Valeo

Universal Registration Document 2025

DRIVING CHANGE TOGETHER

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

2025 UNIVERSAL REGISTRATION DOCUMENT

- **Integrated report**
- **Annual financial report**
- **Corporate governance report**
- **Sustainability report**

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

The French language version of this Universal Registration Document was filed on March 31, 2026 with the AMF as competent authority under Regulation (EU) 2017/1129, without prior approval pursuant to Article 9 of said regulation.

The Universal Registration Document may be used for the purposes of an offer of securities to the public or the admission of securities to trading on a regulated market if supplemented with a securities note and, if applicable, a summary and any amendments to the universal registration document. These items, taken together, are approved by the AMF in accordance with Regulation (EU) 2017/1129.

This Universal Registration Document is a free translation into English of the official version of the Universal Registration Document established in European Single Electronic Format (ESEF), filed with the AMF on March 31, 2026 and available on the AMF website www.amf-france.org/en. This translation is available on our website www.valeo.com.

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

From the vantage point of Group strategy, the report provides an overview of the mechanisms through which its financial and non-financial performance, governance and outlook within its ecosystem contribute to short-, medium- and long-term value creation. Valeo complies with the International Integrated Reporting Council's (IIRC) framework and applies all the recommendations in its Integrated Report. It addresses all of the Group's stakeholders, namely employees, customers, suppliers, the financial community, institutional and non-governmental organizations, and other local partners. The report covers the Group's financial, sales and non-financial performance for 2025, and its carbon neutrality contribution ambition. The Integrated Report is prepared by Valeo's Investor Relations Department and is the result of a collective effort to collect information and contributions from several departments. It is included in the Universal Registration Document and the standalone version is also available on the Valeo website **www.valeo.com.**

Our corporate purpose →

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

At the heart of today's environmental and social issues, future mobility must be greener, safer and more diverse. It must also contribute to the well-being and safety of citizens and consumers.
We will achieve our ambition thanks to our unique positioning and technological leadership in areas that are at the heart of the transformation of the automotive industry and sustainable mobility, across the globe.
This positioning and leadership are rooted in our expertise, innovations and operational excellence.
They are driven by our values and business culture, oriented toward serving our customers, employees, shareholders and the regions in which we operate.

"Valeo is prepared to meet today's challenges in the sector." "

Gilles Michel
Chairman of the Board of Directors

"At the end of the *Elevate 2028* plan, Valeo will be financially stronger and even better positioned to take advantage of the current transformation of our sector."

Christophe Périllat
Valeo's Chief Executive Officer

Joint interview

with the Chairman of the Board and the Chief Executive Officer

WHAT IS YOUR VISION OF THE CURRENT CONTEXT IN THE AUTOMOTIVE SECTOR AND VALEO'S POSITIONING IN RELATION TO IT?

Gilles Michel: The automotive industry is undergoing major changes. This transformation is due first and foremost to the scale of the technological changes that are profoundly altering the architecture and design of cars, but which come with great uncertainty as to the scale and speed of their implementation. Added to this are major geographical upheavals, with the considerably strengthening position of Chinese automakers and, more generally, of the Chinese automotive industry. Automotive manufacturers, like all equipment suppliers, are facing major challenges. In this context, Valeo's strategy is clear, focused on the vehicle of tomorrow, electrified, safer, software-defined, and present in all the world's Regions, as well as strong competitiveness, not only in terms of costs (and the Group was quick to embrace the cost-cutting imperatives of the current environment), but also in terms of lead times and agility. It is therefore well equipped to meet the challenges ahead, and to achieve its ambition of growth, profitability and leadership.

Christophe Périllat: The automotive industry is undergoing the biggest transformation in its history, marked by three simultaneous shocks: the end of structural growth in global automobile production, the major offensive by Chinese automakers, and the technological acceleration towards the safer, software-defined electric vehicle. For Valeo, this technological transformation is clearly an opportunity.

HOW WOULD YOU DESCRIBE VALEO'S PERFORMANCE IN 2025?

C. P.: In 2025, we continued Valeo's trajectory of profitability improvement, continuous since 2022. We achieved our financial targets, improved our operating margin and generated a record level of free cash flow before interest and restructuring costs. Our three Divisions POWER, BRAIN and LIGHT also booked solid orders around the world, particularly in China. Finally, we succeeded in reducing our R&D expenditure by 200 million euros compared with the previous year, and our SG&A costs by 100 million euros over two years, demonstrating increased operating efficiency.

G. M.: The Group met its financial targets in a difficult market, and generated record levels of free cash flow*, managing to turn what may have been a weakness into a real strength. This performance proves the solidity of the operational improvements underway. Valeo has demonstrated its ability to adapt and deliver concrete results where the market expects it to.
With *Elevate 2028*, the Group also presented its vision for the next three years.

The Board was closely involved in drawing up this plan, and is fully behind this ambitious and credible trajectory.
We are aware that investor confidence will be forged over the long term, by confirming the Group's ability to generate higher levels of profitability and cash flow, and by a return to sales growth.

WHAT ARE THE KEY ELEMENTS OF THE *Elevate 2028 PLAN*?

C. P.: *Elevate 2028* aims to mark a new milestone in the Group's financial improvement trajectory.
In 2028, Valeo expects sales between 22-24 billion euros, an operating margin of 6-7%, and free cash flow after interest of more than 500 million euros.
This ambition is based on three key engines: continued improvement in our gross margin, underway since 2022; increased cash generation thanks to the transformation of our business model to structurally generate more cash - which was visible as early as 2025; and a return to growth as early as 2027, driven by the gradual conversion into sales of our substantial backlog of orders booked since 2022.
At the end of this plan, Valeo will be financially stronger and even better positioned to take advantage of the current transformation of our sector.

ONE OF VALEO'S MAJOR CHALLENGES IS THE ACCELERATED DEPLOYMENT OF AI.

C. P.: AI should radically transform Valeo, improving the efficiency of our R&D being a top priority. With our AI4ALL program, we're boosting our productivity. Today, 100% of our software engineers use AI, and more than 35% of our certified code is generated with assistance.
We have reduced our software development cycles by up to 40%. More than half of our industrial sites are already using AI and data science to improve quality control, predictive maintenance and energy savings. AI is a major competitive lever, enabling us to innovate faster and at a lower cost.

G. M.: The Board's role in the face of a disruption as far-reaching as AI is to ensure that the Group organizes itself to identify its opportunities and challenges in good time, and adapts to disseminate its implications in depth within its organization, and even its culture. Today, we are confident that Valeo has fully grasped the stakes and has already found powerful levers for transforming its business offer and the performance of its organization. However, the speed and frequency of change in this field call for extreme agility, and the subject is set to become a long-term item on our Group's strategic agenda.

WHAT ARE THE GROUP'S PRIORITIES IN TERMS OF SUSTAINABLE DEVELOPMENT?

G. M.: For Valeo, ESG is not a compliance exercise, but an expression of our values. This is at the heart of the Group's culture, and there is perfect alignment between the Board of Directors and the Executive Committee around the ambition to be exemplary.

C. P.: Our technologies contribute directly to reducing greenhouse gas emissions and improving road safety. We promote "sustainability by design", often even going beyond regulations. Achieving a CDP "A" rating for both climate and water in 2025 is a source of immense pride, validating our excellence in this area.

WHAT ARE THE GROUP'S OBJECTIVES AND PRIORITIES FOR 2026?

G. M.: In 2026, it will be a matter of demonstrating that we are well and truly committed to the trajectory defined by the *Elevate 2028* plan. This is despite the continuing uncertainties in the automotive market and, clearly, in our economic environment. To achieve this, Valeo will continue to deploy all available operating levers with intensity, and to roll out its repositioning strategy, both in terms of businesses and geographical presence.

C. P.: I agree with Gilles: the priority is obviously the proper execution of the *Elevate 2028* plan. 2025 is a solid foundation for our plan, and we expect 2026 to be perfectly in line with the trajectory we have mapped out. We will achieve this by maintaining discipline on our prices and costs, reinforcing our industrial performance and continuing to reduce our R&D costs, without impacting our capacity for innovation. This is how we will build a stronger, more efficient Valeo.

** Before exceptional restructuring costs and interest.*

Valeo at a glance →

Valeo is an automotive supplier and long-term partner to automakers and new actors in the mobility market.

The Group is organized around three coherent and balanced Divisions, offering innovative solutions that are ever more closely aligned with market demand for cleaner, safer and smarter mobility. Valeo enjoys technological and industrial leadership in the key areas that are transforming mobility – electrification, advanced driver assistance systems, software-defined vehicles, user experience and lighting and wiper systems.

€20.9BN
in sales in 2025

- **83%** Original equipment market
- **10%** Aftermarket
- **7%** Other

149 plants

59 R&D sites

100,216 Employees

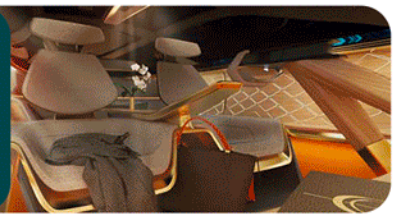
Valeo's shares are traded on the Euronext Paris stock exchange, with a free float of 90%. Its main shareholders are Sitam (Dassault family), Bpifrance Participations, Capital Group and Fonds Stratégique de Participations. 4.90% of the capital is held by employees.

Three Divisions

Valeo POWER
50% of sales(1)

A comprehensive range of powertrain and thermal management solutions for all engine types, contributing to more energy efficient mobility with applications in other industries.

Valeo BRAIN
24% of sales(1)



Solutions for the development of advanced driver assistance systems (ADAS), the move towards software-defined vehicles, and the optimization of the user experience.

Valeo LIGHT
26% of sales(1)

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

One activity

Valeo SERVICE

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

(1) % of total Group sales, including the cross-cutting Valeo Service activity.

Geographical footprint

The Group has a balanced geographical presence close to its customers' main business hubs, with a stronger presence in Asia and other high-potential regions.

NORTH AND SOUTH AMERICA

21% OF SALES[1]

€3.6bn in sales[1]
27 plants
7 R&D sites
17,220 employees

EUROPE (INCL. AFRICA)

50% OF SALES[1]

€8.6bn in sales[1]
63 plants
30 R&D sites
48,448 employees

ASIA (INCL. MIDDLE EAST & OCEANIA)

29% OF SALES[1]

€5bn in sales[1]
59 plants
22 R&D sites
34,548 employees

o/w China 14% of sales[1])
22 plants
10 R&D sites
17,192 employees

VOLVO · VOLKSWAGEN GROUP · TOYOTA · HONDA · SUZUKI · gm · Ford · BMW · Mercedes-Benz · HYUNDAI MOTOR GROUP · CHERY · GEELY · STELLANTIS · RENAULT · BYD · Great Wall · Li Xiang · NISSAN · Mahindra

(1) Original equipment sales.

Non-exhaustive list.

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OUR STRATEGIC POSITIONING

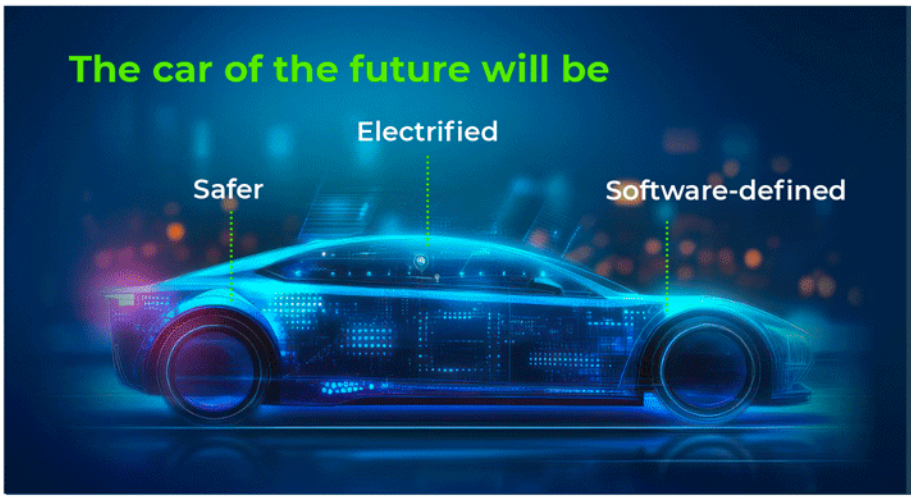
Addressing the challenges of mobility: an electrified, safer, software-defined car

Current modes of road transportation are creating major challenges for our societies in terms of CO_2 emissions and road safety.

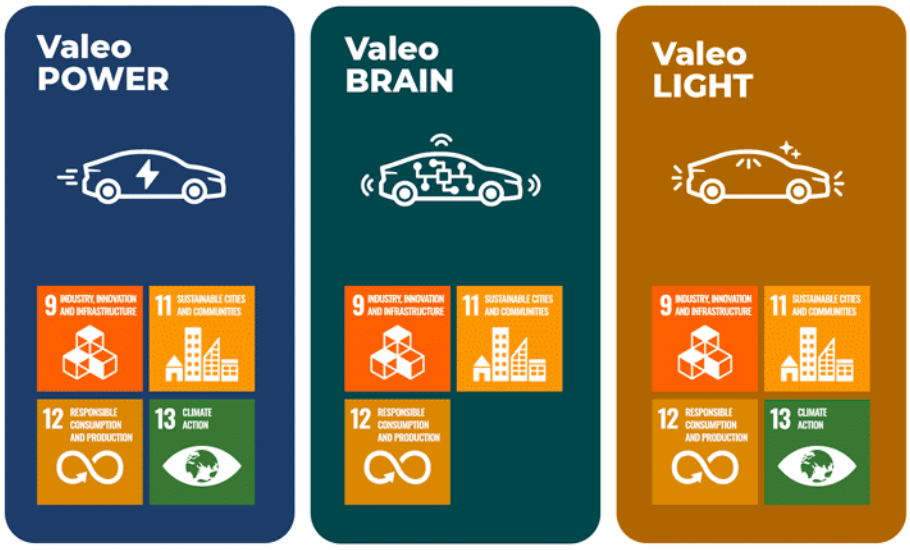
18%
OF CO_2 EMISSIONS

1.2 million
DEATHS PER YEAR WORLDWIDE

~50%
OF FATAL ROAD ACCIDENTS OCCUR AT NIGHT



This is the only way to decarbonize the automotive sector and improve road safety, especially at night.



