, at the international corporate volunteer forum organized by UbiFrance in Paris and at the Franco-German forum in Strasbourg. The Group was also represented at the "Top Women, Top Careers" forum in Brussels, with the objective of attracting applications from female engineers or those seeking a career in industry.

Valeo also sponsors ShARE, an association of students from Asia's top universities. It participated in the association's global seminar in Bangalore, India, in December 2011.

In France

To meet its recruitment requirements in France, Valeo has strengthened its relations with a number of partners including:

- Supélec, in connection with the PERCI program for teaching and research in cooperation with industry;
- IFP School, through a partnership agreement providing for the development of joint-teaching initiatives in the area of innovative automotive technologies;
- ESTACA and SUPMECA, by sponsoring the activities of the *Elles Bougent* association;
- Audencia Nantes, through a partnership set up to develop a joint engineering-management program;
- ISPA, in connection with research into plastics processes;
- ESEO, as part of research into onboard systems;
- ESIGELEC, as part of a partnership agreement signed with the school.

Valeo also played an active role in many school forums, including those organized by Arts et Métiers Paristech, Centrale Paris-Supélec, ESEO Angers, Sup'Optique, Supméca, UTC Compiègne, Audencia Nantes and EDHEC. Valeo also sponsors the *Elles Bougent* association, which promotes careers in the transportation sector among female high-school students and gives opportunities to female high-school and university students to attend business-presentation events, with support from Valeo mentors.

Valeo took an active part in the campaign to promote the mentoring campaign of the French trade association of vehicle component vendors (*Fédération des industries des équipements pour véhicules – FIEV*), which produced a brochure on this topic that included testimonials from Valeo.

Policy towards senior workers

Valeo is committed to employing older workers, which it sees as an important part of its career-development policy. This is also a pillar of its policy for encouraging diversity.

Hiring older workers gives access to important expertise while making it possible to anticipate changes, pass on skills and know-how, and promote integration among all generations at Group entities.

Longer working lives need to be tied to providing genuine opportunities for personal development among employees. It is important to sustain job motivation among employees and develop each person's employability throughout his or her career by providing them with the means to build up skills or, if so desired, change direction professionally.

In 2011, Valeo had 7,210 employees worldwide aged above 50 (versus 6,920 in 2010 and 6,736 in 2009), representing 13.2% of the registered headcount.

In France, Valeo had 2,771 employees aged above 50 (versus 2,703 in 2010 and 2,885 in 2009), equating to 22.3% of the French registered headcount. The drop in the proportion of workers over 50 between 2009 and 2010 was due to the last installment of the restructuring drive in France associated with the global economic crisis.

An action plan applicable to all French sites was implemented in 2009, aiming to anticipate career and employment changes among older workers in order to:

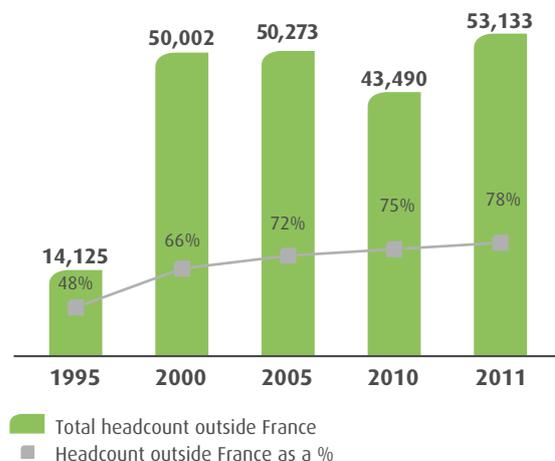
- emphasize the development of skills and qualifications together with access to training, making it possible to enhance professional expertise or grow into another role within the Group;
- encourage the transmission of knowledge and skills by formalizing and developing mentoring;
- focus on forward planning in the area of career development.

As a result, Valeo will concentrate initiatives on the following areas:

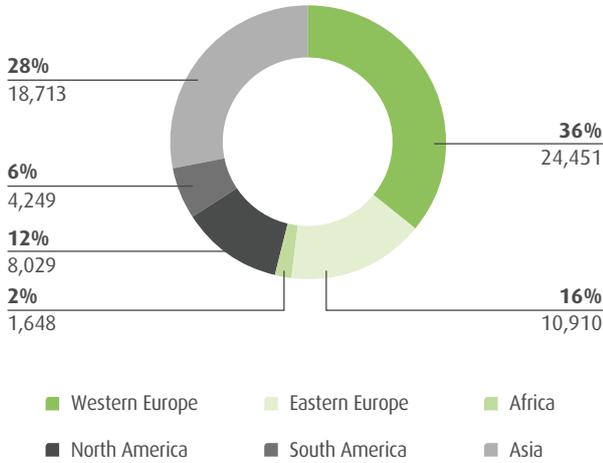
- forward planning for career changes;
- developing skills and access to training;
- passing on know-how and skills;
- developing mentoring;
- keeping workers aged 55 and over in the workforce.

Increasingly international workforce

The Group's growing worldwide presence is reflected in the increasingly international composition of its workforce. Today, 78% of employees are based in a country other than France compared with 66% in 2000.



Breakdown of total headcount by geographic area



Year on year, the headcount fell by 3.1% in South America but rose by 1.04% in Western Europe, 28.1% in North America, 12.7% in Eastern Europe, 15.4% in Africa and 54.4% in Asia, notably as a result of recovery in the USA and the bounce in automotive production in those regions.

Valeo's operations, spread over 28 countries, promote diversity.

In 2011, the Group's workforce comprised employees of 96 different nationalities.

The ten most prevalent nationalities within the Group are French, Chinese, Brazilian, Mexican, Polish, German, Spanish, South Korean, Indian and Czech.

The countries where Valeo has the largest number of nationalities are France (68 nationalities), Germany (42 nationalities), Ireland (26 nationalities), Italy (23 nationalities) and Czech Republic (22 nationalities).

