



Communication on Progress

 <p>THE GLOBAL COMPACT</p>  <p>COMMUNICATION ON PROGRESS</p>	<p>This is our Communication on Progress in implementing the principles of the United Nations Global Compact and supporting broader UN goals.</p> <p>We welcome feedback on its contents.</p>
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2014



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I. SOCIAL ACTIONS

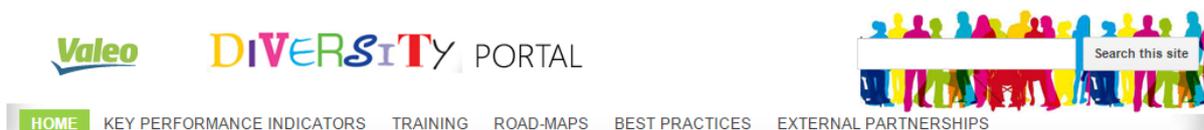
1.1 Promoting diversity and equal opportunities at work

Valeo is convinced of the importance and interest represented by broader diversity at all levels and in every profession of the company, not only as a question of social responsibility, but also a tool for improving performance, developing competences and promoting creativity and performance.

In 2012, a diversity committee, chaired by the Group HR Senior Vice-President, was established at the initiative of General Management. Four special committees (Gender, Disability, Social and Cultural, and Generational) were created, comprising employees from different countries and different functions, and led by four managers with diverse backgrounds, tasked with making suggestions for improvement.

In 2014, the work of the four special diversity committees gave managers a better understanding of the strategic importance of diversity. A number of measures to promote diversity were taken worldwide. The Group's diversity guidelines were defined and deployed. Each country now has a diversity component in its strategic medium-term human resources plan that applies Group strategy while adapting to the local culture. The new Recruitment Guide has integrated these guidelines to help those involved in the recruitment process and to factor in all forms of diversity right starting with the applicant search and selection process.

In early 2015, diversity committees were set up in each country and at different levels of operational management, with a designated diversity leader, generally the Human Resources Manager. A diversity portal available to all employees was developed and is now online.



Each diversity topic has the same site organization with 6 tabs:

- « Home »
- « Key Performance Indicators »
- « Training »
- « Road-maps »
- « Best Practices »
- « External Partnership »

1.2 Creation of a CSR working group

Valeo Group and the representatives of European employees signed in July 2012 an agreement about the Corporate Social Responsibility of Valeo. Social, societal, environmental commitments, written down in the agreement were extended worldwide through the adhesion of each legal entity leader of the Group.

Every year, the European Works Council, in charge of following the agreement's implementation, receives a European CSR review for Europe extracted from the worldwide CSR review. In 2013, a survey made by the European Works Council about the knowledge and the implementation of the CSR agreement in the European sites showed the need to make the agreement known and to make it their locally. That's why in 2014 Valeo set up a mixed committee in order to build a deployment plan on "CSR training, communication, sensibilization" and define the content.

1.3 Well Being at Work survey

Valeo conducted its third engagement survey among its engineers and managers, taken every two years, in late 2013, adding the well-being index that year.

Nurturing the well-being of employees means ensuring their long-term engagement.

In 2014, Valeo extended its well-being index to technicians, administrative staff and other workers. Measuring this index at each entity reveals specifically how employees feel about the four well-being factors: work-life balance, recognition, freedom in decision-making and support.

For France, the results were analyzed against the findings of the 2010 survey, confirming or identifying measures of perceived improvement since then.

For other countries where Valeo operates, this is the first time progress in perceived well-being has been measured since the program was put in place.

In France, survey participation rose considerably in all categories, with 72% participation for engineers and 53% for technicians, administrative staff and other workers. This came to an average of 60%, compared with 54% for the previous survey.

The 2010 survey showed high employee engagement, strong support for the project and balance through a feeling of appropriate recognition to compensate for day-to-day pressure. Areas for improvement focused on increasing independence and reducing pressure on results.

The new survey found that progress has been made:

- work-life balance has been enhanced and outstrips comparisons outside the Group. Stress and the feeling of independence (or freedom in decision-making) have also improved;
- support for employees in their work requires further progress in terms of developing tools, simplifying processes and offering guidance;
- new requests have emerged, such as more opportunities in career and skills development at all levels of the company to boost employee fulfillment.

The findings of this survey and the development of action plans with employee representatives in France will form the basis for dialogue between the representative trade unions and be used to align the collective agreement with employee needs.

These surveys were sent to all sites outside France in December 2014.

Survey results will be analyzed in 2015, and the most appropriate action plans defined in 2015 and 2016.

1.4 Continuation of the Top Employer certification for all Group host countries

Continuing its policy of excellence in Human Resources Management, Valeo is continuing its "Top Employer" certification policy in its various host countries.

The "Top Employer" label is awarded by the CRF Institute and recognizes excellence in company human resources management. The excellence of Valeo has been recognized on the basis of several criteria including HR performance related to remuneration, training and internal mobility.

For the first year, Valeo Group received the label "Global Top Employer"; Valeo is one of the only five companies to earn the Global Top Employer label, in addition to the 22 country certifications and 2 regional certifications for "Europe" and "Asia-Pacific".

In Europe, Valeo was certified "2015 Top Employer Europe" as a result of its 2014 human resources policy deployed in France, Germany, Hungary, Poland, Italy, Ireland, Romania, Turkey, Spain, the United Kingdom and for the first year in Netherlands and Russia.

In America, Valeo also received the "2015 Top Employer" certification for the majority of countries in which it operates: the United States, Mexico and Brazil.