By offering the best technologies in all the key areas required to meet these demands, Valeo and its three Divisions – POWER, BRAIN and LIGHT – contribute directly to several of the four UN Sustainable Development Goals shown opposite.

While the global automotive fleet is gradually going electric and is reducing its carbon footprint, numerous aftermarket opportunities are opening up for new replacement parts for hybrid and electric vehicles.

These developments call for the deployment of innovative new services to bolster mechanics' expertise in increasingly sophisticated technologies, such as electrification and driving aids.
The aftermarket also offers a response to the social responsibility challenge of improving circularity. Replacing end-of-life parts with similar quality refurbished parts, for example, not only optimizes materials use, but also enables us to offer products at lower cost.

Valeo SERVICE

Valeo Service supports aftermarket professionals through technological, digital and environmental transformations.

Beyond the automotive sector, the technologies developed by our three Divisions also provide solutions for **other industries.**

Beyond the automotive sector

THREE-WHEELERS AND URBAN QUADRICYCLES

TWO-WHEELERS

CHARGING STATIONS

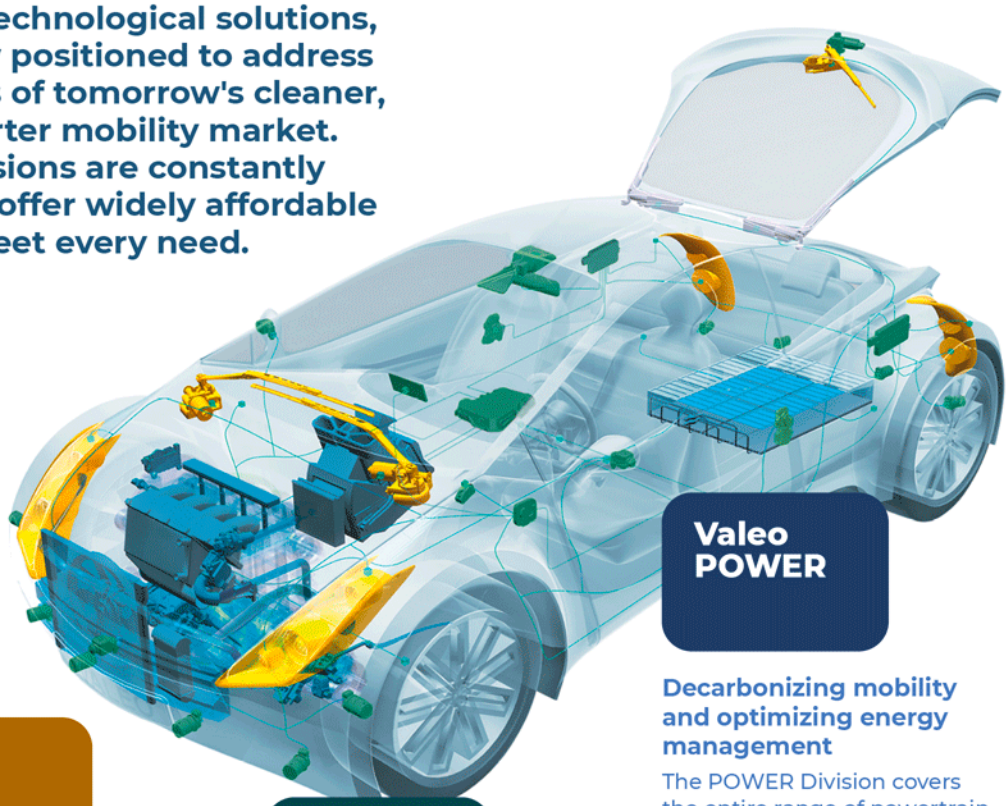
DEFENSE

AGRICULTURE

DATA CENTER COOLING SYSTEMS

A positioning built around key technologies

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



Product positioning

Valeo LIGHT

Optimal visibility to enhance safety, combined with greater design freedom for a more distinctive look, particularly in the development of electric vehicles.

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

→ innovative, intelligent exterior and interior lighting systems: headlamps and lights, intuitive interior lighting, etc.

→ windshield and rear window wiping systems and driving assistance sensor cleaning systems.

Valeo BRAIN

Developing a safer, more immersive driving experience

The BRAIN Division develops driving assistance systems and a reinvented interior experience:

→ sensors (cameras, LiDARs, etc.);

→ software and *hardware systems*, including high-performance computing units;

→ interior systems to monitor driver vigilance (interior camera) and improve the onboard experience (head-up display);
It is leading the software-defined vehicles revolution.

Valeo POWER

Decarbonizing mobility and optimizing energy management

The POWER Division covers the entire range of powertrain and thermal management solutions for conventional and electrified vehicles, including software-based energy management:

→ electrification solutions for hybrid and electric vehicles, from mild-hybrid 48V systems to high-voltage electrification systems (electric motors, inverters, on-board chargers, etc.);

→ automated and hybrid transmission systems;

→ battery thermal management, to maintain range and battery life and facilitate rapid charging;

→ cabin thermal management, including heat pumps and other high value-added equipment.

→ high-performance thermal management solutions for data centers.

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

~50%
of Valeo's business covers all engine types

Positioning as a technology integrator

These three Divisions have demonstrated the Group's ability to implement a comprehensive approach to developing and offering technological solutions aligned with market expectations in terms of performance and cost. A core focus of Valeo's strategy consists of developing partnerships with traditional mobility players and new entrants in the market, in order to expand its skill-base, share development costs and shorten new product time-to-market.

POWER

The acceleration of electrification relies on perfect synergy between propulsion and thermal management systems.
The aim is twofold: to maximize system autonomy and performance while guaranteeing optimum comfort.
Thanks to an integrated systems approach, the POWER Division offers a portfolio of cutting-edge technologies covering all conventional and electrified powertrains, from propulsion to thermal management, for all types of vehicle.
Building on its expertise, the POWER Division is now extending its energy management solutions beyond mobility, in particular to optimize the thermal performance of data centers.

BRAIN

Our role as a Tier 1 supplier is being reinvented to meet the needs of customers, who expect Valeo to become a master system integrator and architect.
BRAIN has fully embraced this evolution, not only building its own core competencies but also developing strong relations with important players within the tech ecosystem, such as Mobileye, Qualcomm, and Momenta.
The division is now able to offer the one-stop shop from design to solution validation that is already available on certain platforms for hardware and software architecture, or alternatively to segment its offering.

LIGHT

Valeo offers a complete range of cleaning systems for driver assistance sensors (ADAS).
By combining robust hardware with intelligent control, these cleaning systems guarantee optimum visibility for ADAS sensors, whatever the weather conditions.
This approach also contributes to the vehicle's overall efficiency by limiting fluid consumption, and meets strict pedestrian safety standards.
Keeping optics clean is essential to the reliable operation of advanced driver assistance systems and future autonomous driving functions.

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

2CRSi Strategic partnership with 2CRSi, a manufacturer of high-performance servers and storage solutions, to develop compact, self-contained cooling systems capable of guaranteeing optimum performance in decentralized environments, such as outdoor edge data centers installed near 5G antennas, where available space, energy consumption and environmental conditions represent major considerations. The partnership combines Valeo's expertise in high-performance heat exchangers, system integration and operation across a wide range of temperatures with 2CRSi's advanced know-how in server design and manufacture.

Qualcomm Expansion of the long-standing collaboration to accelerate the shift to SDVs by offering automakers worldwide new, scalable and safety-centric ADAS systems.

momenta Strategic partnership agreement to establish a comprehensive, long-term and global partnership to jointly develop advanced mid- to high-level Intelligent Assisted Driving and Autonomous Driving products, systems, and solutions, in China and overseas.

APPOTRONICS Strategic partnership to create new front lighting systems based on innovative laser video projection technology. These solutions will enhance vehicles' adaptive lighting functions (ADB), contributing to greater road safety. They also meet growing driver demand for lighting options that make driving less stressful and for entertainment functions.

TACTOTEK First milestone in the collaboration with TactoTek®, with a major contract awarded to Valeo by a premium global automaker. Valeo's lighting expertise and manufacturing capabilities have been combined with TactoTek's In-Mold Structural Electronics (IMSE®) technology in a program for the production at scale of intelligent, high-performance interior systems. IMSE® technology offers major advantages, including integration of the electronics directly into the finished part to create a thin, lightweight, energy efficient and highly durable structure, as well as reducing material use.

Growth focused on key geographies

As a key technology partner of the world's leading automakers, Valeo is present in 29 countries with a balanced geographical footprint: 50% in Europe (including Africa), 29% in Asia (including the Middle East and Oceania) and 21% in North and South America. As new dynamics redefine the global automotive market, Valeo will be expanding its market shares in key geographies with a particular focus on China, India, and North America.

INDIA

IDENTITY CARD

AROUND **€300m** OF SALES[1]

2028 GUIDANCE X 3 VS. 2024 SALES[2]

5 plants
4 R&D centers
5,992 employees
2,861 employees in R&D

In India, the market is undergoing a deep-seated transformation and Valeo is perfectly positioned to benefit from the increasing demand for advanced features and the electrification of vehicles.

- Front camera will be made compulsory from 2028
- 18% of vehicles will be hybrids by 2028

The Group expects its sales to triple from €220 million in 2024 to approximately €700 million in 2028.

January 2026 – Signature of a memorandum of understanding with Hero MotoCorp, the world's leading manufacturer of motorcycles and scooters, for the development of advanced driver assistance systems for two-wheelers.

Since 2023 – Cooperation with Mahindra & Mahindra (M&M), India's leading SUV manufacturer, for the supply by Valeo of the electric powertrain for a range from its "Born Electric" passenger car platform, as well as the onboard charger for its electric commercial vehicles.

NORTH AMERICA

IDENTITY CARD

19% OF GROUP SALES[1]

24 plants
7 R&D centers
15,257 employees
769 R&D employees

In North America, Valeo is benefiting from its strong position in a market which is accelerating in terms of technological innovation.

Thanks to its close relationships with customers and its recognized position as a key player in the tech company ecosystem. Valeo expects to see faster sales growth in North America than the average across the Group.

A technology leader in a market shaped by an increasingly fast pace of technological innovation

- Capitalizing on our strong positions in traditional technologies
  - No. 1 in torque converters
  - No. 1 in 48V systems
  - No. 1 in Lighting systems
  - No. 1 in Wiper systems
- Leading the ADAS and SDV revolutions

In April, Valeo was named by General Motors (GM) as Supplier of the Year in the Advanced Driver Assistance Systems (ADAS) category, marking the third consecutive year in which GM recognized Valeo for its ADAS innovations.

(1) Original equipment sales.
(2) Based on S&P Global Mobility automotive production estimates released on February 13, 2026.

CHINA

IDENTITY CARD

14%

OF GROUP SALES[1]

22 plants
10 R&D centers
17,192 employees
3,408 employees in R&D

Rebalancing our commercial positioning in 2025

54%
of sales[1] in China with Chinese manufacturers

63%
of order intake in China with Chinese manufacturers

Technological and strategic partnerships

POWER PANGOOD
BRAIN momenta
LIGHT APPOTRONICS

China is the "fitness center" for the automotive sector, the world's toughest market, where Valeo works to succeed there and globally.

Valeo leverages its significant footprint in that market to keep improving its market share vis-a-vis Chinese OEMs and foster local empowerment to support greater innovation, speed, and competitiveness. Thanks to these actions, a return to growth is expected in H2 2026 with the group gaining additional market share to outperform in a growing market by 2027[2].

SIGNIFICANT MARKETING SUCCESSES

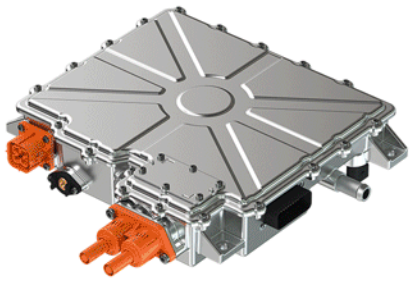
July – A leading Chinese new energy vehicle (NEV) manufacturer selects **Valeo's 5-in-1 power electronics module** for its electrified powertrains. To reduce development time and meet the increasing pace of customer and market demands, Valeo deployed a more flexible approach, based on a platform leveraging pre-developed technical bricks. This enabled the entire project to move from concept to mass production readiness in under a year, with production slated to begin in 2026.

July – Valeo was selected by a major Chinese OEM to equip its new models with a **cutting edge panoramic Head-Up Display**. With a functional live demonstrator developed in only six months and a start of production for this first customer expected in 2026, Valeo illustrates how the Group adapts to move faster from project to prototype to production.

September – Valeo awarded new contract to supply its innovative Dual Layer HVAC (Heating, Ventilation, and Air Conditioning) system to a leading Chinese automaker. With this latest contract, Valeo has now secured a total of 10 contracts with 5 different customers in China, representing an overall value of several hundred million euros.
The new project has already entered the detail design phase and serial production is expected to begin in 2026.

October – Valeo wins two major contracts to supply its **next-generation dual inverter** to two major Chinese automakers. Series production will start in 2026, with deployment planned on the two automakers' plug-in hybrids (PHEVs).

5-in-1 power electronics module



Dual-Flow HVAC System

(1) Original equipment sales.

(2) Based on S&P Global Mobility automotive production estimates released on February 13, 2026.

Innovation and artificial intelligence

Innovation to support greener, safer mobility and the climate transition

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

CO_2 emissions reduced or avoided thanks to our electrification technologies

Valeo POWER

Magnet-free electric motors

Smart heat pump

Recycled aluminum battery cooler with laser welding

Predict4Range dynamic energy management software

Road safety improvement thanks to our driving assistance and visibility technologies

Valeo BRAIN

Scala™ LiDAR 3

Driver monitoring camera

Valeo LIGHT

LED-illuminated grilles

Matrix and pixel lighting

CLOSE-UP →

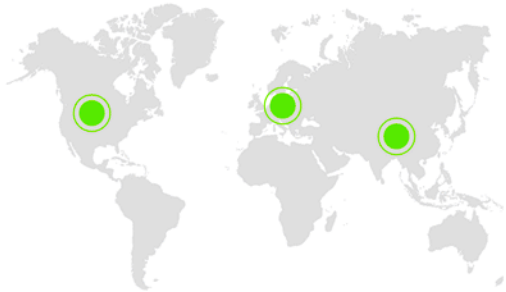
Collaborative solutions delivering efficient new technologies

Valeo is developing collaborative solutions through partnerships with universities and industrial and technology players mainly in the automotive, aerospace, electronics and energy sectors, to deliver robust innovations for the automotive market. These partnerships enable the Group to gain additional expertise and perspective, reduce development costs and accelerate time-to-market.
Valeo conducts numerous research projects all over the world.