Nationalities by Business Group

Business Group	Thermal Systems	Comfort and Driving Assistance Systems	Powertrain Systems	Visibility Systems
	62	62	49	48

3.4.9 Innovations in corporate social responsibility

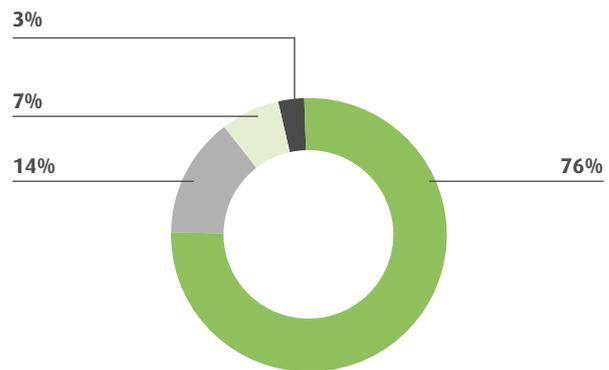
Plants initiatives

To keep an inventory of the CSR initiatives run by Valeo's various sites, the Group's Human Resources and Sustainable Development departments put in place an annual reporting tool in 2008.

The high degree of involvement by its sites shows Valeo's dedication to social, corporate-citizenship and environmental issues.

In 2011, 97% of sites implemented at least one social initiative; of this number, 7% implemented one or more social initiatives for the first time.

Social initiatives



- Percentage of sites that implemented one or more new social initiatives in 2011 and continued with initiatives implemented in 2010.
- Percentage of sites that did not implement any new social initiatives in 2011, but continued with initiatives implemented in 2010.
- Percentage of sites that implemented one or more social initiatives for the first time in 2011.
- Percentage of sites that did not implement any social initiatives in 2011.

The following table presents a non-exhaustive list of the many social initiatives that are in place at Valeo. Percentages indicate the proportion of sites involved in the initiatives.

Diversity/Disabilities	Leisure and culture ⁽¹⁾	Health and safety
Training in sign language (28%)	Subsidy or price reduction for some kind of physical activity (41%)	Vaccination campaign (72%)
Retaining of older workers (46%)	Opening of a book or video library (22%)	Hearing/eye tests (79%)
Measures promoting women in the workforce (63%)	Organization of excursions or trips (45%)	On-site doctor or nurse (70%)
Anti-discrimination campaigns (34%)	Financial support for employees to go on holiday (45%)	Illness screening campaign (35%)
Adaptation of workstations for disabled workers (41%)	Subsidies for cultural activities (46%)	Campaign against addictions (33%)
Refitting of premises for people with reduced mobility (37%)	Organization of picnics between colleagues (37%)	Participation in healthcare awareness week (40%)
Signing of subcontracting or services contracts with sheltered employment providers or ESATs (41%)	Celebration of national/religious holidays (44%)	Participation in safety awareness week (82%)
Partnerships with schools for the disabled (12%)	Celebration of father's/mother's days or birthdays (46%)	Private medical cover on offer to employees (80%)
Organization of "discover the Company" days for the disabled (5%)	Financial assistance for employees with young children (45%)	Life insurance offer (66%)
Participation in diversity promotion week (70%)		
Well-being at work	Training	Transportation
Free or partially-subsidized meals at staff canteen (79%)	First aid training (85%)	Home-work shuttle service (49%)
Garment-cleaning service (38%)	Training for the development of technical or managerial skills (95%)	Full or partial reimbursement of public transportation costs (50%)
Induction procedure for new entrants (98%)	Fire training (90%)	Full or partial reimbursement of petrol costs (43%)
Housing offer (24%)	Foreign language tuition (80%)	Reductions on Valeo products (43%)
Specific rooms allotted for coffee breaks (72%)	Assistance in mature learning and job retraining (54%)	Car-sharing program put in place (33%)
Installation of a day-care center (15%)	Apprenticeships, professional training contracts, internships or CIFRE industrial research agreements (85%)	
Implementation of caretaker service (17%)	Mentoring of new employees (44%)	
Organization of a "well-being at work" day (12%)		
Monitoring length of meetings (23%)		
Introduction of alternative medicine (14%)		
Warm-ups before starting work (17%)		
Training in relaxation and breathing (12%)		
Analysis of jobs and tasks (59%)		
Training in change management (62%)		
Office parties (24%)		
Challenge for "improving well-being at work" (13%)		
Organization of job-swap events (3%)		

(1) In France, activities organized by works councils are not taken into account in the above percentages.

Some examples of social initiatives:

- the Créteil plant (France) set up a partnership with an outside day-care organization. Employees' children can benefit from a place either close to the Company or close to home (if the organization has a day-care center located nearby). The 10 places assigned to the Company have been taken and five employees are on a waiting list;
- in September 2011, the Juarez plant (Mexico) ran a mobile clinic for one week to screen female employees for breast and cervical cancer. During this week, 68 breast scans and 36 pap smears were carried out by a team of local doctors;
- the Blois plant (France) held a "Well-being at work" day with the help of the dedicated Committee. During this day, Valeo offered its employees the chance to meet with occupational healthcare representatives, masseurs, nutritionists and reflexologists. Employees could join a session of relaxation, benefit from personalized nutritional advice, or have a massage.
A decision was also made at that day to reorganize the relaxation room. Walls were repainted, lighting optimized, sound insulation improved and ergonomic chairs installed;
- the Zbrak plant (Czech Republic) set up an ergonomics website available to all employees over the intranet. This gives a list of best practices for improving working conditions;
- the Wuxi plant (China) offered sign-language training to employees.

Corporate-citizenship initiatives

See section 3.5 on page 116.

Environmental initiatives

See section 3.3 on pages 82 and 90.

Well-being at work

Valeo has always been concerned about the health of its employees.

In 1980, shareholders adopted the name Valeo, a Latin word meaning: "I am well". Additionally in 1980, the newly reorganized Valeo Group enacted a rigorous safety policy and ensured that it would be applied in all countries and business lines as acquisitions came along.

Risk prevention methods, of which employees are aware and which form part of the 5 Axes deployment plans, lay

down the issues and steps to be followed if the occupational safety policy is to eradicate accidents and incidents from the workplace.

A worldwide safety initiative

Since 2004, all sites belonging to Valeo Group have been certified in the prevention of occupational accidents and apply a common methodology that is part of plants' continuous improvement plans.

This initiative, which is run jointly by Human Resources and the Health, Safety, Environment network, is based on regular employee training, immediate handling of all identified risks before an incident can occur, encouraging employees to pinpoint potential risks, and developing a safety mindset at all levels of the organization.