In Asia, Valeo received the "2015 Top Employer Asia-Pacific" certification through its certification in China, Japan, India, South Korea and Thailand.

In Africa, Egypt and Tunisia received the certification "2015 Top Employer" for the first year.

1.5 Home-Working implementation in France

To meet the aspirations of certain categories of employees that wish to improve their work-life balance, Valeo has been promoting the implementation of a Worldwide Home-Working Charter since June 2014.

Technological developments now make it possible to consider new forms of work organization that combine flexibility and responsiveness, and so ensure real competitiveness for the company.

This charter is part of the Well Being at Work approach. The introduction of home-working for an employee, in agreement with the company, is a true mark of confidence, without which home-working cannot be considered. It is a recognition of the autonomy of the employee while remaining vigilant as regards maintaining social ties with other company employees. This new work organization also offers a range of possibilities in reducing stress, travelling costs and the prevention of road hazards. Finally, limiting travel reduces CO2 emissions, which is a major thrust of Valeo's strategy.

As an extension, Valeo is now working with its country HR directors so that this work organization can be proposed in the countries where Valeo is established, respecting local legislation and culture.

1.6 Harmonization of supplementary pension schemes in France

Following the signature of the CSR Group agreement signed in 2012, Valeo wanted to start a sustainable approach in order to ensure a fair social care for all its employees. Consequently, late 2013 Valeo signed an agreement regarding the harmonization of life insurance and invalidity care and healthcare costs for France. Continuing its sustainable approach, end of 2014 the Group signed an agreement for the harmonization of supplementary pension schemes regarding 14 000 French employees spread across 35 separate establishments.

The negotiation started from a double observation. On one hand a wide homogeneity of supplementary pension schemes in the Groupe; on the other hand a poor retirement level, especially for the employees with modest incomes.

The agreement was concluded with a large majority: 3 representative trade unions making up more than 70% of the employees. This agreement has allowed more than half of Valeo employees to improve their supplementary pension without over costs. Indeed payroll compensation has been set up to take over the possible extra costs.

Regarding the other small half of employees who didn't see improvement in their supplementary pension, still they were satisfied because they are now paying less charge so this is a gain in their purchasing power. Thus, it gives them the opportunity to invest these financial assets in the PERCO (collective pension savings plan) and benefit from the employer's contribution.

1.7 Renewal of the agreement on the set up of a Social Life Observatory in France

Representative trade unions and Valeo's Direction states that putting into practice social dialog is a social relationships balance factor within the Group and helps to develop it in a quality way.

Aware of the importance represented by social dialog within the Group, the Direction and three representative trade unions signed the 21st of June 2013 the first one year term agreement on the set up of a Social Life Observatory aiming to reinforce the practice.

Social Life Observatory is a French supra legal authority that allows three representatives by representative trade unions at the Group level to meet regularly the Direction about topics that could be matters of negotiations, and or topics under negotiations, and or topics that need to be unlighted by the Direction. This authority doesn't aim to substitute for personnel and trade union representatives authorities but only to fill an existing void in order to develop social dialog.

Thus in 2014 discussions led to the renewal of the agreement on the set up of a Social Life Observatory. This agreement signed last 28th of January has been concluded for an unlimited duration.

Main objectives of the agreement:

- continue the existence of this authority of dialog and reflection
- Renew trade union representatives' mandates for the Social Life Observatory
- Contribute to build trust relationship of trust based on true dialog.

1.8 Valeo sites, actors of Groups' labour related policies

Present in nearly 30 countries in the world, with 133 plants and more than 78.000 employees, Valeo implements in each plants of the Group labour-related policies of promotion of diversity, health and safety at work, well-being at the work place and formation, in accordance with local law and social dialogue.

Every year, each Valeo sites deploys improvement actions related to the plant's main challenges on HR issues. Thus, in 2014 Valeo's plant in Martos in Spain, with nearly 3000 people, mobilized its employees for specific events in order to promote women's employment, with an awareness day during the women's day, or by setting up a daily nursery center, in order to help women's employment and to promote a better work-life balance. In order to promote formation, an expert recognition event, a Valeo summer school and a R&D Convention for Engineers and Managers were organized in Martos. Finally, in order to pursue the Group's commitment and good results in terms of health and safety, the plant organized a dedicated week for on health and safety at work.

1.9 A continuous actualization and appropriation by the employees' of Valeo Ethics and Compliance programmes

The Valeo Code of Ethics, first introduced in 1997 then updated in 2005, is available to all employees and subcontractors in 17 languages. It is the primary reference for personnel education and awareness and forms the cornerstone of the Group's ethics and compliance policy. The latest update, from 2014, is issued worldwide in strict compliance with labour relations principles and regulations with a view to group-wide phase-in during 2015.

Furthermore, in 2014, to improve the access, understanding and commitment of personnel on ethics and compliance issues, a "Compliance Champion Team" was set up, under coordination by the ethics and compliance manager. The team is made up of 70 experienced managers respected by their peers and their teams for their knowledge in these matters within their networks and functions and in their countries.

These "compliance champions" keep their teams informed about the program, provide guidance on ethics and compliance issues and act as ambassadors for the program.

II. ENVIRONMENTAL ACTIONS

2.1 Valeo's initiatives addressing local communities

Valeo is also keen to play an exemplary role in the environment with regard to the communities within which it operates. Thus, many of its sites hold open days, usually during the sustainable development week organized at each site in June of each year. These events are an opportunity for Valeo to showcase its manufacturing processes, technologies and products, and to raise the awareness of visitors on the different environmental issues confronting the Group.