R&D at Valeo

NORTH AMERICA
7 development centers

EUROPE (incl. Africa)
13 research centers
17 development centers



ASIA
(incl. Middle East & Oceania)
3 research centers
19 development centers

€2.46bn
GROSS R&D SPEND

17,000 people dedicated to R&D
31,300 active patents
59 R&D centers
1,419 new patents filed

AI, a game changer in the race to develop innovative solutions

At Valeo, using AI is part of a long-term strategy launched over 20 years ago. Over the years, the Group has developed neural networks and deep learning techniques to better understand the vehicle's environment and design safer, more autonomous mobility solutions. Today, AI is integrated in every stage of the process from research and development to product design and is widely used in the Group's plants, supported by **200 AI experts**. It has been embraced by all our governance bodies, led by the Board of Directors and the Executive Committee which review and share the AI strategy.

AI IS INCREASING THE PACE OF THE GROUP'S TRANSFORMATION WITH TOP PRIORITY GIVEN TO R&D

→ Today, **100% of the software engineers** at Valeo have been trained in generative AI and have been provided with these tools under a partnership with Google.
35% of our certified automotive code is already generated using AI, compared with 0% just two years ago.
→ The Group has deployed **generative AI** to considerably simplify the analysis of technical specifications. Valeo also works with Dassault Systèmes on the generative design of mechanical parts, and with Zuken on the generative design of printed circuits.
→ **Collaboration with AWS** reduces ECU software development times by over 40%, thanks to our Virtualized Hardware Lab, resulting in lower costs.

CLOSE-UP → Faster deployment of artificial intelligence helped by internal initiatives focused on practical innovations

At the start of its internal transformation in 2024, Valeo organized its first generative AI hackathon in partnership with Google Cloud and Artefact.
During the event, 16 teams took part in training sessions led by Artefact data scientists and Google Cloud experts, and some 120 Valeo employees used generative AI to transform original ideas into minimum viable products (MVPs).

Most of these ideas have become a reality.
For example, the hackathon was the starting point of Valeo's AI4ALL program, which has led to the deployment of 84 AI agents to improve productivity within the organization.

AI4ALL

CLOSE-UP → Valeo.ai

Valeo.ai was created in 2017 in recognition of the critical importance of AI.
It is the first global research center focused on AI applications for the automotive industry. The center works with the international scientific community. Today, Valeo has some **200 AI experts** and our research in this area is spearheaded by Valeo.ai. Our researchers regularly present papers at the world's leading conferences on perception AI.
But we do not use AI solely to improve the performance of our perception systems; we also use it to accelerate their development, training, and validation.

Valeo.ai's mission is to improve the reliability of advanced driver assistance systems (ADAS) in complex scenarios (adverse weather or abnormal road conditions). It focuses on sensor fusion, data learning and the development of reliable AI models, for safer, more efficient and more robust autonomous travel.

Example: in order to validate driver assistance software, we compare the software's perception of a scene with the actual scene, as described or labeled by a human brain. Some 1,000 people have worked on labeling the images from our data records.
AI enables images to be labeled automatically, saving precious time and money.

AI IS ALSO INTEGRATED INTO OUR MANUFACTURING PROCESSES AND FACTORIES

>50%

OF OUR PLANTS ALREADY USE AI

- **Automated quality control**
- **Predictive maintenance**
- **Energy savings**

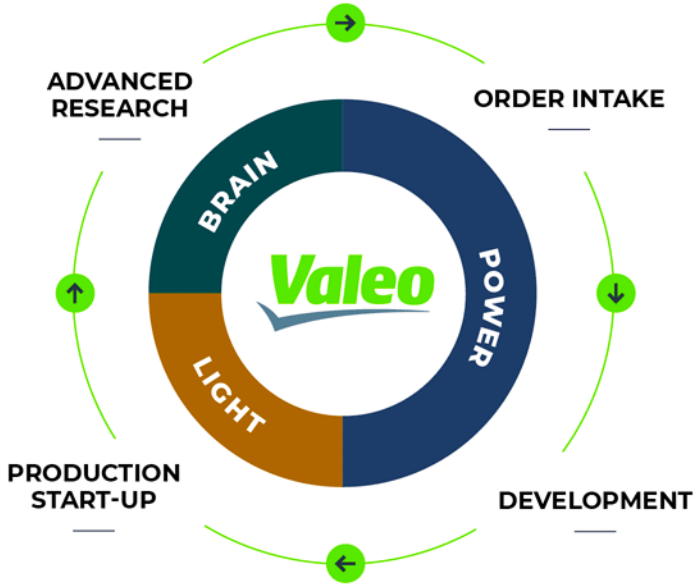
From R&D to production

Value chain positioning

Valeo is a Tier 1 automotive technology supplier that offers its automaker customers a wide array of electrical, electronic, thermal and other technologies and equipment, including application software. At the heart of the Group's business model lies a commitment to innovation, driven by its powerful Research and Development capabilities. Its cross-Division organization is a source of economies of scale.

SUPPLIERS

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



CUSTOMERS

ORIGINAL EQUIPMENT MARKET

Automakers and new entrants in the mobility market for the original equipment market: equipment assembly on production platforms

AFTERMARKET

Car dealerships and independent service center chains: equipment sales and repair and other services

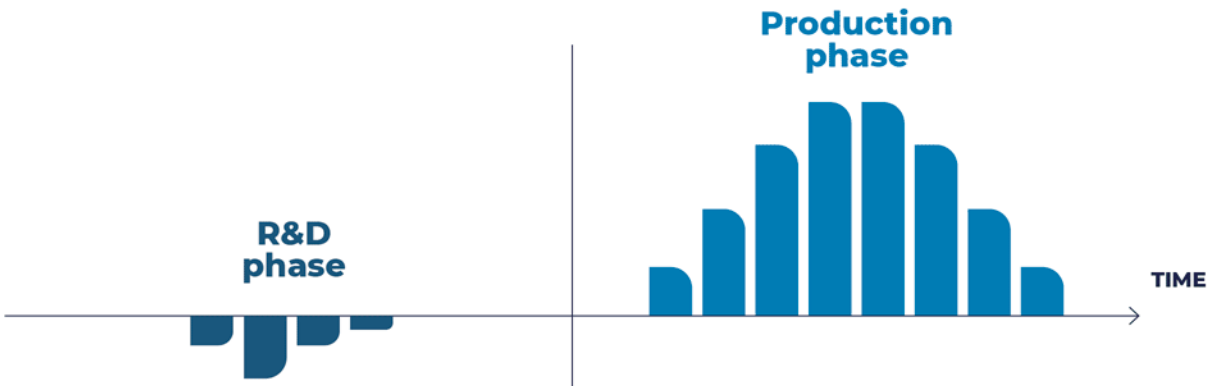
THE 5 AXES OPERATIONAL EXCELLENCE MODEL

Thanks to its 5 Axes operational excellence model, Valeo can meet and exceed the automotive industry's highest standards of quality.

Project life cycle

The life cycle of a typical project comprises two main phases: the Research and Development phase and the Production phase which extends through to the end of the project's life. Since 2022, contract profiles have been evolving.

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

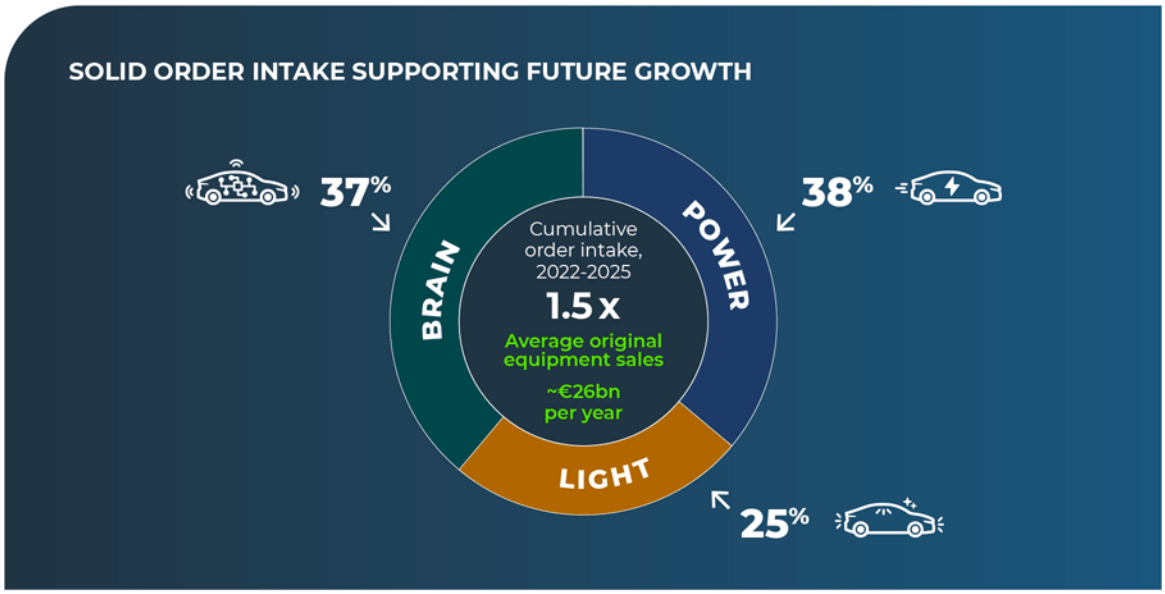


Reduced development time:

- Collaboration with AWS has reduced the development time for electronic control units (ECU) by around 40%.
- Turnkey ADAS systems with L2 and L2+ levels of autonomy are developed in China in just eight months.
- New headlamp development time in China has been reduced by two-thirds to just seven months.

Extension of the production phase until the end of the contract:

- Larger contracts;
- Multi-model (up to 40+ models);
- Slower production ramp-up;
- Positive impact on sales over a longer period.



km/h
Transmission
Electric
Engine
Battery
Management
System
Electric Cable
Battery Packs
THE
ELECTRIC
VIHICLE

22 Valeo POWER
24 Valeo BRAIN
28 Valeo LIGHT
30 Valeo SERVICE

OUR THREE DIVISIONS AND VALEO SERVICE, ALL ALIGNED WITH THE CHALLENGES OF MOBILITY

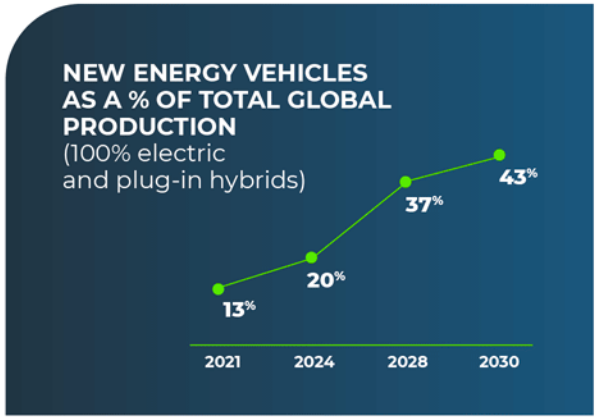
Valeo POWER

Electrified car: a core trend

While the electrification market is volatile and lacking short-term momentum, the underlying trend is one of growth, led by the flow of new products and technological advances in the various market segments (battery electric vehicles, plug-in hybrid vehicles, range-extended electric vehicles). As a result, the market share of New Energy Vehicles is growing steadily, from 20% in 2024 to an expected 37% in 2028 and 43% in 2030.

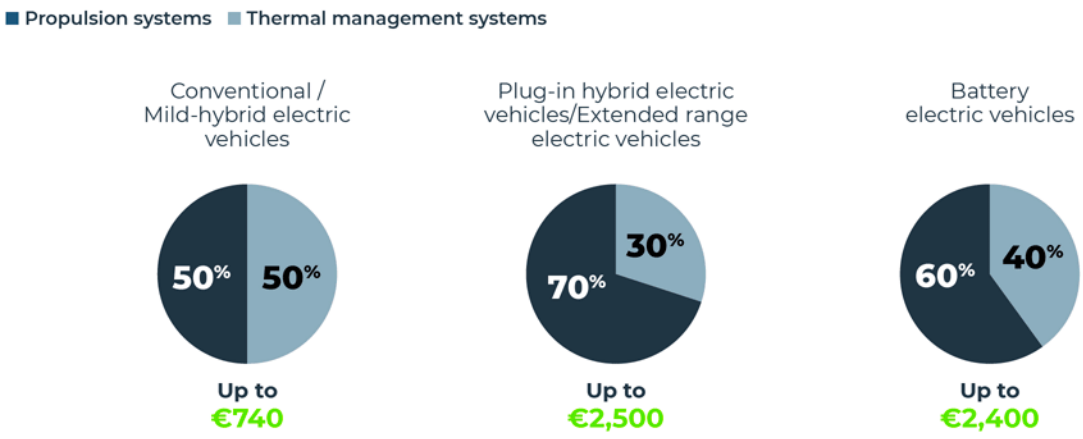
The Group is committed to leveraging its expertise in 48V and high voltage systems, in order to capture its share of the growing market and the diversification opportunities existing in light two-, three- and four-wheeled land mobility platforms, such as electric bicycles, tricycles and scooters, small city EVs and automated droids.

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



Development of the electrified car offers an opportunity to enhance the division's value contribution per vehicle, which is substantially higher for New Energy Vehicles (NEV) than for conventional internal combustion engine vehicles (ICE).

VALUE CONTRIBUTION PER VEHICLE BY TYPE OF POWERTRAIN*



Source : Valeo estimate

** Not including the additional value of battery assembly systems*

POWERTRAIN AND THERMAL MANAGEMENT SOLUTIONS FOR CONVENTIONAL AND ELECTRIFIED VEHICLES, INCLUDING **SOFTWARE-BASED ENERGY MANAGEMENT**

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

→ the powertrain: from low-voltage (LV) to high-voltage (HV) solutions, including electric motors, inverters, onboard chargers, DC/DC converters and transmission systems (clutches, shock absorbers, reducers, etc.)