The applied methods are based on quality standards used within Valeo Group, such as "Safety QRQC" (Quick Response Quality Control, entailing an immediate response to an incident or a potential safety hazard) and "FTA" (Fault Tree Analysis).

Since 2007, in addition to preventive measures, an official ergonomics policy has been rolled out to sites worldwide and integrated into internal plant certification.

This initiative comprises online and face-to-face training on actions and postures and the working environment within the sphere of four sources of risk: standing, sitting, carrying and repetitive movements. In addition, a methodology has been developed with hospitals specializing in musculoskeletal disorders to spread awareness of and give all employees access to self-diagnosis tools, and to encourage correct postures.

In 2008, in addition to existing risk prevention measures, a "Play Safe" training module was instigated to enable employees to put into practice safety measures at home as well as in the workplace.

Inclusion of psychosocial factors in risk prevention

Since 2009, the Valeo Group's accident-prevention and employee-safety targets have included an initiative known as "Well-being at work", which emphasizes the prevention and handling of risks in terms of employees' psychological health.

These plans were enacted by Valeo Group's General Management amid a particularly tense economic climate in the global car industry and are based on the European agreement of 2004, the French national cross-industry

agreement of 2008 and the Code of Ethics in force within Valeo Group.

Steered by the Group's Executive Committee, the project was first rolled out to France in 2010 and is currently being deployed to operations worldwide.

For the Group, "Well-being at work" means a balanced state, both in the production of work and the interaction of private and working lives. The balance within the individual should be mental, psychological and physical.

A study on French plants

Since 2010, Valeo Group has shaped an agreement on "Well-being at work" in conjunction with five representative trade unions, creating a three-year initiative on a joint basis.

The agreement shares and officializes the definitions and challenges associated with wellness and risk prevention. Each Group plant in France has set up an active "Well-being at work" Committee to adapt and implement action plans at a local level.

The method used in France was structured around statistical analysis and research in the field.

A "Well-being at work" survey was sent to all 12,576 employees at the 37 plants in France. The high rate of participation (55%), rounded out with more than 400 individual interviews conducted by an independent consultancy firm, provided a clear diagnosis for each plant in terms of risk assessment and the identification of the ways in which individual perceptions could be improved.

The findings of this analysis were shared with representative trade unions and the workforce as a whole.

This disclosure was also accompanied by a video message addressed to all personnel.

In this 20-minute film, we see two employees talking about how they see their work. They then set themselves the challenge of convincing each other that work is, or is not, a source of well-being. Two-minute scenes show events affecting individuals and groups and how on-the-spot action can resolve situations successfully.

The five avenues for action are:

- a healthy work-life balance;
- career management and an understanding of one's place in an organization;
- workload and organization;
- physical surroundings;
- relations with colleagues and hierarchy.

A catalog of 63 actions listed by area of improvement in terms of "Well-being at work" was also given to all plants. Combined with each site's analysis, this can be used by each local well-being Committee to pinpoint and swiftly implement tangible action steps.

Initiatives are furthermore applied to sites uniformly. These cover training, communication, respect for Group values, and compliance with the Code of Ethics.

Actions are monitored by local committees and the resulting data is amalgamated on an annual basis at Group level in France.

A review is presented annually to the Executive Committee and the Group Committee. These reviews form the basis for agreement renegotiation and a new inspection every three years.

A global policy with local ramifications

Worldwide application of the "Well-being at work" program was launched at the Group Human Resources conference in December 2011.

This rollout is underpinned by an inventory of best practices in force and follows a methodology that has been tried and tested on French plants, namely inquiry, analysis and action.

The launch of this communicative action was accompanied by some remarkable local initiatives, adapted to local culture and expectations. These included:

- the construction of community health center attached to a plant in Poland, open to employees and their families;
- the creation of a solidarity caravan to equip a hospital in southern Tunisia, on the initiative of a Tunisian plant;
- the organization of sporting events and parties for employees and their families, by Chinese sites;
- the inclusion into production lines, right from the design stage, of ergonomic rules in order to make work easier and minimize strenuousness of working conditions, at a Mexican plant;
- the promotion of healthy eating at staff canteens.

The Group also added to and refined the management tools that it makes available to employees worldwide and which, since 2011, have included the following:

- a reminder of rules and a review of the Code of Ethics by employees and managers;
- an inclusion of behavioral performance on an equal footing with business performance at the time of annual appraisals;

- the addition, in the context of yearly interviews, of a component dedicated to gauging feelings about workload and work-life balance;
- an information feedback cycle concerning suspicions of harassment so they may be treated centrally, and a systematic unbiased inquiry can be carried out before any conclusions are drawn.

Valeo is convinced that "Well-being at work", which fulfills the expectations of its workforce as a whole, is an investment for the future, enabling the Group's performance in this area to stand out through the dedication of its employees.

Engineer and manager opinion poll

In mid-2011, to identify the areas in which commitments by employees need to be strengthened in the wake of the reorganization in 2010 and the crisis in 2008 and 2009, the Group conducted a global survey. All the Group's engineers and managers were asked to answer this survey, leading to a very high participation rate of 72%. Concerning the Group's leaders, this study was the second following an initial survey that was conducted in 2008. Findings showed a sharp upturn in confidence in the Group's strategy and prospects, leadership style and in-house communication. Concerning other survey participants, this first survey revealed positive results with respect to their working environment, relations with line managers, daily workflow, and the appropriateness of the Group's organization. Results also pointed to the need to improve in-house communication and scope for career development. Each Group entity pinpointed five main priority areas, issued detailed findings, and drew up an action plan for improving results.

Healthcare and personal risk coverage

In France, a working group was launched in 2011 to analyze the feasibility of harmonizing healthcare and personal-risk plans. These various companies acquired over time by the

Group already had such plans in place, but these had not been brought into line with existing Group arrangements at the time of acquisition. As the different socio-professional categories are covered by dedicated plans, the Group's 37 plants in France have a total of 89 different plans.

A preliminary study will form the basis of negotiations held with labor organizations throughout 2012 around two target plans. These are healthcare and personal risks covering the following major events: short-term disability, full permanent disability, temporary and/or partial disability, death, and accidental death.