In 2014, several sites were singled out for distinctions awarded by local bodies. Examples include:

- the Quéretaro Visibility Systems site in Mexico for the second time received “clean industry” certification from the Federal Agency for Environmental Protection (PROFEPA), which rewards industrial sites that demonstrate rigorous control of their environmental management systems and maintain long-lasting ties with local communities;
- the Powertrain Systems site at San Luis Potosi in Mexico received a distinction from the National Forestry Commission (CONAFOR) for donating 200 endemic local trees for reforestation at the National Tree Day, which took place in San Luis Potosi in June 2014.

2.2 Improvement of the reporting of environmental indicators and verification

In 2014, the Valeo Risk Indicators tool was updated to further improve the reliability of site reporting. For example, each reporting module (water, energy, waste, etc.) now includes a warning that requires the respondent to provide a justification when the figures show too great a variation compared with the data reported for the previous year.

Also in the aim of improving the reliability of its reporting, the Group set up a training program for Brazilian, Chinese, Indian, Japanese, Mexican and South Korean sites in 2014. These training programs were delivered in local languages so as to ensure proper understanding of the reporting process and the definitions of the indicators.

Moreover, as in previous years, responses from all sites were consolidated and underwent an in-depth check by an external firm in order to ensure their quality. To ensure the highest possible reliability for the final indicator value, this verification included questions asked to sites reporting significant year-on-year changes in any item. In all, nearly 100,000 data items were processed and validated.

External audit imposed by the “Grenelle 2” regulation

Pursuant to Article 225 of the Grenelle 2 regulation dated July 12, 2010, Decree No. 2012-557 of April 24, 2012 on companies’ obligation of transparency in respect of social and environmental issues, and the Order of May 13, 2013 on audit missions by independent third-party bodies provide for the verification by an independent third party of information disclosed by French companies.

This assignment took place in three stages:

- the first stage involved a review of the reporting process: scope, definitions of indicators, methods of calculation, consolidation process and controls;
- in the second stage, site audits were performed to verify the proper implementation of reporting procedures and the pertinence of the information reported. This stage was rounded out by a review of consolidated information (review of the completeness and accuracy of the information);
- the third stage saw the independent verifier produce a synthesis of observations in the form of a limited assurance report including a statement of completeness and an opinion as to the accuracy of the information it contained in the management report in respect of 2014. This report appears in section 4.8, pages 226 to 228 of this chapter.

In 2014, six sites were audited, in France, China, Mexico and Turkey. The four sites audited in Poland, Thailand and China in 2013 underwent follow-up audits in 2014.

2.3 Mapping of the main environmental issues facing sites

The industrial activities of the Group’s sites differ in nature. Accordingly, the risks they pose to the environment vary as well. As part of its risk management policy, the RIE Department has mapped Valeo’s industrial activities and identified the major emissions and consumptions of the Business Groups and Valeo Service, with the aim of fine-tuning the environmental issues facing each site.

Industrial mapping

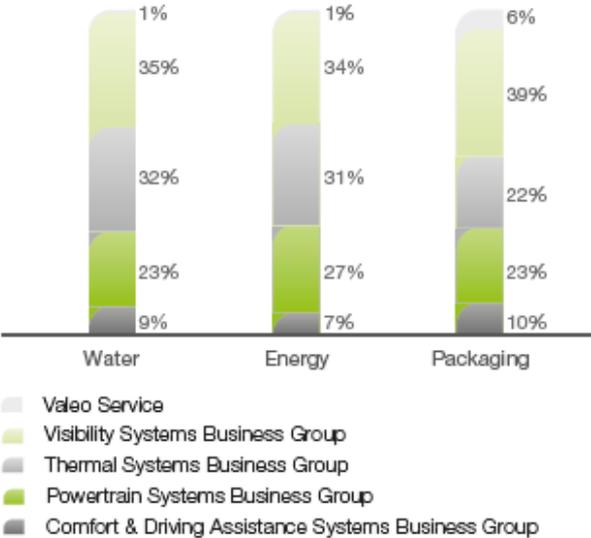
	Number of sites	Comfort & Driving Assistance Systems	Powertrain Systems	Thermal Systems	Visibility Systems	Valeo Service
Businesses	118	18	26	34	31	9
Assembly/installation	103	18	22	32	29	2
Processing	66	8	21	18	18	1
Injection molding	47	9	3	15	20	0
Heat treatment (ovens, furnaces)	65	8	20	18	19	0

Painting/varnishing	48	9	10	8	21	0
Welding	60	10	16	14	18	2
Use of vanishing (VOC-emitting) oils	22	2	3	14	3	0
Degreasing (surface cleaning)	46	4	14	16	12	0
Surface treatment (altering the surface properties of a part)	28	1	6	4	17	0

This table shows that the Powertrain Systems, Thermal Systems and Visibility Systems Business Groups house the Group’s most resource-intensive industrial activities, and also those most liable to generate emissions. The Thermal Systems and Visibility Systems Business Groups represent the majority of plastic injection molding operations. Thermal Systems (due to the use of vanishing oils emitting volatile organic compounds) and Visibility Systems (due to the use of paint and varnish) are by far the biggest emitters of VOCs⁽¹⁾ in the Group.