→ thermal management systems, which enhance the energy efficiency of the various modules (battery thermal management, heat pump system with air-conditioning compressor, front panel and HVAC module, etc.), including software-based energy management.

As well as powertrain solutions for new forms of electric mobility, electric vehicle recharging solutions and thermal management solutions for data centers.

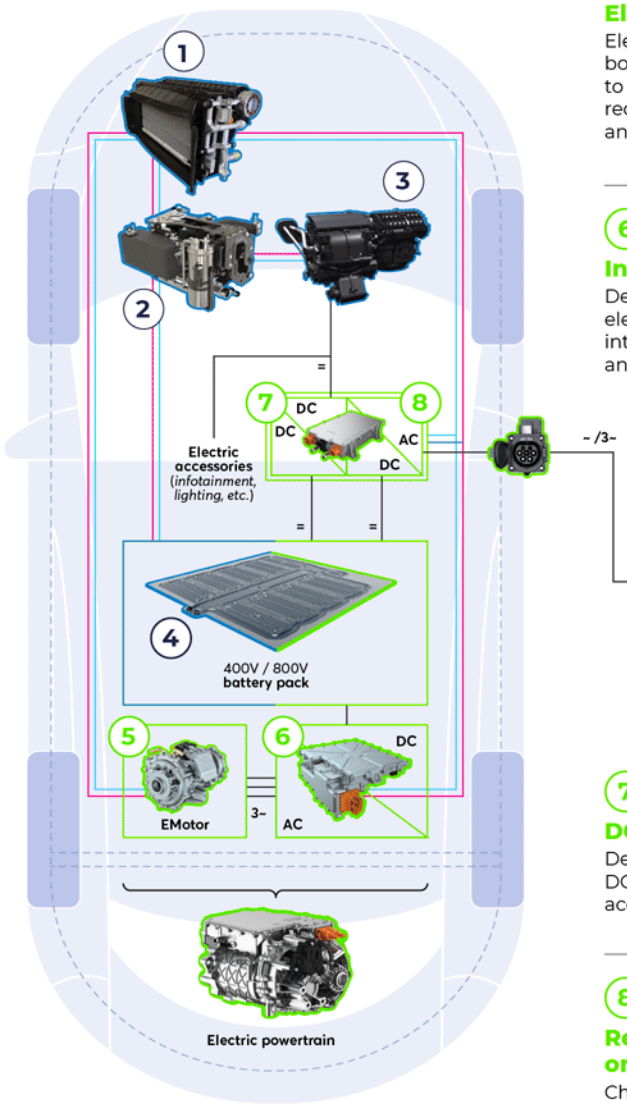
€10.5bn
in sales
4.2% operating margin
40,800 employees
93 plants
27 R&D sites

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

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

3 Silent heating, ventilation and air conditioning HVAC module
Regulates cabin temperature and ensures passenger comfort. Electric vehicle HVAC systems are quieter and more efficient.

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



Powertrain system
Thermal system
Electricity flows
Heating/cooling flows
DC or "=" direct current
AC or "~" alternating current
3~ three-phase power

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

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

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

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

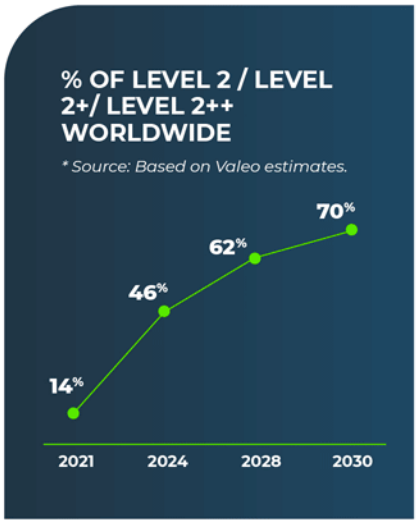
Valeo BRAIN

A safer and software-defined car

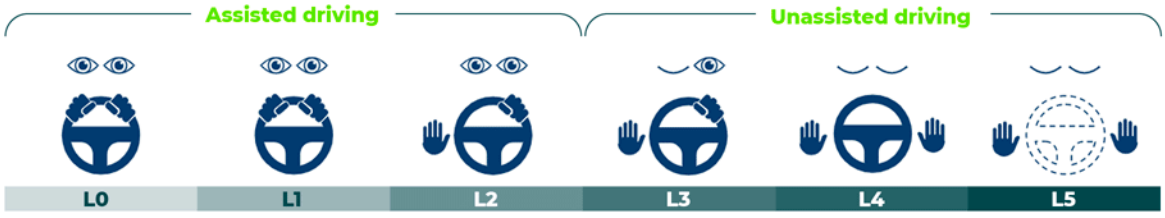
The rapid pace of growth in driver assistance technologies and solutions for transforming life on board is being supported by:

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

Today, nearly 50% of new vehicles are equipped with Level 2 or 2+ ADAS, a proportion that is growing rapidly year after year. By 2030, it is estimated that more than 70% of vehicles will come fitted with these advanced technologies.

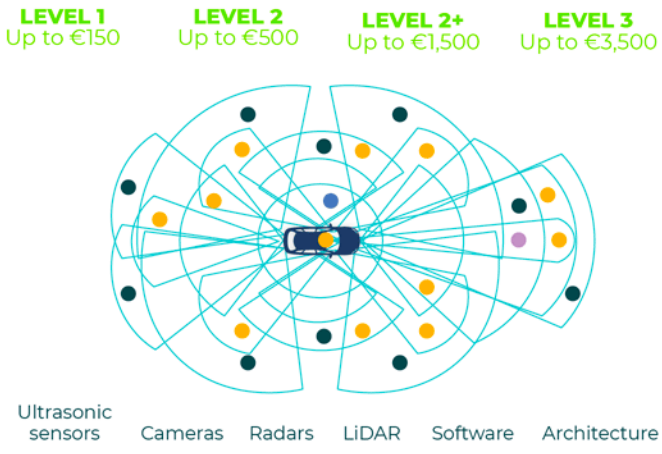


SAE(1) AUTOMATION LEVELS



(1) SAE: Society of Automotive Engineers.

Valeo is taking full advantage of the growing penetration of its driver assistance technologies by leveraging its broad portfolio of products, which include sensors, central processing units and AI-based software. Valeo has already supplied more than 2.2 billion units over the past 30 years and will produce another 1.5 billion over the next five years. Technological advances are also driving an exponential increase in the value contribution per vehicle, with the development of systems reaching autonomy levels 2, 2+ and 3.



INTERIOR EXPERIENCE

Growth in this business is being driven by increasing consumer demand for comfort and safety with intuitive interfaces (large screens and head-up display), and by regulations that have made driver monitoring systems mandatory in Europe since July 2024.

SAFETY **COMFORT**

Head-up display | **Vigilance monitoring** | **Connectivity & Telematics 5G** | **Interactive surfaces**

Software-defined vehicles at the center of these transformations

The SDV[1] – featuring driver assistance technologies and solutions to transform life on board – is at the center of these transformations. By offering greater personalization and constant upgradability, the software-defined vehicle adapts seamlessly to changes and evolving needs throughout its life cycle. The potential for innovation is immense, for an ever more immersive driving experience. As a major supplier in every layer of the SDV, from components to software to central control units, Valeo is positioned as a key driver of this revolution.

THREE KEY TAKEAWAYS

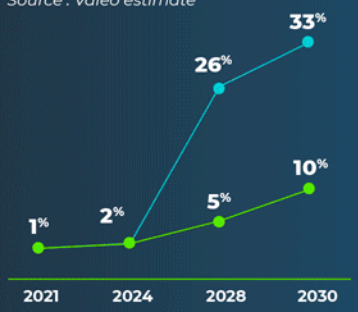
→ The SDV is an **evolving vehicle** offering the most accomplished user experience, which can be enhanced throughout its use.

→ The SDV radically transforms **the vehicle architecture**, by centralizing all software functions.

→ The SDV is driving a deep-rooted change in the automotive industry, by creating new business models and strengthening collaboration between stakeholders.

% ADOPTION OF DOMAIN CONTROLLERS
% ADOPTION OF ZONE CONTROLLERS

Source : Valeo estimate



The transition to these technologies is also being accompanied by an increase in the value contribution per vehicle.

LEGACY Up to €250 | **DOMAIN CONTROLLERS** Up to €650 | **ZONAL CONTROLLERS** Up to €2,000

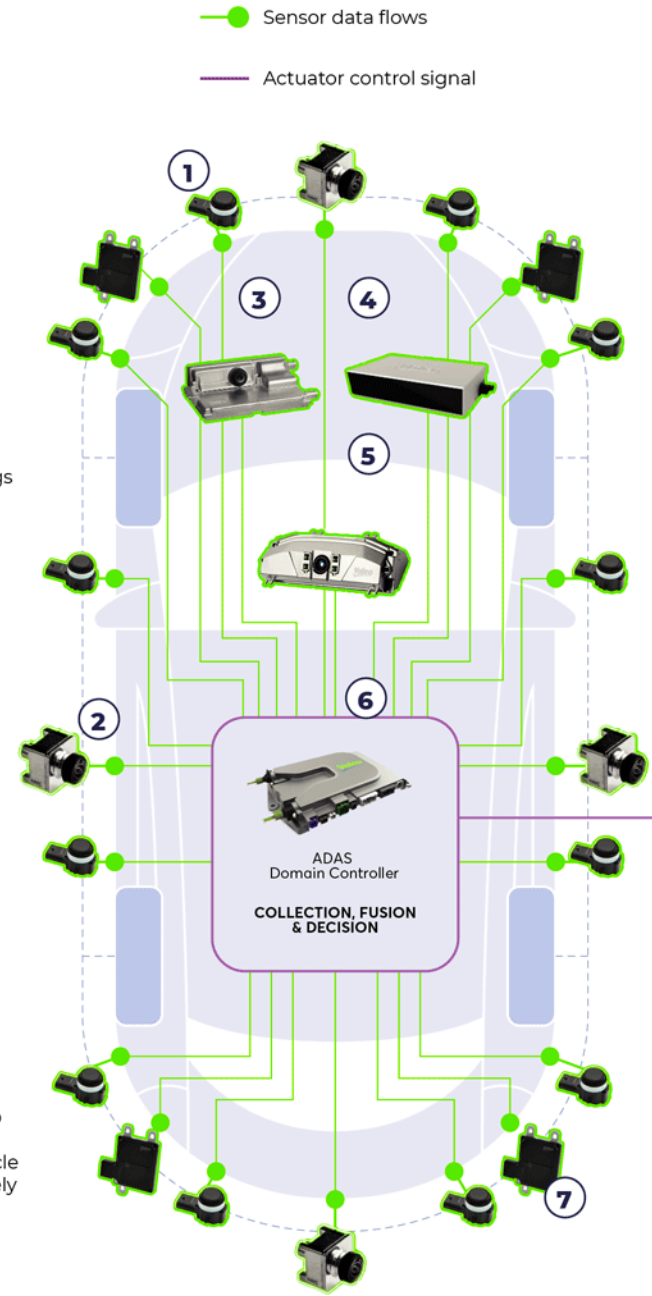
Distributed — Centralized

(1) Software-Defined Vehicle.

→ ADVANCED DRIVER ASSISTANCE SYSTEMS (ADAS), OPTIMIZED USER EXPERIENCE AND THE EVOLUTION OF VEHICLE ARCHITECTURE & SOFTWARE WITH SOFTWARE-DEFINED VEHICLE

€5bn
in sales
5.4% operating margin
18,450 employees
24 plants
23 R&D sites

A comprehensive portfolio of technologies covering:
→ sensors (ultrasonic sensors, cameras, thermal imaging systems, radars, LiDARs, etc.), computing units (multi-domain and centralized controllers, domain controllers, zone controllers) and driver assistance and vehicle automation software.
→ human-machine interfaces and driver monitoring systems



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

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

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

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

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

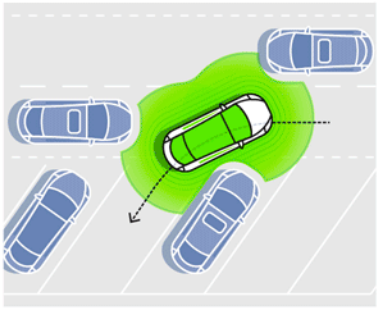
6
ADAS domain controller
Powerful ADAS processor providing high-speed data collection, sensor data fusion and real time decision-making.

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

Low-speed maneuvering & parking assistance

Ultrasonic sensor

Surround-view camera

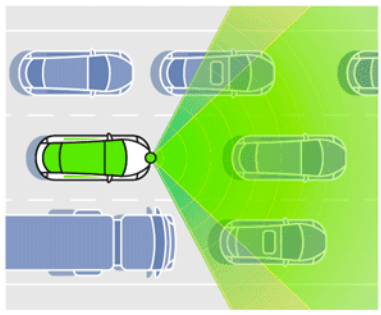


Valeo develops all parking assistance solutions, including sensors and functional software, from entry-level to fully automated systems. Autonomous parking applications, in which the system takes control of steering, accelerating and braking, requires a set of sensors that includes ultrasonic sensors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

High-speed driving assistance

Scala™ LiDAR 3

Front camera



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

CLOSE-UP → The software-defined vehicle

The vehicle of tomorrow is being developed under the emerging Software-Defined Vehicle concept.

In this new architecture, Valeo supplies:

- operating systems, application **software** and related services;
- **the HPC** (High Performance Computer), controlling vehicle driving strategies and ADAS;
- **zone controllers** to improve power management performance and substantially reduce the amount of wiring;
- **ADAS components:** such as ultrasonic sensors, visualization and driving cameras, radars and LiDARs.