Subcontracting

Valeo engages subcontractors to perform specific services at its sites, such as cleaning, maintenance, IT and administrative support, and security services.

Subcontracting expenditure amounted to 184.4 million euros in 2011, or 11.6% of Group payroll costs excluding social charges. In France, this amounted to 95.8 million euros, or 16.9% of payroll costs excluding social charges.

The Group ensures that its subsidiaries comply with principles of national labor law and fundamental international agreements from the International Labour Organization in their dealings with subcontractors and, in particular, that subcontractors and suppliers respect the provisions of the Valeo Code of Ethics concerning fundamental human rights.

Valeo requires all its suppliers around the world to adopt the commitments made by the Group to sustainable development. For this reason, in 2007, a "Supplier Quality Manual" was drafted and translated into 15 languages. Suppliers are required to abide by its provisions and agree to a possible audit by Valeo.

A table summarizing social indicators can be found in section 3.6.2 on pages 122 to 123.

3.5 Valeo's commitment to corporate-citizenship

Valeo is a responsible corporate citizen, as seen in its involvement in local communities, the sharing of its expertise, its support for those whose lives have been impacted by tragic events, or through the automotive industry's long-term

commitment to corporate-citizenship and, more generally, its participation in discussions on sustainable mobility and transportation issues.

3.5.1 Sharing of skills and expertise

Involvement with the European Commission and the research industry through the European Road Transport Research Advisory Council (ERTRAC) in Brussels

A forward-looking perspective is the foundation of the sustainability of Valeo's R&D activities. In this respect, the Group is an active member of the European Road Transport Research Advisory Council (ERTRAC). This pan-European body is responsible for steering and coordinating road-transportation research policy on behalf of the European Commission.

As a research platform, it comprises stakeholders from the world of transportation, including public and private research bodies, along with national and pan-European authorities.

ERTRAC brings together the European Association of Automotive Suppliers (which is known under the French acronym CLEPA); the European Professional Association of Operators of Toll Roads and Infrastructures (ASECAP); the Conservation of Clean Air and Water in Europe (CONCAWE, which was set up by oil companies to find solutions to environmental issues arising from their industry); the European Automotive Research Partners Association (EARPA); the European Council for Automotive R&D (EUCAR); Fraunhofer Institut the universities of Florence and Madrid; the KTH Royal Institute of Technology; the Research, Mobility and Transport, Enterprise and Industry, Environment, and Climate Action departments of the European Commission; the OECD's International Transport Forum; and ERA-NET transport.

Along with its fellow stakeholders, Valeo is pursuing several objectives within the context of ERTRAC:

- providing a strategic vision for the road transportation sector with respect to Research and Development;
- defining strategies and roadmaps to achieve the objectives of the Strategic Research Agenda (SRA) and monitor these roadmaps;

- stimulating and promoting European public and private investment in road transportation Research and Development;
- contributing to improving coordination between the European, national, regional and private Research and Development activities on road transportation;
- enhancing the networking and clustering of Europe's Research and Development capacity;
- promoting European commitment to research and technological development, ensuring that Europe remains an attractive region for researchers and enhancing the global competitiveness of transportation industries.

Valeo is heavily involved in this European R&D platform, fulfilling the role of Vice-Chairman for all tier-one automotive suppliers.

The research and other work carried out aim to forecast and make provision for changes in European road travel between now and 2050.

This includes research into mobility concepts for transportation and inter-modal systems. ERTRAC is working towards the implementation of infrastructure and systems that will allow for road transportation to be linked to other means of transportation (waterway, air and rail).

The road transportation industry, interlinked with other forms of transportation, provides mobility that is essential for millions of people and for goods transit in the European Union.

As such, given the important place of road transportation in Europe, transportation solutions that are sustainable and integrated must be developed in the near future.

The main goal of ERTRAC is to make road transportation sustainable over the long term and offer sustainable, environmentally-friendly solutions that will reduce its ecological impact.

International Transport Forum (ITF)

The International Transport Forum is an inter-governmental organization within the OECD whose key members are the transportation ministers of the 53 member countries.

The ITF was founded in Dublin in 2006 by EU transportation ministers pursuant to the Dublin Declaration. Given the rise in global trade, tourism and goods haulage, a decision was taken to open the Forum to other OECD member countries, several countries in Central and Eastern Europe, and members of ASEAN (Association of Southeast Asian Nations).

The purpose of the Research Center, of which Valeo is a permanent member alongside top-ranking executives of the largest industrial companies with connections to the transportation sector (including Nissan, Michelin, Venice Port Authority, the International Energy Agency and Cintra), is to offer advice on the ITF's general strategy and offer some interaction with the private sector, whose workings and methods they are well acquainted with.

Valeo is active in deliberations over the gradual decarbonization of road transportation. It offers its knowledge and expertise to ITF member countries in the context of the environmental protection programs put into place.

Plants initiatives

Every year, Valeo's plants all over the world run corporate-citizenship initiatives for the benefit of local communities.

This program was launched three years ago by the Sustainable Development Department in conjunction with Valeo's Human Resources Department to encourage the Group's sites to

The following table presents a non-exhaustive list of the numerous initiatives that are currently in progress at Valeo, with the percentage of participating sites:

Healthcare	Education	Social cohesion	Events
Giving blood (34%)	Donations of computer equipment to schools (20%)	Donations of toys (21%)	Road safety campaign (28%)
Financial gifts to healthcare bodies (13%)	Donations of furniture to schools (10%)	Partnerships with NGOs that help the disadvantaged (11%)	Organization of open days (17%)
	Book donations (9%)	Organization of clothing drives (23%)	
	Partnerships with schools (50%)	Organization of food drives (18%)	
	Financial support for schools (20%)	Provision of rooms to associations and the municipality (7%)	
		Sponsoring of sports teams (20%)	
		Support for associations (22%)	
		Donations for natural disasters (32%)	

take greater responsibility for issues concerning employee well-being and assistance to local communities.

During 2011, 92% of Valeo's sites implemented at least one corporate-citizenship initiative.