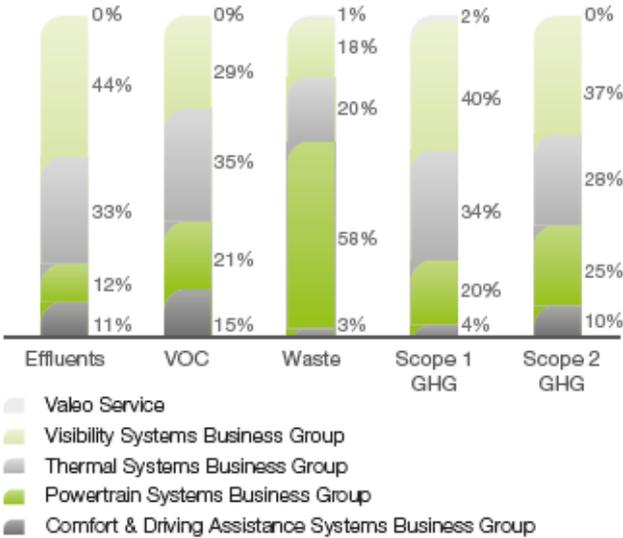
The following two charts show the breakdown of resource consumption and emissions of the Business Groups and Valeo Service, reflecting the analysis contained in industrial mapping.

Breakdown of resource consumption



This chart clearly shows that the Thermal Systems and Visibility Systems Business Groups account for two-thirds of the Group’s consumption of resources, confirming the low level of resource consumption of the Comfort & Driving Assistance Business Group and Valeo Service.

Breakdown of emissions



Similarly, Thermal Systems and Visibility Systems are the Group’s biggest emitters. However, the Powertrain Systems Business Group is by far the biggest producer of waste.

Key environmental issues for Valeo

The main environmental issues facing Valeo are shown in the table below, based on the Grenelle 2 themes.

“Grenelle 2” themes	Comfort & Driving Assistance Systems Business Group	Powertrain Systems Business Group	Thermal Systems Business Group	Visibility Systems Business Group	Valeo Service
Organization and policy	ISO 14001 ⁽¹⁾ , ISO 50001 ⁽¹⁾ and OHSAS 18001 ⁽¹⁾ certification Regulatory compliance				
Sustainable use of resources		Water and energy consumption	Water and energy consumption	Water and energy consumption Packaging consumption	Packaging consumption
Emissions and pollution	VOC emissions	VOC emissions Management of chlorinated solvents	Management of refrigerants		
Waste management		Production of waste			
Climate change		Indirect GHG emissions	Direct and indirect GHG emissions	Direct and indirect GHG emissions	GHG emissions related to the transportation of goods

2.4 Performance results in 2014 regarding 2013-2015 targets

Objectives	Unit	2015 target (base = 2012)	2012 results	2013 results	2014 results	2014 results (base = 2012)
Sustainable use of resources						
Water consumption	m ³ /€m	-10%	215	211	219	+1.9%
Energy consumption	MWh/€m	-10%	158	158	156	-1.3%
Packaging materials consumption	kg/€m	-7%	6.1	6.6	6.3	+3.3%
Production of waste						
Production of hazardous and non-hazardous waste	metric t/€m	-7%	17.0	17.0	17.1	+0.6%
Carbon emissions						
Direct and indirect greenhouse gas emissions (Scope 1 and Scope 2) ⁽¹⁾	metric t CO ₂ /€m	-10%	56.7	59.6	63.4	11.8%
Management systems						
ISO 14001 certification (environmental management)		100%	96%	94%	95%	-1 pt
OHSAS 18001 certification (occupational health and safety)	% of sites ⁽²⁾	100%	88%	88%	90%	+2 pts
ISO 50001 certification (energy management)	% of sites	10%	-	2%	5%	+5 pts

Valeo recorded a slight increase in water consumption in 2014 after having reduced it by 32% as a proportion of sales from 2010 to 2012.

Energy consumption as a proportion of sales has fallen by 1.3%.

Valeo carbon footprint is evaluated by comparing with the activity growth (total sales amount). Total direct and indirect emissions (Scope 1 and Scope 2) were up by nearly 10% compared with 2013. This is the result of the following key factors:

- Growth in the Group's business, particularly in Asia, where indirect emissions are very high, particularly compared with Europe. The power plants that provide energy to Valeo's sites in Asian countries are mainly fired by coal, which emits considerable volumes of greenhouse gases during combustion. By comparison, in France, the production of 1 kWh of electricity produces 61 grams of CO₂ equivalent, while in China it produces 764 grams of CO₂ equivalent. The Group's growth accordingly results in a proportionally larger increase in indirect emissions of greenhouse gases in Asia than it does elsewhere;
- Greater reliability in the reporting of GHG emissions. This has resulted in much more accurate reporting of greenhouse gas emissions, which will ultimately provide firmer foundations on which to reduce them.

The consumption of packaging materials was down 4.5% in 2014 compared with 2013. The production of hazardous and non-hazardous waste was stable.

In 2014, Valeo increased the number of ISO 14001 certified sites to 95% and the number of OHSAS 18001 certified sites to 90%. In addition, seven sites have already obtained ISO 50001 certification.

This year again, the calculation systems provided to sites under the program for increasing the reliability of VRI reporting brought about an improved understanding of what managers in charge of reporting are required to declare.

2014 indicator results are described in more detail in sections 4.3.4 to 4.3.7, pages 159 to 171. In addition, a summary table of environmental performance is available in section 4.7.1, page 223.

2.5 Sites' environmental initiatives

Ozone-depleting substances

Several sites have begun a process of phasing out ozone-depleting substances in favor of more environmentally friendly alternatives: Examples include:

- Akita, Japan (Comfort Systems & Driving Assistance): the site has eliminated HCFCs in the washing liquid and replaced the casing of a machine, thereby avoiding the volatilization of the product in the workshop. A washing liquid recovery system has also been installed at the machine's outlet to prevent loss and as such pollution during the drying phase;
- Rio Bravo, Mexico (Comfort Systems & Driving Assistance): the site has replaced R22 (HCFC whose purchase has been prohibited by the Group since January 1, 2015) by a refrigerant with no impact on the ozone layer.