VALEO'S COMPETITIVE ADVANTAGES

Reliable management of large contracts

One of the top 5 buyers of automotive electronic components

Expertise in thermal systems

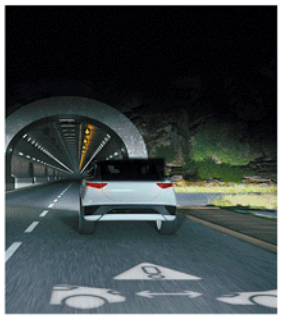
Credible software solutions

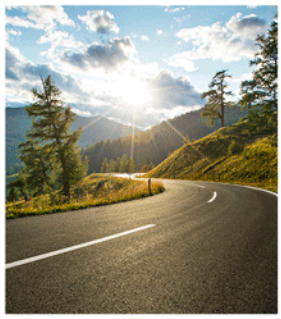
Valeo LIGHT

Vehicle lighting: a key factor in safety and distinctiveness

The lighting market is underpinned by robust drivers:

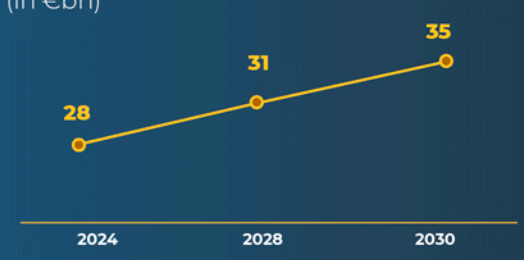
Style → Performance → Safety → Sustainability





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

GLOBAL LIGHTING AND WIPER SYSTEMS MARKET
(in €bn)



Source : Valeo estimate

AVERAGE CONTENT IN €/VEHICLE

2024
320

+30%

2030
>400

Source : Valeo estimate

LIGHTING AND **WIPER TECHNOLOGIES**

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

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

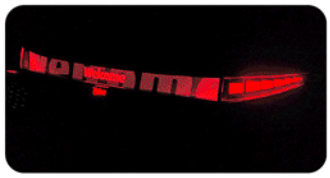
€5.4bn
in sales
5% operating margin
30,600 employees
47 plants
20 R&D sites

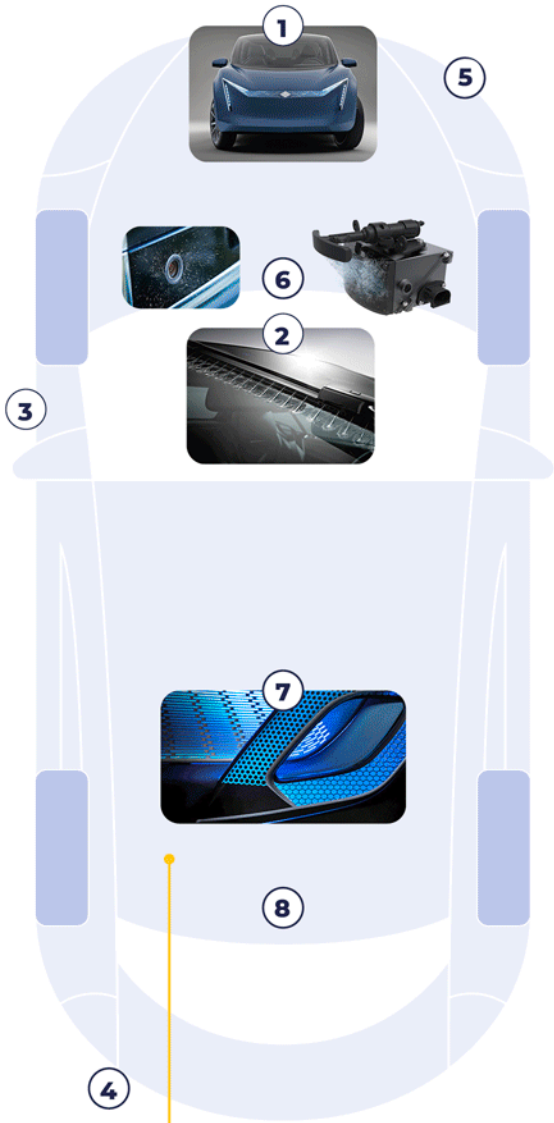
1 Illuminated front panel
Providing a distinctive lighting signature and improving communication with oncoming vehicles and pedestrians.
Illuminated surfaces are expanding, with front panels featuring LED lighting on the fascia, around the brand logo and between the lighting modules.

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

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

4 Illuminated rear panel
At the rear, too, the illuminated surfaces are being extended to create a personalized lighting signature that is symmetrical with the front panel.
The incorporation of control units and software enables the system to communicate with its environment.





Software
Valeo is a pioneer in the development and supply of lighting and wiper software for centralized architectures.
Software suites enhance safety, visibility and comfort.

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

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

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

8 3rd brake light & rear wiper
Integration of ultra-compact rear wiper functions with the third brake light. The package adds differentiating features such as retro-projection in the rear window.

Aftermarket solutions

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

The Valeo Service activity

Valeo Service supports mobility professionals in their transformation. It acts as a trusted technical advisor for all repair and maintenance operations on all vehicles, including the latest generations of electrified "smart" (autonomous) vehicles, new mobility solutions and new technologies, and offers new retrofit solutions and services to enhance vehicle value and the driver experience.

Augmented Service Partner

Valeo plays two complementary roles with automotive aftermarket professionals in response to key changes in the sector:

- **Augmented Partner,** Valeo acts as both a **growth accelerator and a driver of sustainability.**
  - Constant expansion of the product portfolio (an average of +6,000 items per year);
  - Promoting longer-lasting spare parts with one of the widest ranges of remanufactured products on the market.
- **Service partner,** Valeo offers both distributors and workshops a **complete ecosystem of** high value-added **SERVICES**, enabling its customers to remain competitive in an increasingly complex market.

CLOSE-UP → New services

Valeo My Portal

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

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

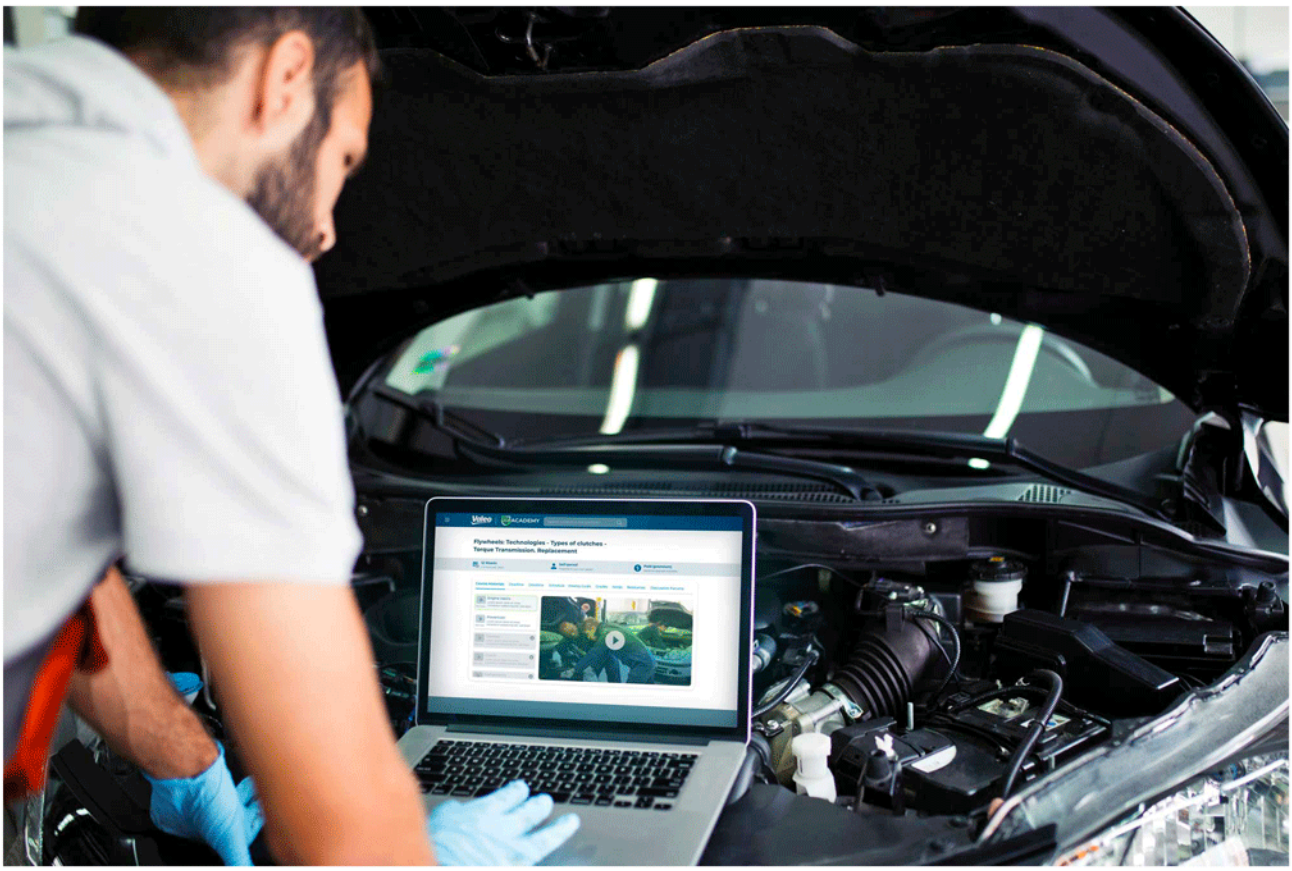
Valeo Tech Academy

In 2024, to meet the industry's changing needs, Valeo launched Valeo Tech Academy, a new training platform for repair shops. With a 120-hour training program, including 50 hours on electric vehicles and hybrid technologies and 24 hours on advanced driver assistance systems (ADAS), the Valeo Tech Academy ensures that mechanics have the most up-to-date knowledge in the industry.

A value creating Partner

Valeo Service's vision is to be a partner that is:

1. **Trusted**
   A comprehensive, innovative product offering
2. **Smart**
   Customized, optimized digital solutions
3. **Sustainable**
   Deployment of the "I Care for the Planet" program
4. **Offering a Premium experience**
   Net Promoter Score approach to assess the satisfaction of distributors and mechanics



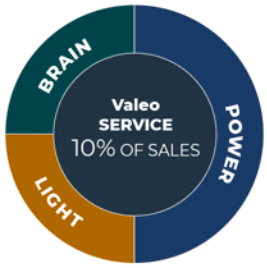
I Care for the Planet

The "I Care for the Planet" program aims to help shrink the automotive aftermarket's environmental impact through three key vectors:

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

AFTERMARKET BUSINESS SERVING OUR THREE DIVISIONS

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



+150 COUNTRIES COVERED

320 PRODUCT FAMILIES

1,290 EMPLOYEES

6,000 new references launched in the market in 2025

Sustainability
is embedded in Valeo's DNA

A member of the UN Global Compact since 2004, Valeo has structured its sustainability commitment around a dedicated department created in 2011. The Sustainable Development, External Affairs, Collaborative Research and Technological Regulation Department reports to the Communications and Sustainable Development Department.

The three pillars of the sustainability strategy are closely aligned with the Group's challenges and address seven of the UN's Sustainable Development Goals.

Valeo publishes a Sustainability Report meeting the requirements of the European Corporate Sustainability Reporting Directive (CSRD), which aims to improve the transparency and quality of non-financial reporting.

ENVIRONMENTAL

Decarbonizing mobility

- Mobility decarbonization solutions
- CAP 50 Net-Zero Contribution Plan

Resource use and circular economy

- 4R program
- Water resource and waste management

SOCIAL

Workforce engagement

- Health and Safety
- Promoting and respecting fundamental rights and social dialogue

Talent engagement

- Diversity, Equity and Inclusion
- Development of skills and expertise

SOCIETAL

Sustainability spanning the entire value chain

- Assessment of suppliers' sustainable development practices
- Customer and user safety - ADAS & Visibility solutions for road safety

Partnership development and engagement

- Local community engagement
- Innovation

34 Climate strategy
36 Our employees
38 Our suppliers

COMMITMENTS TO TRANSFORM MOBILITY

Climate strategy

Valeo's Climate strategy is pursuing two main pathways:

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

the CAP 50 Plan: A dual objective

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

Valeo is committed to:

- achieving net zero by 2050 across all of its operating activities and its supply chain worldwide (Scopes 1 and 2 and upstream Scope 3), and across its entire value chain in Europe (Scopes 1, 2 and 3, including the end use of its products);
- reducing Scope 1 and 2 emissions from its operating activities by 75% and its upstream (supply chain) and downstream (product use) Scope 3 emissions by 15%, in absolute terms, by 2030 compared with the 2019 baseline.

In all, Valeo aims to reduce its emissions across all scopes by 17% by 2030. These targets have been validated by the Science Based Targets initiative. In 2026, these targets will be resubmitted to the SBTi for the calculation of the level of decarbonization, within a more demanding framework (1.5°C alignment). This major project aims to recalibrate the 2030 trajectory and introduce the concept of carbon offsets (10%) for post-2030 Net Zero.

In addition, Valeo's technologies are expected to enable third parties to avoid 13.6 $MtCO_2eq.$ of greenhouse gas emissions, or the equivalent of 27% of its 2019 baseline emissions by 2030.

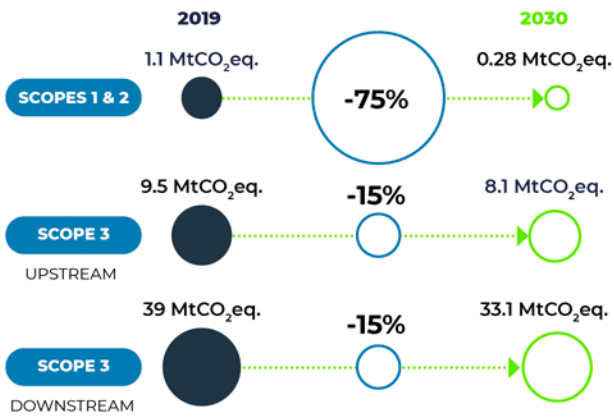
EXPECTED REDUCTION IN CO_2 EMISSIONS IN ABSOLUTE VALUE (TONNES) AND RELATIVE VALUE

(% reduction vs 2019 baseline)

** 10% residual emissions/t (baseline 2019) and neutralized*

2030 CO_2 EMISSIONS REDUCTION TARGETS BY SCOPE VALIDATED BY SBTI

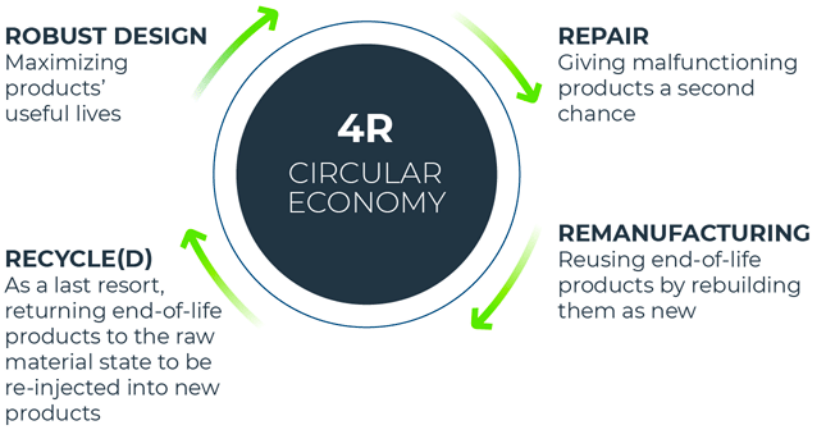
(vs 2019 baseline)



THIRD-PARTY EMISSIONS AVOIDED

The circular economy policy organized around four pillars

According to the *Circularity Gap Report*, the global economy is barely circular today, with only 7% of resources cycled back into use. Valeo is aware of the importance of the circular economy in its sector and has developed a program encompassing all circularity issues and based on the four pillars described below.