Corporate-citizenship initiatives



- Percentage of sites that implemented one or more new corporate-citizenship initiatives in 2011 and continued with initiatives implemented in 2010.
- Percentage of sites that did not implement any new corporate-citizenship initiatives in 2011, but continued with initiatives implemented in 2010.
- Percentage of sites that implemented one or more corporate-citizenship initiatives for the first time in 2011.
- Percentage of sites that did not implement any corporate-citizenship initiatives in 2011.

Here are some tangible examples of corporate-citizenship initiatives:

- the Bobigny plant (France) opened its door for half a day to enable around 30 young people to visit the Company, in conjunction with the Bobigny municipality.
 A "Bobigny meets Bobigny" meeting was held with a local TV channel to promote the town's image. The plant started participating in biannual municipal meetings to improve quality of life in the industrial area;
- the Warsaw plant (Poland) launched a campaign to encourage its employees to devote the equivalent of 1% of their tax bill to an association of their choice, with help from Valeo;

- the Angers plant (France) donated used kitchen utensils to the *Restos du Cœur*, a French association that gives free meals to the most needy in society;
- the Châtellerauld plant (France) welcomed young people with academic difficulties from a vocational high school. It also organized a one-day forum on the subject of the Right to Individual Training, in collaboration with training bodies;
- the Istanbul plant (Turkey) donated faulty parts returned by customers to technical colleges specialized in mechanics and electronics. It also gave obsolete training materials (e.g., pens, brushes and notebooks) to local schools;
- the Tychy plant (Poland) initiated a campaign to collect bottle tops. Once several tonnes have been collected, a wheelchair will be bought for a disabled person.

3.5.2 Donations

Donations campaign in the wake of Japanese tsunami in March 2011

Valeo and its employees were deeply saddened by the terrible earthquake and tsunami that hit Japan on March 11, 2011.

The country had to cope with the most powerful and devastating earthquake in its entire history.

Barely a few days after the disaster, Valeo launched a campaign to raise donations among all its employees worldwide to support children affected in the Iwate Prefecture.

This campaign gained momentum thanks to messages and encouragements published on the Group's internal networks which enabled Group employees to make donations via a dedicated website.

Valeo chose to support the NGO **KnK Japan** (*Kokkyo naki Kodomotachi*, which means Children Without Borders).

Valeo made an initial donation of 100,000 euros in May 2011.

Subsequently, the Group pledged that it would match every euro donated by employees. The donation campaign ran from April 26 to November 11, 2011.

Gifts received were used to fund several projects and initiatives:

- renovation of the waste water system at Rikuzentakata Daiichi school;
- renovation of the sports field belonging to Yamada Kita elementary school;
- financial support to pay for school transportation to allow pupils to sit school entrance exams;
- distribution of jackets and coats to children attending various schools;
- financial support for the work carried out by KnK Japan.

Valeo is proud of the solidarity shown by its employees and wants to participate actively in the reconstruction of infrastructure and help local people regain the standard of living that they had before the tsunami.

3.5.3 Valeo's sustainability commitment within the automotive industry

Automotive Industry Platform

In response to the economic crisis in 2009, which hit the automotive industry hard, the French government decided to organize an automotive industry round table on January 20, 2009, bringing together the industry's linchpins in France.

Following this meeting, a Code of Performance and best practices for customer-supplier relations in the automotive industry (*Code de performances et de bonnes pratiques relatif à la relation client-fournisseur au sein de la filière et de la construction automobile*) was signed by the French automakers' association (Comité des constructeurs français d'automobiles – CCFA) and the French Liaison Committee for Automotive Suppliers (Comité de liaison des industries fournisseurs de l'automobile – CLIFA) before the French finance minister and the state secretary in charge of manufacturing and consumer issues.

Among other measures, the Code made provision for permanent platform for liaison and dialogue between automakers and suppliers to prepare for the successful transformation of the automotive industry.

The Automotive Industry Platform was founded on April 28, 2009.

Valeo was part of the sustainable development working group, which led to the inception and signature of a common charter affirming the platform members' commitment to corporate social responsibility within the industry. The charter underscores the certainty of industry players that it will be impossible to tackle future challenges relating to sustainable development without mutual respect founded upon the values of responsibility and an even balance between all stakeholders.

Companies therefore pledge to respect fundamental human rights and provide respectable working conditions, offer healthcare coverage, look out for their safety of their employees and subcontractors, fight discrimination, promote freedom to associate, and recognize union rights.

They also acknowledge the need to implement a comprehensive environmental policy and integrate environmental quality into both products and production systems. The fight against corruption and respect for the rule of law also feature among the commitments.

The procurement policy of automotive suppliers is primordial for the application of responsible development principles. Though not to the detriment of policy efficiency, companies must place environmental and social criteria on the same level of importance as supplier selection, quality, delivery times and costs.

Companies that are part of the Automotive Industry Platform have adopted common assessment tools with the aim of reporting on the automotive industry as a whole. These tools will be gradually offered to associates to help in decision-making and initiatives.

Automotive suppliers' modernization fund – FMEA (2)

In response to the 2009 economic and automotive industry crisis, in February 2009 the French government, through the Strategic Investment Fund (SIF), made moves to support the entire automotive industry, where production had been hit hard.

It asked the country's two major automakers, Renault and Peugeot SA, to contribute 200 million euros to the fund. The SIF invested an identical sum, which brought the fund's balance to 600 million euros.

The **Automotive Suppliers' Modernization Fund (FMEA)**, was set up in February 2009 to take non-controlling equity or quasi-equity interests in automotive companies engaging in industrial projects creating value and fostering market competitiveness.

In February 2010, a second fund named the **FMEA (2)** was set up to support second- or lower-tier automotive suppliers, deemed to be strategic for the automotive industry and with potential to contribute to the consolidation of the sector as a whole.

Subscribers were tier-one automotive suppliers, including Valeo, Bosch, Faurecia, Hutchinson and Plastic Omnium, together with the SIF and the FMEA.

The fund's assets stand at 50 million euros, contributed in equal measures by automotive suppliers, following on from the initial budget granted by the FMEA.

For Valeo, this initiative represented a huge step forward in support of automotive subcontractors in France. The main task of the FMEA (2) is to provide financial support to automotive subcontractors encountering funding or cash-flow problems by acquiring some of their equity. In this way, the fund gives these companies medium- and long-term visibility and avoids defaults on payments or even redundancies or closures of these small- and mid-sized companies, which depend heavily on orders from tier-one automakers and automotive suppliers. The FMEA (2) does not have plans to retain ownership stakes in these companies over the long term. Once finances and cash flow have been

restored to health, the FMEA will withdraw. This initiative has helped limit fractures in the industry supply chain.