Energy consumption

A total of 65 sites declared the start of new energy efficiency projects in 2014.

Several sites stand out by virtue of the number and variety of actions taken during the year. Examples include:

- Rakovnik, Czech Republic (Thermal Systems): the plant launched a campaign to detect air leaks throughout the plant, optimized the settings of its air conditioning system and installed a heat recovery system from cooling towers to heat its offices. For a total investment of 18,000 euros, the site expects to save 100,000 kWh in energy per year;
- Chennai, India (Visibility Systems): the plant undertook a comprehensive program to replace and optimize lighting (400 W bulbs replaced with 120 W bulbs coupled with automatic regulators), a program to substitute conventional engines with more efficient variable-speed engines using less energy, and a program to detect compressed air leaks. This major project involved an investment of 750,000 euros, and could potentially result in an annual gain of 460,000 kWh.
- Togliatti, Russia (Thermal Systems): the plant has installed a new and more reliable compressed air system, implemented a system to recover heat from plant testing rooms and replaced its conventional lighting system with LED lighting and an intelligent management system. The site sees its investment of more than 13,000 euros resulting in an energy saving of 60,000 kWh each year.

Sites are also investing in major thermal insulation building projects. They include the Redditch distribution center (Valeo Service, UK), which has invested approximately 480,000 euros to improve its roof insulation, and Bobigny (Visibility Systems, France), which spent more than 100,000 euros to replace the windows of an entire floor of the site.

Biodiversity

Many sites are active on the issue of biodiversity, particularly the sustainable development week held in June. Two measures merit particular note:

- recovery of electronic devices (cells/batteries, household appliances, used phones, etc.) for recycling: this ensures that the hazardous waste contained in these devices will be recycled by appropriate companies in a manner respectful of the environment. The US plants in Troy (Comfort Systems & Driving Assistance), Hudson and Greensburg (Thermal Systems), and the site in Breuilpont, France (Valeo Service activity) have been active in this effort;
- planting trees on the site or distributing seeds or seedlings to employees: this is common practice throughout the Group, with examples including the plants in Foshan, China (Visibility Systems) Chennai, India (Powertrain Systems), Chonburi, Thailand (Thermal Systems) and Itatiba, Brazil (Thermal Systems).

Transportation

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. The main environmental impacts of these logistics flows stem from the consumption of packaging materials and emissions of greenhouse gases attributable to the use of non-renewable fuels.

In 2014, Valeo pushed ahead with work based on the document “**Group Orientations for Transportation, Warehousing, Packaging of Material Procurement Flows**“. This document, approved by department heads, lays down Valeo’s requirements in terms of the organization of transportation, the positioning of external storage facilities owned by suppliers and in terms of packaging to facilitate just-in-time delivery. This formalization of Valeo’s requirements is a strong signal of its commitment to optimizing logistics costs, as well as to reducing its greenhouse gas emissions.

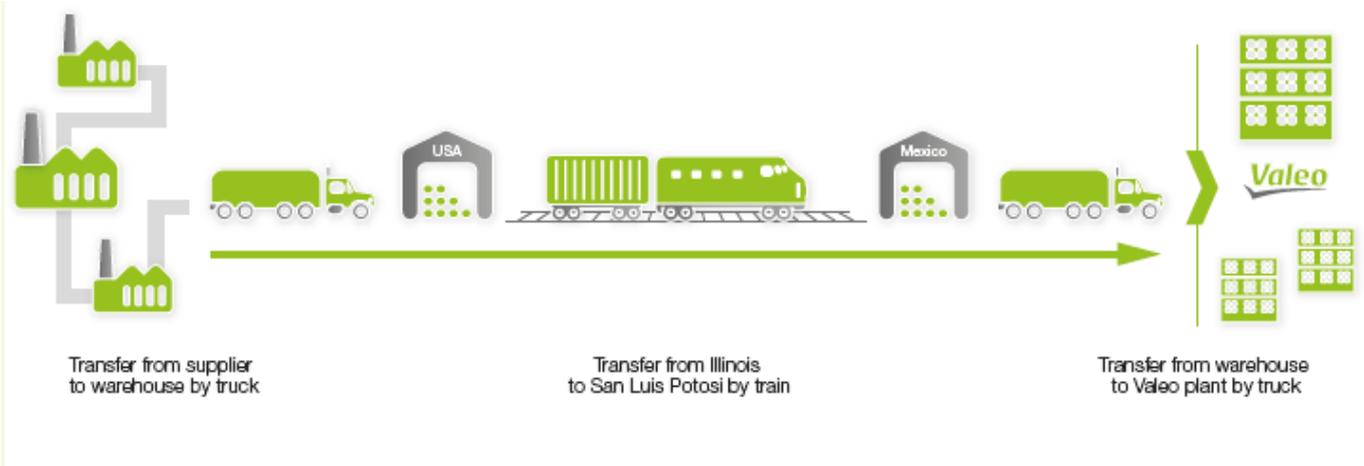
Case study

The work carried out in North America in 2014 illustrates the application of the guidelines laid down by the Group with the establishment of a sustainable strategy aimed at:

- reducing transportation-related CO₂ emissions;
- reducing costs;
- improving reliability in terms of delivery times.