Valeo's approach involves action in the following areas:

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

Valeo is committed to gradually extending its 4R program:

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

Valeo deploys the 4Rs through

THE DESIGN PHASE using eco design

ROBUST, DISMANTLABLE DESIGN

THE BUSINESS with circular aftermarket services

REPAIR & REMANUFACTURING

OPERATIONS with the right ecosystem

RECYCLING AS A LAST RESORT

The 4R program is proving to be most impactful in the development of Valeo's aftermarket business.

Over one million parts are reconditioned and repaired every year, with a target of two million a year by 2030.

STELLANTIS AND VALEO

In 2025, Stellantis and Valeo expanded their strategic cooperation in the circular economy by launching a remanufactured display screen.
Following the success of their initial collaboration, which concluded in late 2023 with the release of a front camera remanufactured by Valeo's Circular Electronics Lab in Nevers, France, the range has been extended to include electronic devices, illustrating the partners' commitment to sustainable development and their determination to promote innovative remanufacturing initiatives.

RENAULT AND VALEO

Valeo is launching the production of a remanufactured inverter for the Renault network.
This milestone marks the culmination of a project led by The Future is NEUTRAL and its subsidiary THE REMAKERS, aimed at developing a competitive circular offer with low environmental impact.
THE REMAKERS won an award in the Green category of the CLEPA Innovation Awards for the Remanufacturing of Power Electronics for EVs project, for which Valeo provides the remanufactured inverter.
This new offer reduces the price by 30% compared with a new equivalent and reduces the consumption of natural resources by at least 45%.

Our employees

Valeo employs about 100,000 people worldwide in its production plants, R&D centers and headquarters. Our employees are an essential asset for the Group, which means that the Human Resources Department has a major role to play in managing and developing this human capital, by offering a wide range of different jobs and a wealth of career development opportunities.

32%
WOMEN
in the workforce

90.1 pts
GENDER QUALITY INDEX*

CULTURAL DIVERSITY
134
NATIONALITIES

DISABILITY
2.3%
EMPLOYEES WITH DISABILITIES

THE GROUP'S FOUR PRIORITIES REVOLVE AROUND:

- Improving safety andworking conditions
- Improving engagement and retaining talent
- Promoting diversity, equity and inclusion
- Promoting and respecting fundamental rights

Gender diversity

The Group is convinced that diversity is a source of performance, and is committed to promoting equal opportunities and pay equity within its teams. The "Rock the Talk" program is just one of the ways that this policy is put into action.
Launched in 2024, it aims to support young talent, particularly women, and has so far attracted 909 women employees worldwide, including 711 in 2025. It helps participants clarify their professional goals, identify and leverage their strengths, define their development actions and overcome stereotypes and limiting beliefs in order to clear the way to managerial responsibilities.

Commitment to corporate citizenship

Valeo encourages employees at its various sites to make a local commitment through the "One Site, One Cause" program.
The program focuses on four causes – Mobility for all, Environment, Education and Solidarity. It gives employees the opportunity to volunteer to help local charities or other non-profits. As such, it is a powerful tool for promoting employee engagement.

27% **REPRESENTATION OF WOMEN ON THE DIFFERENT GROUP MANAGEMENT COMMITTEES. OBJECTIVE 32% BY 2030***

100% **OF SITES HAVE PARTICIPATED BY CARRYING OUT AT LEAST ONE INITIATIVE OR FORMING A PARTNERSHIP WITH A NON-PROFIT.**

** Subject to national legislations.*

Health and safety

To strengthen its emphasis on preventing major accidents, the Group has adopted five golden safety rules on certain topics: protective equipment, energy Lock-Out Tag-Out operations, working at heights, vigilance at work, and traffic.

This has enabled Valeo to make significant progress in terms of workplace safety, with a frequency rate of lost-time injuries (FR1) that continues to improve, at 0.69 in 2025. This rate is also one of the criteria used to determine the variable compensation of the Chief Executive Officer and all eligible leaders.

CLOSE-UP → Valeo leverages technological innovation to improve working conditions.

Two pioneering initiatives developed by Valeo teams:

- deployment of a new digital tool to accelerate production workstation ergonomics through the use of tablets or smartphones to quickly visualize, quantify and analyze the risks of musculoskeletal disorders (MSD) (30 sites worldwide are already equipped).
- to be among the first movers by introducing a protocol for managing risks linked to global warming as early as 2023, in order to prevent the occurrence of these risks and protect exposed employees.

Continuous improvement of the accident frequency rate (FR1): TF1 0.69

CLOSE-UP → Training and career development, a priority for the Group

36.8 hours average number of training hours for managers and professionals, and technicians

15.3 hours average number of training hours for operators

55.8% of managers have completed at least one management training course in the last three years

Given the profound technological transformation of the automotive industry and the artificial intelligence revolution, Valeo invests significantly in lifelong learning to promote skills development and ensure the employability of all.
An annual target of 32 training hours has been set, with a particular focus on AI training.
For 2026, Valeo aims to transform the employee experience by introducing a more agile and proactive approach to career management. This momentum is designed to unlock the potential of its talents through increased internal mobility, enabling everyone to grow within the company. An approach that anchors Valeo in its ambition to be a true center of excellence, capable of developing the skills of tomorrow.

ValeoConnect

CLOSE-UP → Digital inclusion

The ValeoConnect mobile application will be deployed in 28 countries to provide a seamless digital experience and improve service levels for all our employees, operators included. It will provide access to Valeo news and, above all, to the main business applications.

Our suppliers

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

It is also reflected in Valeo's commitment to supporting suppliers in their sustainability initiatives. Valeo's sustainability standards are systematically included in agreements with suppliers, who are expected not only to align their targets with Group commitments, but also to cascade these standards down through their own value chain. Valeo has also set up a training program to help suppliers ramp up their skills in addressing sustainability issues, with a particular focus on reducing their greenhouse gas (GHG) emissions.

Assessing and supporting suppliers' sustainability practices

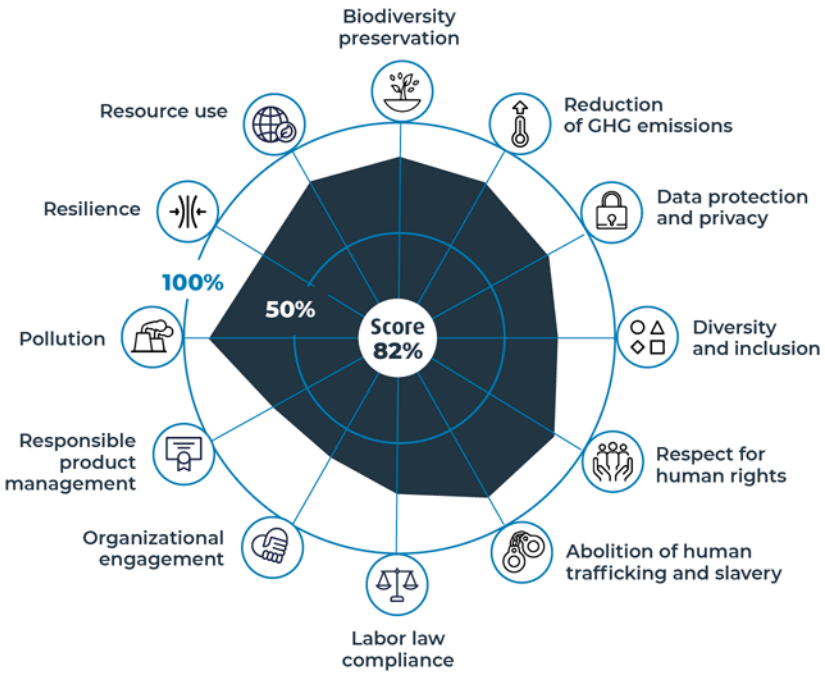
As part of its policy of stepping up support for suppliers throughout the value chain, Valeo has extended the scope of these assessments which now cover twelve topics addressing all sustainability matters; in 2025, a climate questionnaire was also added specifically for freight companies.

92%
OF PURCHASED PRODUCTION INPUTS COVERED BY THE SUSTAINABILITY PRACTICES QUESTIONNAIRE IN 2025

1,976
SUPPLIERS
account for **95%** of direct purchases (purchased production inputs)

10
LARGEST SUPPLIERS
represent **11%** of purchases

Example of a supplier assessment



CLOSE-UP → On the CAP 50 Plan and reduction of upstream Scope 3 emissions

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

CARBON MATURITY LEVELS

GHG emissions are not measured **0**	The 3 Scopes (1, 2, 3) are measured **1**
2 Level 1 achieved and reduction targets defined in line with Valeo's objectives	**3** Level 2 achieved and annual results and targets disclosed

CDP SUPPLY CHAIN MEMBER

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

40 The Board of Directors
41 The four Board committees and Sustainable Development Department Governance
42 The Executive Committee
43 Compensation of the Chief Executive Officer
44 Risk management, ethics and compliance

GOVERNANCE, RISK MANAGEMENT, ETHICS AND COMPLIANCE

The Board of Directors

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

Gilles Michel*
Chairman of the Board of Directors

Christophe Périllat
Chief Executive Officer

Bruno Bézard*

Bpifrance Participations*
represented by Alexandre Ossola

Éric Chauvirey(4)
Director representing employee shareholders

Fonds Stratégique de Participations*
represented by Julie Avrane

Stéphanie Frachet*

Mari-Noëlle Jégo-Laveissière*

Gilles Le Borgne*

Éric Poton(4)
Director representing employees

Beatriz Puente*

Patrick Sayer*

Grzegorz Szelag(4)
Director representing employees

Véronique Weill*

Sascha Zahnd*

COMPOSITION (1)

15
DIRECTORS(2)
including 11 independent directors and 3 directors representing employees and employee shareholders

4
Nationalities

41.7%
women(3)(4)

91.7%
independence(3)(4)

FUNCTIONS

8
Meetings in 2025

95.7%
Attendance rate in 2025

** Independent directors*
(1) As of January 1, 2026.
(2) The Board of Directors has had 15 members since January 1, 2026, the date on which Gilles Le Borgne's appointment by the Annual General Meeting of May 22, 2025 became effective.
(3) Since January 31, 2025, independent directors and women directors have made up 90.90% and 45.45% of the Board's members respectively.
(4) Directors representing employees and employee shareholders do not count for the purpose of determining the proportion of (i) independent directors in accordance with the recommendation in Article 10.3 of the AFEP-MEDEF Code, and (ii) gender diversity in accordance with Articles L. 225-23 and L. 225-27-1 of the French Commercial Code, in their applicable version.

The four Board committees

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

Audit & Risks Committee	Governance, Appointments & Corporate Social Responsibility Committee	Compensation Committee	Strategy Committee
COMPOSITION			
7 members including 1 director representing employee shareholders **100%** independent[5] **66.7%** women[5]	**5** members including 1 director representing employees **100%** independent[5] **50%** women[5]	**5** members including 1 director representing employees **100%** independent[5] **50%** women[5]	**6** members[6] including 1 director representing employees **100%** independent[5][6] **20%** women[5][6]
FUNCTIONS			
5 meetings **94.3%** attendance rate	**4** meetings **75%** attendance rate	**4** meetings **80%** attendance rate	**4** meetings **100%** attendance rate

Sustainable Development Department Governance

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

**Governance, Appointments & Corporate Social Responsibility Committee*
***In the process of being set up*
(5) Directors representing employees and employee shareholders do not count for the purpose of determining the proportion of (i) independent directors in accordance with the recommendation in Article 10.3 of the AFEP-MEDEF Code, and (ii) gender diversity in accordance with Articles L. 225-23 and L. 225-27-1 of the French Commercial Code, in their applicable version.
(6) From January 28, 2026. At its meeting on January 28, 2026, on the recommendation of the GACSRC, the Board of Directors appointed Gilles Le Borgne as a member of the Strategy Committee. Before that date, the Strategy Committee has comprised five members, all of whom are independent directors and 25% of whom are women (excluding the director representing employees).

The Executive Committee

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

From left to right:

Xavier Dupont
Chief Executive Officer of Valeo POWER Division and Group Executive Vice President;

Marc Guédon
Chief Purchasing Officer;

Édouard de Pirey
Chief Financial Officer;

Catherine Delhaye
Chief Ethics, Compliance and Data Protection Officer;

Maurizio Martinelli
Chief Executive Officer of Valeo LIGHT Division and Group Executive Vice-President;

Christophe Périllat
Chief Executive Officer;

Marc Vrecko
Chief Executive Officer of Valeo BRAIN Division and Group Executive Vice President;

Agnès Park
Chief Human Resources Officer;

Éric Antoine Fredette
Group General Counsel and General Secretary;

François Marion
Chief Communications and Sustainability Officer;

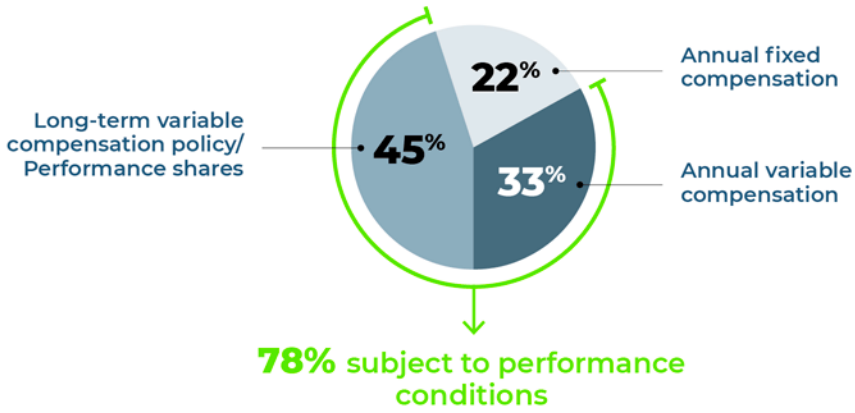
Detlef Juerss
Chief Sales and Business Development Officer;

Éric Schuler
Chief Executive Officer of Valeo Service.