Valeo thus works towards strengthening the sector and supporting its suppliers. The process has been beneficial for the automotive industry as a whole. In the event of bankruptcies, defaults on payments, or failures to produce the volumes ordered, the whole industry in France is adversely

affected. One should not ignore the fact that these automotive suppliers are commonly specialized in the production of precision parts that are vital for the rest of the industry to keep production flowing.

This initiative marks a new experience for Valeo in its support of the automotive industry from within.

3.6 Summary of Valeo's CSR performance

3.6.1 Summary of environmental performance

	2007	2008	2009	2010	2011
Total sales across all sites in reporting scope (gross, in millions of euros)	9,222	8,555	7,448	9,482	10,704
Number of sites in reporting scope	119	119	118	115	117
ISO 14001-certified sites (%)	94%	88%	89%	98%	98%
OHSAS 18001-certified sites (%)	74%	76%	81%	89%	93%
Total volume of water consumption (thousands of m ³)	3,377	3,106	2,343	2,402	2,300
Total volume of water consumption/sales (m ³ /€m)	367	368	315	253	215
Total energy consumption (GWh)	1,861	1,682	1,433	1,716	1,764
Total energy consumption/sales (MWh/€m)	202	199	192	181	165
Electricity (%)	64%	66%	67%	67%	69%
Gas (%)	32%	32%	30%	30%	29%
Fuel oil (%)	1%	2%	2%	2%	1%
Other energy sources (%)	0%	0%	1%	0%	1%
Consumption of chlorinated solvents (metric tons)	739	710	220	114	6
Consumption of chlorinated solvents/sales (kg/€m)	80	84	29.5	12	0.5
Consumption of heavy metals (metric tons)	131	96	37	25	24
Consumption of heavy metals/sales (kg/€m)	14	11	5	2.7	2.3
Consumption of CMR substances (metric tons)	406	474	188	134	110
Consumption of CMR substances/sales (kg/€m)	44	56	25	14.1	10.5
Consumption of packaging materials (metric tons)	72,065	63,839	47,160	60,072	64,656
Consumption of packaging materials/sales (kg/€m)	7,882	7,546	6,332	6,335	6,040
Proportion of plastic packaging (%)	10%	5%	6%	7%	7%
Proportion of cardboard packaging (%)	58%	64%	63%	63%	62%
Proportion of wood packaging (%)	31%	30%	30%	28%	30%
Proportion of other packaging materials (%)	2%	2%	1%	2%	1%
Consumption of recycled plastics (metric tons)	7,184	6,751	7,490	10,269	10,666
Volume of industrial effluents emissions (thousands of m ³)	918	809	642	684	580
Volume of industrial effluent emissions/sales (m ³ /€m)	103	96	86.3	72	54.2
Heavy metal content in effluents (kg)	242	142	278	563	155
Heavy metal content in effluents/sales (kg/€m)	0.03	0.02	0.04	0.06	0.01
Atmospheric VOC emissions (metric tons)	1,296	1,107	1,001	926	1,023
Atmospheric VOC emissions/sales (kg/€m)	141	132	134	98	96

	2007	2008	2009	2010	2011
Atmospheric TCE emissions (<i>metric tons</i>)	51	89	42	19	34
Atmospheric TCE emissions/sales (<i>kg/€m</i>)	6	10.5	5.6	2	3.2
Atmospheric lead emissions (<i>kg</i>)	173	137	11	1	3
Atmospheric lead emissions/sales (<i>g/€m</i>)	20	16.5	1.5	0.1	0.3
Direct greenhouse gas emissions (MtCO ₂ e) – gas and fuel	147,378	132,105	107,904	128,840	127,282
Direct greenhouse gas emissions/sales (MtCO ₂ e/€m)	15.98	15.44	14.49	13.58	11.9
Total waste generated (<i>metric tons</i>)	159,223	146,543	113,133	150,952	181,800
Total waste generated/sales (<i>metric tons/€m</i>)	17	17	15	16	17
Hazardous waste (<i>metric tons</i>)	20,485	21,195	15,579	19,732	21,019
Non-hazardous waste (<i>metric tons</i>)	138,738	125,347	97,554	131,220	160,781
Waste recovery rate (%)	74%	77%	82%	83%	83%
Number of fines and compensation awards	1	10	4	3	3
Amount of fines and compensation awards (<i>in thousands of euros</i>)	1	4.1	112.7	8	4
Provisions and guarantees for environmental risks (<i>in thousands of euros</i>)	4,289	1,386	2,358	2,571	1,623
Functional expenditure to mitigate environmental consequences of operations (<i>in thousands of euros</i>)	19,789	19,930	11,740	11,123	12,454
Capital expenditure excluding depollution costs to mitigate environmental consequences of operations (<i>in thousands of euros</i>)	3,552	4,898	2,080	1,796	5,260
Depollution costs (<i>in thousands of euros</i>)	1,427	1,217	1,358	710	704

In 2011, a new set of monitoring indicators were introduced in the process for reporting on waste, energy efficiency, biodiversity, environmental incidents and greenhouse gases (GHG). Findings for 2011 are presented in the following table:

	2011
Total waste exported (<i>kg</i>)	302,103
Waste exported/Total waste	0.17%
Impact of operations on water resources (<i>number of sites</i>)	7
Energy efficiency: expected gain (<i>kWh</i>)	39,693,219
Ozone-depleting substances (ODS) (<i>kg</i>)	25,186
Biodiversity: % sites in industrial areas	86%
Biodiversity: % sites in residential areas	15%
Biodiversity: % sites near protected areas	21%
Accidental spills (<i>number</i>)	3
Official complaints (<i>number</i>)	14
Complaints over noise pollution (<i>number</i>)	7
Home-to-work journeys (MtCO ₂ e)	77,884
Business travel (MtCO ₂ e)	32,509
Travel by Valeo vehicle fleet (MtCO ₂ e)	12,994