To achieve these three objectives, Valeo now carries out all shipments from its North American suppliers located in the Chicago area:

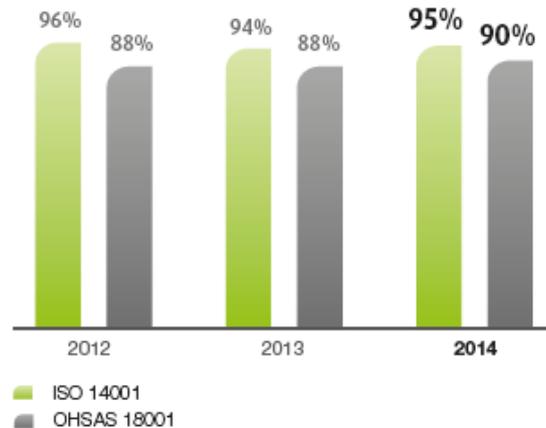
- Valeo collects parts from each supplier, using a single logistics provider. Trucks go to a single warehouse, where their content is transferred into sealed containers;
- these containers are then transported by train from Illinois in the United States to a customs warehouse in San Luis Potosi in Mexico, bypassing the mandatory stop at the border;
- after customs clearance, the containers are opened, and their contents are trucked to Valeo’s various sites in San Luis Potosi.



This process allows Valeo to improve the load factors of trucks by pooling transportation between suppliers, and to reduce its carbon footprint through the use of rail freight for most of the journey. It also gives it the certainty of getting its parts on time for production and delivery to clients.

2.6 ISO 14001, OHSAS 18001 and ISO 50001 certifications

Percentage of plants certified ISO 14001 and OHSAS 18001



In 2014, initial certifications were obtained by the following sites that recently joined the Valeo Group:

- Chonburi (Comfort & Driving Assistance Systems, Thailand): OHSAS 18001;
- Wuhu (Visibility Systems, China): ISO 14001 and OHSAS 18001;
- Gemlik (Powertrain Systems, Turkey): OHSAS 18001;
- Cordoba (Visibility Systems, Argentina): OHSAS 18001;
- Changwon (Thermal Systems, South Korea): OHSAS 18001;
- Jingzhou (Thermal Systems, China): ISO 14001 and OHSAS 18001.

The Group aims to bring new sites (acquired or created) into the certification process as quickly as possible. All new sites are required to obtain certification from the third year of their inclusion in the Group's scope.

ISO 50001 certification

In line with its objectives on improving environmental performance over the period 2013 to 2015, Valeo wishes to see 10% of its sites obtain ISO 50001 energy management certification by the end of 2015.

As of the end of 2014, seven Group sites had obtained ISO 50001 certification.

Two sites had already obtained certification in 2013:

- Martorelles (Thermal Systems, Spain);
- Wemding (Comfort & Driving Assistance Systems, Germany).

An additional five sites were certified in 2014:

- Bursa (Powertrain Systems, Turkey);
- Issoire (Visibility Systems, France);
- Martos (Visibility Systems, Spain);
- Reims (Thermal Systems, France);
- Rodach (Thermal Systems, Germany).

III. SOCIETAL ACTIONS

3.1 In line with the Global Compact principles: improvement in Valeo's extra-financial ratings

In the interests of transparency and openness towards its stakeholders, including shareholders and investors, Valeo's General Management presents the Group's main environmental results at the Annual Shareholders' Meeting. Valeo also regularly responds to requests bearing on its extra-financial performance from national and international bodies.

In 2014, the Group took part in the survey of the Carbon Disclosure Project (CDP), which assesses companies on the transparency of their communications in respect of climate impact. After scoring 76 out of 100 on transparency in 2013, Valeo scored 87 out of 100 on transparency in 2014, well above the sector average of 53. The Group's performance score was also above average, with a B rating.

Valeo's social, environmental & societal performance is also evaluated by international extra-financial rating agencies, such as RobecoSAM (Sustainable Asset Management), as part of the establishment of the Dow Jones Sustainability Indexes (DJSI). In 2014, this agency gave Valeo a score of 66 out of 100 on environmental issues in 2014, well above the sector average of 48.

The French Business Information Center (Centre Français d'Information sur les Entreprises – CFIE) analyzed the quality of social, environmental and societal performance information provided by 44 French companies. In 2014, Valeo preserved its third place in this ranking.

In October 2014, Sustainalytics, another leader in analysis and research on sustainable development, put Valeo in second place among the 62 companies it analyzed in the automotive suppliers sector.

The Group pays close attention to shifts in its ratings from one year to the next, with a view to achieving continuous improvement in its environmental reporting. Valeo takes onboard all the remarks made by these agencies, and will be pushing ahead with its efforts on transparency in 2015.

3.2 North American diversity programmes applied to suppliers

In the framework of specific North American diversity programmes (U.S. and Canada) as regards minorities, integration criteria for women and minorities in business ("Women Business Enterprises", WBE, and "Minority Business Enterprises", MBE) were added to the evaluation criteria for American and Canadian suppliers – with regard to both the process of qualifying suppliers and the selection and attribution committees involving entities located on North American soil. In 2014, Valeo developed sales with more than 50 suppliers that meet the above diversity criteria (WBE and / or MBE).

3.3 Continuation of the Corporate Social Responsibility (CSR) questionnaire to Valeo's main suppliers

In 2013, as part of its policy to strengthen the support of its suppliers throughout the supply chain, the Sustainable Development and Purchasing departments launched a questionnaire on corporate social responsibility (CSR) choices with a representative sample of suppliers as to their sales volume, totalling a total turnover of 750 million euros with Valeo.