Compensation of the Chief Executive Officer

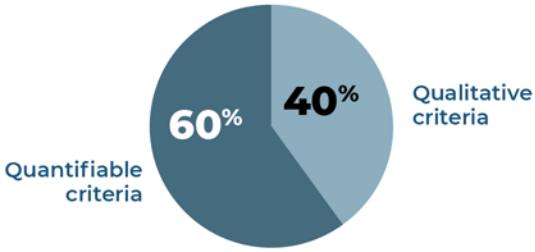
Target compensation structure

The Chief Executive Officer's 2026 compensation, as defined in the 2026 compensation policy[1], breaks down as follows:



Annual variable compensation

Maximum 150% of fixed compensation



Quantifiable criteria*:

- EBIT: 20%
- Free cash flow (after interest): 20%
- Net income: 20%
- Net debt/EBITDA: 20%
- Order intake: 10%

Qualitative criteria*:

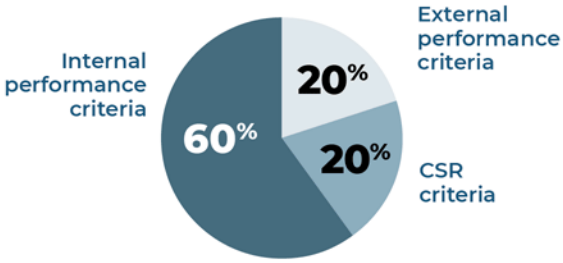
- Strategic vision: 30%
- Operational execution: 15%
- CSR criteria: 15%

** as a % of fixed annual compensation*

Long-term variable compensation

Performance shares

Maximum 200% of fixed compensation



Internal performance criteria:

- ROCE: 30%
- EBIT: 30%

External performance criteria:

- TSR vs CAC40: 10%
- TSR vs Europe Automotive Equipment Suppliers Panel: 10%

CSR criteria:

- Percentage of women on Group management committees: 10%[2]
- Reduction trajectory of CO_2 emissions in line with the CAP 50 Plan: 10%

1,700 KEY MANAGERS

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

(1) Subject to approval at the Shareholders' Meeting.
(2) Implementation subject to national legislation.

Risk Management

Because the Group conducts its business in a constantly changing environment, it is exposed to risks. Risks are mapped using a global, iterative approach involving several stages:

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

Risk categories	Risk factors
Strategic risks	• Risks related to the automotive equipment industry • Risks related to the geopolitical and regulatory environment • Risks related to talent engagement and retention
Operational risks	• Risks related to the quality and safety of products and services sold • Cybersecurity • Supplier and supply chain failure risk • Risks related to the development and launch of new products • Health and safety risks
Financial risks	• Risks related to an increase in operating costs • Foreign currency risk

Criticality ● High ● Medium

Ethics and compliance

A comprehensive ethical and compliance process with:

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

95% of the year's new employees across all networks took and passed the e-learning modules

Rollout of **a global communications campaign** to encourage the use of the whistleblowing system to prevent and combat harassment

99.6% of all Group engineers and managers have taken part in the annual Compliance training sessions

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VALUE CREATION

Business model

Major societal challenges

Road transport is responsible for

- 18% of CO_2 emissions
- 1.2m deaths per year worldwide
- ~50% of fatal road accidents occur at night

Valeo

OUR RESOURCES

EMPLOYEES

- 100,216 employees
- 134 nationalités
- 32% women

INNOVATION

- AI: Accelerated deployment, priority given to R&D, 35% of Valeo's certified codes generated by AI
- Nearly 17,000 R&D employees working at 16 research centers and 43 development centers
- 1,419 patents filed in 2025
- R&D ~11% of sales (2025)
- Open innovation approach

INDUSTRIAL AND COMMERCIAL ASSETS

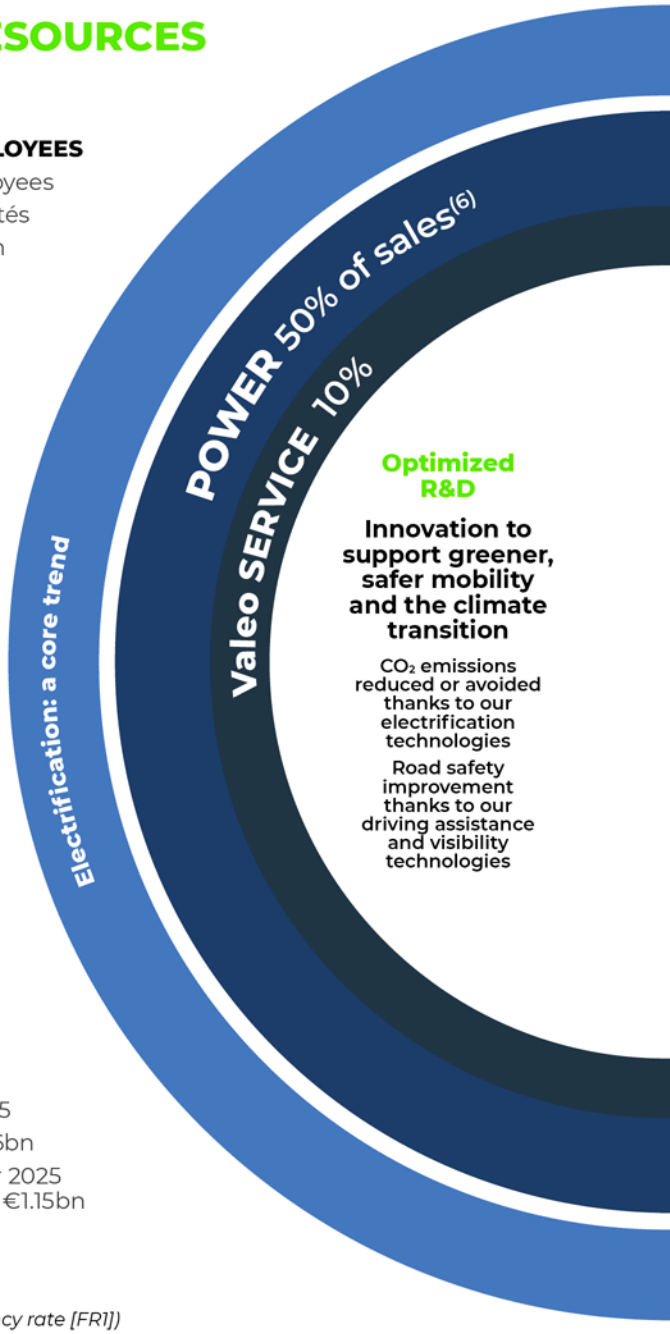
- Property, plant and equipment: €4.7bn, 22% of sales (2025)
- 149 sites
- Balanced geographic footprint: 29 countries
- Diversified customer portfolio
- Recognized operational excellence - "5 Axes" model

ENVIRONMENTAL AND SOCIAL AMBITION

- 92% of Group production purchases from suppliers whose ESG practices have been assessed
- Automation of due diligence reviews of business partners' integrity using specialized AI-enabled databases
- Rollout of the 4R program: Robust Design, Remanufacturing, Repair, Recycle(d)

FINANCIAL RESOURCES

- Available cash of €2.5bn at end-2025
- Undrawn credit lines: €1.6bn
- Two green bonds issued in May and September 2025 for a total of €1.15bn

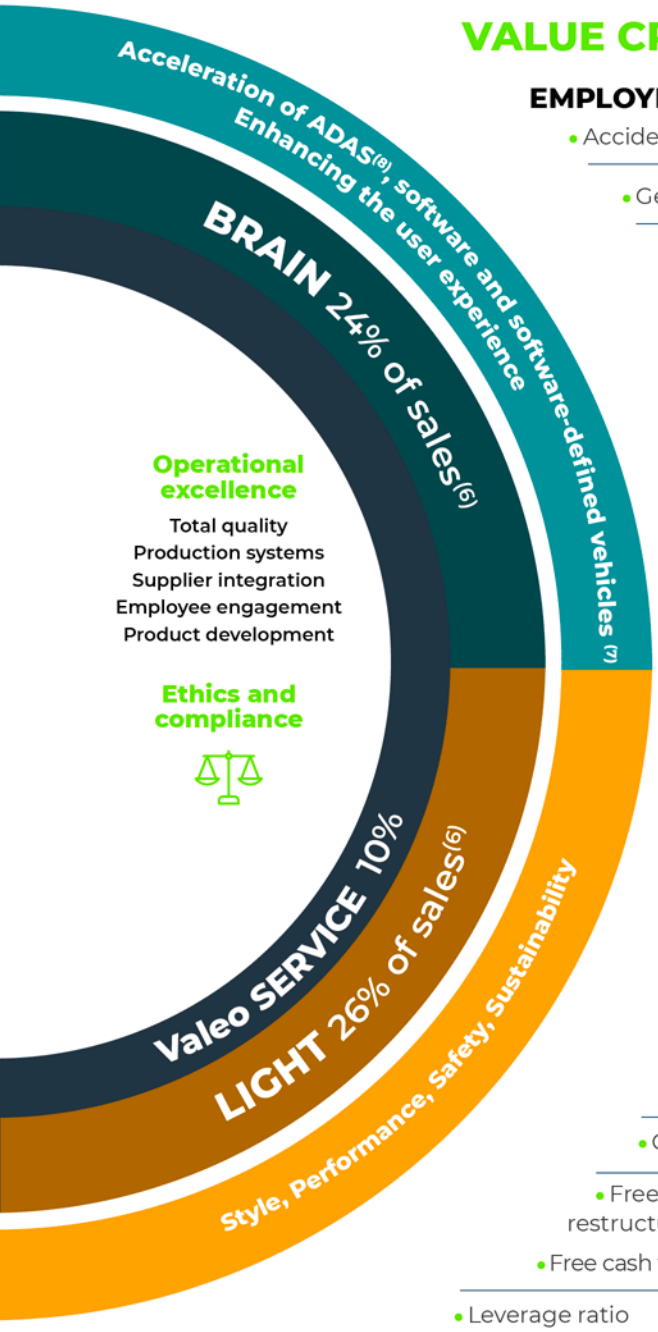


(1) Number of lost-time occupational accidents per million hours worked (frequency rate [FR1])
(2) Greenhouse gas.
(3) Science Based Targets initiative.
(4) Original equipment sales: 83%, Aftermarket: 10%, Miscellaneous sales (R&D, tooling): 7%.
(5) To be submitted for approval at the Shareholders' Meeting to be held on May 21, 2026.
(6) % of total Group sales.
(7) Software Defined Vehicle.
(8) Advanced Driver Assistance System.

The car of the future will be

- Electrified
- Safer
- Software-defined

LIGHT + BRAIN = 50%
of Valeo's business
is powertrain-agnostic



VALUE CREATION

EMPLOYEES

	2025	
• Accident frequency rate(1)	**0.7**	Comp.
• Gender equity index*	**90 pts**	Comp.
• Percentage of women in Group management committees*	**27%**	Comp.

**Subject to the applicable laws and regulations.*

ENVIRONMENT

• CAP 50 Plan: GHG emissions(2) Scopes 1, 2 and 3 (aligned with SBTi commitments(3))	**39.4 $MtCO_2eq.$** **2025 objective met**	Comp.
• 1 million parts reconditioned and repaired per year, with the goal of 2 million per year by 2030.		
• Use of Valeo technologies for applications in non-automotive industries, such as data centers (cooling systems), two-wheelers, agriculture and defense		

ETHICS

• Deployment of export control programs and strengthening the audits performed as part of the Human Rights compliance program	Comp.