3.6.2 Summary of social performance

	2008	2009	2010	2011
Valeo Group headcount:				
Engineers and managers	11,468	10,834	11,375	13,611
Administrative staff, technicians and supervisors	8,243	7,433	7,637	10,910
Operators	29,898	28,789	31,767	35,268
Registered headcount	49,609	47,056	50,779	59,789
Temporary staff	1,531	5,054	7,151	8,211
Total headcount	51,140	52,110	57,930	68,000
Permanent staff	48,631	44,705	47,146	54,897
Total headcount outside France	36,220	36,492	43,490	53,133
Temporary staff	2,509	7,405	10,784	13,103
Number of interns		1,281	2,593	1,216
Number of apprentices		743	713	770
Number of international corporate volunteers		183	150	137
Number of new hires on permanent contracts				
Engineers and managers	1,724	713	1,470	3,631
Administrative staff, technicians and supervisors	540	194	432	2,415
Operators	3,430	1,729	3,712	6,545
TOTAL	5,694	2,636	5,614	12,591
Number of new hires on fixed-term contracts				
Engineers and managers	131	73	123	220
Administrative staff, technicians and supervisors	93	65	68	609
Operators	1,616	3,746	4,871	5,376
TOTAL	1,840	3,884	5,062	6,205
Departures				
Contract terminations	4,167	3,806	2,058	2,010
o/w layoffs	2,238	2,619	733	196
Resignations	3,937	2,038	2,141	3,855
Early retirement	191	225	115	111
Retirement	417	285	247	288
Overtime	4,897,136 hours	4,393,339 hours	5,463,551 hours	7,647,515 hours
Number of part-time employees	1,204	1,036	1,072	1,120
Rate of absenteeism	2.71%	2.55%	2.35%	2.28%

	2008	2009	2010	2011
Diversity				
Number of disabled employees	756	716	768	824
Total value of subcontracting and service contracts with sheltered workshops and special employment centers <i>(in euros)</i>	1.4 million	1.5 million	1.4 million	2 million
Diversity (number of nationalities in Valeo Group's workforce)	92	91	96	96
Breakdown of women by socio-professional category (%)				
Engineers and managers	18.30%	18.50%	19%	19.90%
Administrative staff, technicians and supervisors	25.50%	24.60%	24.30%	26.00%
Operators	38.90%	38.10%	37.10%	38.30%
Number of collective bargaining agreements signed	267	315	269	211
Occupational accidents				
Number of lost-time occupational accidents per million hours worked, Group (FR1)	5.24	4.08	3.96	2.83
Number of occupational accidents, with or without lost time, per million hours worked, Group (FR2)	33.75	22.57	16.64	15.38
Number of days lost owing to an occupational accident per thousand hours worked, Group (severity rate)	0.13	0.1	0.08	0.07
Training				
% of training hours devoted to safety	14.60%	18.40%	16.40%	18.80%
% of employees attending at least one training session devoted to safety	48%	51.50%	59.60%	58.60%
Number of training hours provided	1,065,792	780,413	944,671	1,029,768
Expenditure on training <i>(in euros)</i>	25,223,395	20,180,632	25,231,511	21,251,589
Number of employees trained	40,730	36,285	41,317	44,298

3.7 Cross-reference table with sustainable development benchmarks

✓ : Full indicator

✓ : Partial indicator

GRI code	GRI indicator	Full/partial indicator	Relevant article of NER decree no. 2002-221	Chapter/section	Pages
Vision and strategy					
1.1	Statement of the most senior decision-maker of the organization	✓	-	3 – Introduction	54; 64-65
1.2	Description of key sustainable development impacts, risks and opportunities	✓	-	2.1.2 and 3.1	54-55; 66-67
Organizational profile					
2.1 to 2.6	Name of the organization, products and services, operational structure of the organization, headquarters, countries where the organization operates, ownership and legal form	✓	-	1.3.1, 1.3.2, 1.3.5, 1.4, 6.6.1, 7.1	17-20; 33; 34-49; 294; 306-308
2.7	Principal markets	✓	-	1.4	34-49
2.8	Scale of the organization	✓	-	1.3.2	19
2.9	Significant changes during the reporting period regarding size, structure, or ownership		-	N/A	
2.10	Awards received in the reporting period	✓	-	1.3.3	21-22
Report parameters					
3.1	Reporting period		-	01/01/2011-12/31/2011	
3.2	Date of most recent previous report		-	12/31/2010	
3.3	Reporting cycle		-	Annual	
3.4	Contact point		-	6.2.2	286
3.5	Process for defining report content		-	Through committees	
3.6	Boundary of the report		-	Group	
3.7	Specific limitations on the scope or boundary of the report		-	3.3.1 and 3.4.1	76-80; 93
3.8	Basis for reporting on subsidiaries, joint ventures and other entities that can significantly affect comparability from period to period and/or between organizations		-	3.3.1 and 3.4.1	80; 93
3.9	Data measurement techniques and the bases of calculations		-	3.3.1 and 3.4.1	76-80; 93
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement		-	N/A	
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report		-	N/A	
3.12	GRI concordance table		-	3.7	124-128
3.13	Policy and current practice with regard to seeking external assurance for the report		Article 148-3. 3°	N/A	

✓ : Full indicator

✓ : Partial indicator

GRI code	GRI indicator	Full/partial indicator	Relevant article of NER decree no. 2002-221	Chapter/section	Pages
Governance, commitments and engagement					
4.1	Governance structure of the organization	✓	-	4.1	130-142
4.2	Independence of the Chairman of the Board of Directors	✓	-	4.4.1	159-160
4.3	Number of Independent Directors	✓	-	4.4.1	131-142
4.4	Mechanisms for shareholders and employees to provide recommendations to Board members	✓	-	7.1.10	308
4.5	Linkage between compensation for executives and corporate officers and the organization's performance (including social and environmental performance)	✓	-	4.2.1	144-154
4.6	Processes in place to avoid conflicts of interest between corporate officers' functions with respect to the organization and their private interests	✓	-	4.1.2	142-143
4.7	Process for determining the composition of the Board of Directors and its Specialized Committees, and the qualifications and expertise of its members	✓	-	4.3.1 and 4.4.1	157; 159-166
4.8	Internally developed codes of conduct and principles relevant to the organization's economic, social and environmental performance	✓	-	1.3.4 and 4.4.2	24-25; 161
4.9	Procedures defined by the Board of Directors for overseeing the organization's identification and management of economic, social and corporate-citizenship performance	✓	-	4.4.2	161-166
4.10	Processes for evaluating the Board of Directors' own performance	✓	-	4.4.2	166
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	✓	-	4.4.6	171
4.13	Memberships in associations and/or national/international advocacy organizations	✓	-	3.5.3	116; 118-119
4.14	List of stakeholder groups engaged by the organization	✓	-	1.3.4	22-33
4.15	Basis for identification and selection of stakeholders with whom to engage	✓	-	1.3.4	22-33
4.16	Dialogues with different stakeholder groups	✓	-	1.3.4	22-33
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns	✓	-	1.3.4	22-33