In 2013, as part of the Group's policy to reinforce the support offered to its suppliers along the entire supply chain, the Sustainable Development & Public Affairs, Purchasing and Quality Departments ran a survey on Corporate Social Responsibility (CSR) choices, across a representative sample of suppliers, representing 750 million euros in sales with Valeo.

In 2014, this evaluation was extended to cover around 400 major suppliers, accounting for 44% of Valeo's production purchasing. The suppliers that responded to the survey represent a purchasing amount of more than a third of the total amount across the sample.

The survey results showed that, in addition to meeting Valeo's CSR requirements, three quarters of the respondent suppliers also have their own CSR policy based on a charter, a Code of conduct, best practices and a set of guidelines. A large majority of Valeo suppliers responding to the survey have initiated voluntary certification and labeling programs for their sustainable development policies¹, and more than three quarters have already been audited by a third-party on these criteria.

For two thirds of the survey respondents, commitment to sustainable development and CSR also involves communicating their own sustainable development and CSR standards to their pool of suppliers.

3.4 Involvement in writing the technology roadmaps within the ERTRAC automotive research platform for the European Commission

ERTRAC, the European Commission's official technology platform dedicated to collaborative research in the automotive industry in operation for more than ten years, is responsible for steering and coordinating road-transportation research policy with EU bodies.

With its industry-led governance, ERTRAC's main goal is to guide actors in transportation to sustainable, ecologically friendly and connected solutions building on research roadmaps endorsed by all stakeholders. This implies shared interaction in respect of both technology content and social choices.

ERTRAC is built around public and private organizations (national governments, city associations promoting mobility, the environment and consumers) and the competent European Commission directorates, industry (automakers, automotive suppliers), and public and private research bodies.

¹ For example, environmental management certification with ISO 14001 and health/safety certification with OHSAS 18001.

In 2014, Valeo contributed through ERTRAC to the formalization of the world's first multi-stakeholder roadmap on vehicle automation written by a technology platform, in accordance with the strategic R&D issues identified by the Group, thereby allowing the European automotive sector to take a stance on this issue.

The timeline for drafting this roadmap included the following steps within a working group of the same name:

- March 2014, approval of the theme by the European Commission;
- March 2014 to October 2014, drafting the joint roadmap;
- October 2014, publication by ERTRAC of the first joint roadmap for automakers, automotive suppliers, research suppliers, infrastructure providers, cities, users, member states and the Commission on Vehicle Automation.

The group's work and the roadmap on the topic will form the basis for the definition of calls for projects to be launched by the European Commission in 2016 (Horizon 2020 Framework Programme). The External Relations and Sustainable Development Department, in coordination with the Group's R&D Department, was responsible for the Group's contribution to this roadmap.

As part of the multi-year research plan for Horizon 2020 (Framework Programme No. 8, FP8²), ERTRAC continued to develop guidance on calls for projects on the following:

- internal combustion engines;
- road safety;
- global competitiveness;
- urban mobility;
- logistics;
- infrastructure;
- socioeconomic and behavioral research.

3.5 Involvement in local communities

Valeo's sites contribute to the economic and social fabric of the regions where the Group operates. Its sites have multiple impacts. They are consumers, employers, spending centers and local economic agents aiming to improve human capital and attract new businesses through transfers of competences.

Valeo has a policy of encouraging its sites to take responsibility and to support local initiatives around the world. Each site organizes local plant initiatives which reflect locally identified needs. With the assistance of the site Human Resources Departments, the site managers decide on actions that can be carried out to help the local population and employees. The Group suggests possible areas for study by sending out internal questionnaires and examples of best practice.

² *Framework Programs for Research and Technological Development, also called Framework Programs or abbreviated as FP, are funding programs set up by the European Union to back and encourage European research in order to promote European industrial competitiveness.*

Valeo contributing to local development

Valeo sites, promoting industry-awareness among the younger generations

In 2014, many Valeo sites all over the world, in countries of widely differing cultures, ran various initiatives supporting education for small children and awareness-raising of the industry for children and youngsters:

- at Foshan (China), support in 2014 took the form of finance or equipment donations to schools and other youth-oriented organizations, as well as employees' voluntary work on specific operations addressing children in need or disabled children;
- at Timisoara (Romania), the Valeo site was opened for a week to children from two local primary schools as part of the "Another type of school: learn more, be better" program;
- at L'Isle-d'Abeau (France), the Valeo site invited local schools enabling youngsters to find out what the site does, and the jobs people do there. The young visitors were even able to attend an induction training session normally taken by new recruits.

Valeo sites and employees involved in local community operations

In 2014, employees at over half of Valeo Group sites worldwide took part in volunteer operations to help local communities. These chiefly involved time spent on educational activities (see above) or as expert speakers at local seminars, schools and universities, as well as at technical training sessions. At over a third of Valeo sites worldwide, these volunteer activities took place during working hours. This kind of initiative forms a part of the local community involvement programs at many Valeo sites.

Valeo site donations to local cultural and educational activities

Each Valeo site determines its own donation policy, which depends on the specific local environment, its involvement in the fabric of the local economy and its own culture.

In general, donations for educational and cultural activities have developed at the Group's various sites worldwide. Employees at the Valeo's Shanghai site organized a donation of books for a municipal library, and of school equipment for two local primary schools.

Support for Valeo site employees and their families

Family assistance and leisure activities

Employees' benefits in kind impact the local economy. These benefits include financial assistance for holidays, sports and family leisure activities and for employees with children.

In Asia, where nearly one-third of all Valeo employees are located, close to half of the sites offer their employees financial assistance to fund leisure activities, sports and holidays. Similarly, close to two thirds of Valeo's European sites provide financial assistance for employees with children.

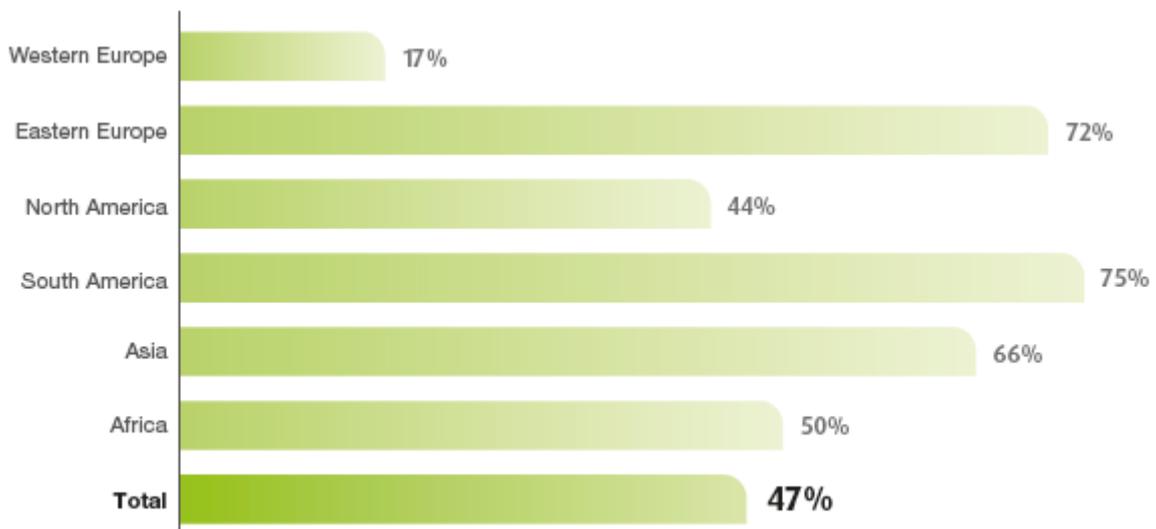
Many sites like Chennai in India, run special events for their employees' children, with features including presentations of the site's work along with artistic, cultural and leisure activities.

Solidarity fund for employees in financial difficulty

In line with Valeo's 5 Axes program, in which staff involvement serves as the basis for the Group's corporate culture, sites have developed solidarity initiatives between employees to take action in special situations (illness, disaster, death, etc.). In Central and Eastern Europe, more than half of the sites have set up special funds for employees faced with all types of difficulties. More than one-third of Valeo sites worldwide have done the same.

Valeo collective transport: contribution to travel expenses and employee safety while commuting

Many Valeo sites have introduced a shuttle system, to reduce the economic cost of employees' daily commute to the workplace and increase security (in particular to counter the risk of aggression suffered by women employees).

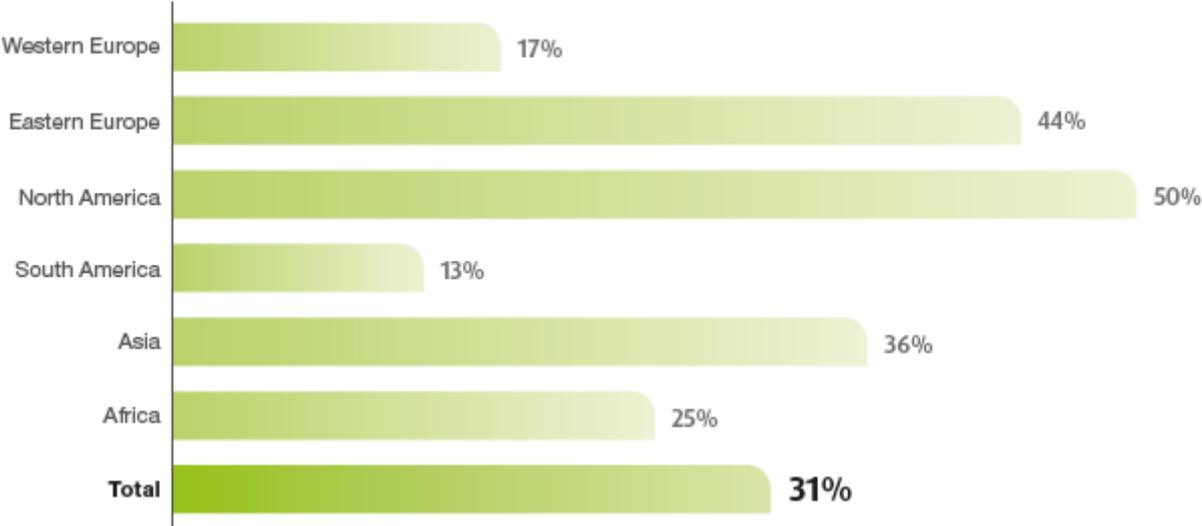


Valeo sites involved in dialog with local stakeholders

Open days at Valeo sites

To boost their local operations, a number of sites have held open days to present their activities, company details and products to members of local communities.

Proportion of sites that held an open day in 2014



Valeo site dialog with local authorities

In 2014, over half of Valeo sites worldwide were in talks on various projects with local authorities or other administrations. This was the case at close to three quarters of Valeo sites in Central and Eastern Europe, over half of Valeo sites in Western Europe and North America, and close to half of Valeo sites in Asia.