✓ : Full indicator

✓ : Partial indicator

GRI code	GRI indicator	Full/partial indicator	Relevant article of NER decree no. 2002-221	Chapter/section	Pages
Economic					
EC1	Direct economic value generated and distributed by Valeo	✓	-	1.1	6-10
EC2	Financial implications and other risks and opportunities due to climate change	✓	-	3.3.3	121
EC3	Coverage of the organization's defined benefit plan obligations	✓	-	3.3.4 and 5.2.6 (Note 5.9.2)	98; 225-231
EC4	Financial assistance received from government	✓	-	5.2.3 and 5.2.6 (Note 4.4)	190; 212
EC6	Policy, practices and proportion of spending on locally-based suppliers at significant locations of operation	✓	-	1.3.4 and 3.4.9	25-26; 114
EC7	Procedures for local hiring and hiring of senior management at international sites from the local community	✓	-	1.3.4	22
EC8	Impact of infrastructure investments and services	✓	-	5.1.2	186-187
Environment					
EN1	Consumption of raw materials	✓	Article 148-3. 1°	3.3.2	83-85
EN2	Percentage of materials used that are recycled input materials	✓	Article 148-3. 1°	3.6.1	120
EN3	Direct energy consumption by primary energy source	✓	Article 148-3. 1°	3.3.2	83
EN4	Indirect energy consumption by primary source	✓	Article 148-3. 1°	3.3.3	91-92
EN5	Energy saved due to energy efficiency	✓	Article 148-3. 1°	3.3.3	82
EN6	Initiatives to provide energy-efficient or renewable energy-based products and services	✓	Article 148-3. 2°	3.2.3, 3.2.4 and 3.2.5	70-74
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	✓	Article 148-3. 2° and 5°	3.3.2	82; 90
EN8	Total water withdrawal	✓	Article 148-3. 1°	3.3.3	86
EN9	Water sources significantly affected by withdrawal of water	✓	-	3.3.3	86
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value	✓	-	3.3.2	89
EN12	Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	✓	-	3.3.3	89
EN14	Strategies, current actions and future plans for managing impacts on biodiversity	✓	Article 148-3. 2°	3.3.2	89
EN16	Total direct and indirect greenhouse gas emissions (MtCO ₂ e)	✓	Article 148-3. 1°	3.3.3	84; 91-92
EN17	Other relevant indirect greenhouse gas emissions (MtCO ₂ e)	✓	Article 148-3. 1°	3.3.3	91-92

✓ : Full indicator

✓ : Partial indicator

GRI code	GRI indicator	Full/partial indicator	Relevant article of NER decree no. 2002-221	Chapter/section	Pages
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	✓	Article 148-3. 2° and 5°	3.3.3	82; 90
EN19	Emissions of ozone-depleting substances	✓	Article 148-3. 1°	3.6.1	121
EN20	NOx, SOx, and other significant air emissions	✓	Article 148-3. 1°	3.6.1	120-121
EN21	Total water discharge	✓	Article 148-3. 1°	3.3.3	88; 120
EN22	Total weight of waste	✓	Article 148-3. 1°	3.3.3	87
EN23	Total number and volume of significant spills	✓	-	3.6.1	121
EN26	Initiatives to mitigate environmental impacts of products and services	✓	Article 148-3. 2°, 5° and 6°	3.2.3 and 3.2.4	70-74
EN27	Percentage of products sold and their packaging materials that are recycled or reused	✓	-	3.3.3	87
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	✓	Article 148-3. 8°	3.6.1	121
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	✓	-	3.3.3	90; 121
EN30	Total environmental protection expenditures and investments	✓	Article 148-3. 7°	2.1.2 and 3.6.1	121
Employment and labor practices					
LA1	Total workforce by employment type, employment contract and region	✓	Article 148-2. 1° and 2°	3.4.1 and 3.4.8	93; 106-107
LA2	Total number and rate of employee turnover	✓	Article 148-2. 1°	3.4.6	103-105
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees	✓	Article 148-2. 3°	3.4.4	97-98
LA4	Percentage of employees covered by collective bargaining agreements	✓	Article 148-2. 4°	3.4.5	99-101
LA7	Rates of injury, occupational diseases, absenteeism, lost days and number of work-related fatalities	✓	Article 148-2. 2° and 5°	3.4.3	95-97
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	✓	Article 148-2. 5°	3.4.9, 3.5.1	110-111; 116-117
LA10	Average hours of training per year per employee	✓	Article 148-2. 6°	3.4.6	102-103
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	✓	Article 148-2. 6°	3.4.6 and 3.4.8	101-103; 108-110

✓ : Full indicator

✓ : Partial indicator

GRI code	GRI indicator	Full/partial indicator	Relevant article of NER decree no. 2002-221	Chapter/section	Pages
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group and other indicators	✓	Article 148-2. 1°	4.1.1 and 3.4.8	106-107
LA14	Ratio of basic salary of women to men	✓	Article 148-2. 3°	3.4.8	106-107
Human rights					
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights	✓	Article 148-2. 9°	3.4.9	114
HR6	Prohibition of child labor Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor	✓	-	1.3.4	25
HR7	Abolition of forced and compulsory labor Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor	✓	-	1.3.4	25
Society					
SO1	Impacts of our actions on local and regional communities	✓	Article 148-2. 8° and 9°	3.4.9 and 3.5.1	110-112; 116-117
Product responsibility					
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement	✓		3.2.3 and 3.2.5	70-72



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