SALES MOMENTUM

• Order intake	**€24.6bn** **+38% vs 2024**

2025 FINANCIAL PERFORMANCE

			Elevate 2028 Objective
• Sales(4)	**€20.9bn**		✓
• Operating margin	**4.7%**	Comp.	✓
• Free cash flow after one-off restructuring costs	**€589M**	Comp.	
• Free cash flow after net financial interest paid	**€371M**		✓
• Leverage ratio	**1.3x**		
• Dividend in respect of 2025(5)	**€0.44**		

Comp. *Criterion included in the short-term variable compensation and/or long-term compensation of the Chief Executive Officer (subject to shareholder approval at the Annual Meeting on May 21, 2026).*

Financial and non-financial performance highlights

FINANCIAL PERFORMANCE	2024	2025
GROUP SALES (IN €M)	**21,492**	**20,903**
Original equipment sales (in €m) *As a % of Group sales*	**17,950** **84%**	**17,301** **83%**
Aftermarket sales (in €m) *As a % of Group sales*	2,262 *11%*	2,135 *10%*
Miscellaneous sales (in €m) *As a % of Group sales*	1,280 *5%*	1,467 *7%*
R&D expenditure (in €m) *As a % of Group sales*	(2,127) *-9.9%*	(2,273) *-10.9%*
ADJ. EBITDA (IN €M) *As a % of Group sales*	**2,863** **13.3%**	**3,082** **14.7%**
OPERATING MARGIN EXCL. SHARE IN JVS* (in €m) *As a % of Group sales*	**919** **4.3%**	**977** **4.7%**
Other income and expenses (in €m) *As a % of Group sales*	(313) *-1.5%*	(168) *-0.8%*
Attributable net income (in €m) *As a % of Group sales*	162 *0.8%*	200 *1.0%*
BASIC EARNINGS PER SHARE (IN €)	**0.67**	**0.82**

STATEMENT OF CASH FLOWS	2024	2025
Change in working capital *As a % of Group sales*	492 *2.3%*	(301) *-1.4%*
Investments in property, plant and equipment (in €m) *As a % of Group sales*	(1,138) *-5.3%*	(790) *-3.8%*
Investments in intangible assets incl. capitalized development expenditure (in €m) *As a % of Group sales*	(1,086) *-5.1%*	(971) *-4.6%*
Free cash flow after one-off restructuring costs (in €m)	**481**	**589**
Free cash flow after net financial interest paid (new definition)	**247**	**371**

FINANCIAL STRUCTURE	2024	2025
Net debt (in €m)	3,813	4,022
DEBT RATIO: NET DEBT TO ADJUSTED EBITDA	**1.3x**	**1.3x**

DIVIDENDS	2024	2025
DIVIDEND PER SHARE (IN €)	**0.42**	**0.44**[(1)]

(1) Subject to approval by the Annual General Meeting of May 21, 2026
** Share of results of equity-accounted companies*

NON-FINANCIAL PERFORMANCE

CHALLENGES	ENVIRONMENTAL INDICATORS	2019	2025	SDG IMPACTED
CARBON NEUTRALITY CONTRIBUTION PLAN	Emissions from operating activities – *Scopes 1 & 2 ($MtCO_2eq.$)*	1.1 *Baseline*	0.4	
	Emissions from purchased goods and services – *Upstream Scope 3 ($MtCO_2eq.$)*	9.5 *Baseline*	8	
	Emissions from the use of Valeo products – *Downstream Scope 3 ($MtCO_2eq.$)*	39.0 *Baseline*	31	
	Gross emissions - *Scopes 1, 2 & 3 ($MtCO_2eq.$)* in line with SBTi commitments	49.6 *Baseline*	39.4	
ENERGY	Energy consumption as a proportion of sales (MWh/€m)	142 *Baseline*	125	
	Share of low-carbon electricity purchased	5.5%	64%	
WATER	Water withdrawals as a proportion of sales (cu.m/€m)	197 *Baseline*	119	
DISCHARGES AND WASTE	Production of hazardous and non-hazardous waste as a proportion of sales (t/€m)	16.4 *Baseline*	12.3	

CHALLENGES	EMPLOYEE-RELATED INDICATORS	2019	2025	SDG IMPACTED
HEALTH AND SAFETY	Accident frequency rate (FR1): number of accidents with lost time per million hours worked	1.9	0.69	
PROMOTING EQUALITY AND DIVERSITY	Gender equity index*	82 pts	90.1 pts	
	Percentage of women on Group management committees*	16%	27%	
	Percentage of employees with disabilities on Group payroll	2.1%	2.3%	
SKILLS	Number of hours' training per employee during the year	-	26 hrs.	

CHALLENGES	SOCIAL INDICATORS	2019	2025	SDG IMPACTED
PURCHASING AND SUSTAINABILITY	Share of production purchases for which the suppliers' sustainability practices were assessed during the year (% of total purchases)	80%	92%	
LOCAL INTEGRATION	Organization of initiatives and events by the Valeo sites with educational and vocational training institutions (in % of sites)	68%	93%	
LOCAL COMMUNITIES	Share of sites participating in the *"One Site, One Cause"* program	50%	100%	

**Subject to the applicable laws and regulations.*

Outlook

Elevate 2028 Ambition

"Since 2022, our Move Up plan has ensured that we are well positioned in terms of technology to succeed in the market, and has laid the foundations for significant financial improvements, resulting in a steady improvement in Group profit and cash. As we embark on the next stage with our Elevate 2028 plan, we intend to capitalize on these achievements and to further improve our financial fundamentals. To do this, our plan will be powered by three engines. The first engine is a steady increase in profit. It started in 2022, and will carry on delivering.
The second engine, generating higher levels of cash, has just been started. 2025 represents a turning point in the evolution of our business model and confirms our ability to generate more cash. The third engine will be the return to growth. It will kick in in 2027, as our strong order book translates into sales.
Valeo's engines are powered by the expertise and commitment of our teams worldwide and I would like to thank them for their fantastic contribution to our success. I am confident that their courage and agility will enable us to keep delivering innovation and excellence to our customers every day.
Building on our existing strengths as an industrial champion and a technological powerhouse, we have spent the last few years making Valeo into a global leader fit for success. With Elevate 2028, we will ensure that the Group progresses further with strong financial fundamentals and solid growth prospects."

CHRISTOPHE PÉRILLAT
VALEO'S CHIEF EXECUTIVE OFFICER

Elevate 2028 Ambition

	2024 actual	2025 actual	2026 Guidance[(a)]	2028 Guidance
Sales (in billions of euros)	21.5	20.9	20 - 21	22 - 24
Operating margin (as a % of sales)	4.3%	4.7%	4.7% - 5.3%	6.0 - 7.0%
Free cash flow **New definition (after net financial interest paid)** (in €m)	247	371	>400	>500

Our ambition is for all our financial indicators to be aligned with an Investment Grade rating by 2028, with a leverage ratio of less than 1.0x adjusted EBITDA.

(a) Based on S&P Global Mobility estimates as at October 15, 2025 and on tariffs and trade restrictions in effect at October 1, 2025. Does not take into account any other disruption that may occur, particularly with regard to export controls concerning the automotive market, which could have an impact on production or retail sales in the main automotive regions.

BASED ON FOLLOWING ASSUMPTIONS FOR 2028

- **Global production**
  90.6M (-3% vs S&P*)
- **Chinese OEMs**
  28%* of total
- **New Energy Vehicles**
  37%* BEV, PHEV, EREV**
- **Currency**
  €1 = USD 1.17 €1 = CNY 8.42

** Source: S&P Global Mobility October 2025*
*** BEV: Battery Electric Vehicle, PHEV = Plug-In Hybrid Vehicle, EREV = Extended Range Electric Vehicle*

Ratings

ESG Ratings (as of March 01, 2026)

ESG performance and commitments recognized by non-financial rating agencies

S&P GLOBAL	SUSTAINALYTICS	ISS ESG
72/100	**17.3** **Low risk**	**B- Prime**
CDP **A Climate Change** **A Water**	**MSCI ESG RATINGS** **AA**	**MOODY'S** **61/100**

ESG indices (as of March 1, 2026)

ESG stock market indices of which Valeo is a member

EURONEXT CAC Transition Climat	STOXX Global ESG Leaders

Credit Ratings (as of March 01, 2026)

Deleveraging as a Group priority

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

1

PRESENTATION OF VALEO

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1.1 HISTORY AND DEVELOPMENT OF THE GROUP

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

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

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

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

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

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

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

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

Its technologies now extend beyond the automotive industry, equipping many forms of mobility (2 and 3-wheelers, light urban 4-wheelers, delivery droids, autonomous shuttles), right through to infrastructure for the smart city (data center cooling, charging stations, etc.).

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

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

In November 2025, Valeo presented *Elevate 2028*, its financial trajectory up to 2028, at its Capital Markets Day. Building on its well established and well recognized technology leadership in the automotive world, the Group is committed to continue steadily increasing profit, generate higher levels of cash starting in 2025, and return to sales growth by 2027.

ACQUISITIONS AND JOINT VENTURES (SINCE 2018):

- **Transfrig** (2018) – mobile cooling systems;
- **Asaphus** (2021) – driving assistance software (including facial recognition); Acquisition in 2021 of an additional 10% interest in Asaphus, increasing Valeo's stake from 50% to 60%;
- **Valeo ExpertIn** (2024) – creation of a joint venture dedicated to strategic and operational consulting services with partner KINT S.A.S, specialized in interim management, recruitment assistance and consulting.

DISPOSALS OF ENTITIES, BUSINESSES AND JOINT VENTURES (SINCE 2018):

- **Kuantic** (2023) – onboard telematics and connectivity business (part of the Comfort & Driving Assistance Systems Business Group);
- **Mirror** (2023) – business in Japan (part of the Visibility Systems Business Group);
- **Asaphus** (2024) – sale of vehicle driver and occupant monitoring systems and part of the Brain Division to the Australian company Seeing Machine Ltd;
- **PIAA** (2024) – sale of Japanese aftermarket lighting and wiper business, part of the Light Division, to the Japanese service station operator USAMI;
- **TCV** (2024) – sale of thermal business for buses and commercial vehicles, part of Valeo Power, to H.I.G Capital;
- **Emelar** (2024) – sale of Argentina-based company, part of Valeo Service;
- **Power Russia** (2024) – finalization of the transfer of Valeo's thermal and powertrain systems business in Russia, part of Valeo Power, to the Russian company Avtopribor.
- **Power Sensors** (2025) - sale of the Power Division's sensor business, based in France, China and Mexico, to the Chinese company Metasense / Sinotec.
- **Brain Penang Malaysia** (2025) - sale of an injected plastic parts and electronics assembly plant to Malaysian company NationGate.
- **gestigon** (2025) - sale of this company to Majelan X.

INVESTMENTS IN VENTURE CAPITAL FUNDS:

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

RESEARCH AND TECHNOLOGY PARTNERSHIPS (SINCE 2023):

- **VEN.AI** (2023) – Valeo, NTT Data and Embotech formed a consortium to provide automated parking solutions;
- **BMW** (2023) – BMW and Valeo engaged in a strategic cooperation to co-develop the next-generation Level 4 automated parking experience;
- **Renault Group** (2023) – Renault Group and Valeo signed a partnership in Software Defined Vehicle development;
- **Mobileye** (2023) – Mobileye and Valeo launched a partnership for world-class imaging radars;
- **Qualcomm** (2023) – Valeo and Qualcomm deepened their strategic collaboration to support small mobility in India (two-wheelers and three-wheelers);
- **Google Cloud** (2024) – Valeo accelerates in artificial intelligence thanks to Google Cloud tools;
- **Applied Intuition** (2024) – Valeo and Applied Intuition partner to provide digital twin technology for ADAS simulation;
- **Teledyne FLIR** (2024) – Valeo and Teledyne FLIR announced a strategic collaboration to bring thermal imaging technology to the automotive industry to enhance the safety of road users;
- **Dassault Systèmes** (2024) – Valeo partners with Dassault Systèmes to accelerate the digitalization of R&D and deployed Dassault Systèmes' 3DEXPERIENCE platform to optimize the development of new technologies;
- **MAHLE** (2024) – Valeo and MAHLE Group join forces to develop an innovative magnet-free electric axle system, targeting upper segment electric vehicles with peak power ranging from 220 kW to 350 kW;
- **CEA** (2024) – Valeo and CEA renew their partnership for four years to anticipate technological advances and encourage exchanges within the French and European research ecosystems.
- **AWS** (2025) - Valeo and AWS collaborate to accelerate the cloud-native revolution in software-defined vehicles
- **Virta** (2025) - Valeo and Virta Partner for Integrated Charging Solution
- **TactoTek** (2025) - Valeo and TactoTek collaborate to innovate in automotive lighting to offer unique interior and exterior lighting solutions.
- **PanGood** (2025) - Valeo teams up with PanGood to co-develop an integrated high-efficiency axial flux generator system.
- **Appotronics** (2025) - Valeo and Appotronics announce a strategic partnership for a next-generation front lighting system based on innovative laser video projection technology.
- **Momenta** (2025) - Valeo and Momenta enter into a strategic partnership to jointly develop advanced systems and solutions for intelligent assisted driving and medium-to-high-level autonomous driving, in China and abroad.
- **Qualcomm** (2025) - Qualcomm Technologies, Inc. and Valeo extend their long-standing collaboration to provide advanced driving assistance and automated driving solutions to automakers worldwide.
- **VoltR** (2025) - Valeo and VoltR have teamed up to offer a unique circular solution for remanufactured batteries for small electric mobility.
- **MOBILIANS** (2025) - Valeo and MOBILIANS join forces to support the automotive aftermarket revolution.
- **2CRSi** (2025) - Valeo and 2CRSi announce a strategic partnership to develop innovative immersive cooling solutions for edge data centers.

1.2 COMPANY PROFILE

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

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

The Group achieved sales of 20.9 billion euros in 2025. At December 31, 2025, Valeo had 149 plants, 16 research centers, 43 development centers and 19 distribution platforms, and employed 100,200 people in 29 countries worldwide. Valeo is listed on the Paris Stock Exchange.

1.2.1 Legal structure

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

- Valeo Management, previously named Valeo Bayen, which holds most of the Group's shares in French and non-French companies;
- Valeo International Holding BV, registered in the Netherlands, which holds stakes in non-European companies, notably in Asia.

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

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

1.2.2 Valeo's tax policy

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

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

Giving priority to operations

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

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

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

Applying tax regulations fairly

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

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

The Group has established strong professional relationships with the tax authorities in a large number of jurisdictions, which is an asset in ensuring the fair application of tax rules.

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

Ensuring tax costs are correctly calculated

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

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

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

1.2.3 Geographic and industrial footprint

Geographic footprint at December 31, 2025

	Plants	Research centers	Development centers	Distribution platforms	Total headcount
WESTERN EUROPE					
Belgium, France, Germany, Ireland, Italy, Netherlands, Spain, United Kingdom	39	13	8	5	23,269
CENTRAL AND EASTERN EUROPE					
Czech Republic, Hungary, Poland, Romania, Slovakia, Turkey	18	0	7	2	18,124
AFRICA					
Egypt, Morocco, South Africa, Tunisia	6	0	2	0	7,055
NORTH AMERICA					
Mexico, United States	24	0	7	2	15,257
SOUTH AMERICA					
Brazil	3	0	0	1	1,963
ASIA, MIDDLE EAST & OCEANIA					
China, India, Indonesia, Japan, Malaysia, South Korea, Thailand, United Arab Emirates	59	3	19	10	34,548
TOTAL	**149**	**16**	**43**	**20**	**100,216**

At December 31, 2025, the net carrying amount of the Group's real estate portfolio (land and buildings) was 1,314 million euros (see Chapter 5, section 5.4.6, Note 7.3 "Property, plant and equipment" to the consolidated financial statements, pages 416 to 418). The portfolio is largely composed of plants, the majority of which are wholly owned.

The net carrying amount of the Group's equipment, which is largely made up of technical facilities, machinery and tools, was 3,087 million euros at December 31, 2025, excluding property, plant and equipment in progress and other property, plant and equipment (see Chapter 5, section 5.4.6, Note 7.3 "Property, plant and equipment" to the consolidated financial statements, pages 416 to 418).

1.2.4 Functional structure

The Group's functional structure is as follows:

- **the Internal Audit and Control Department** is tasked with building a robust, integrated and structured risk management and control environment capable of helping the Group achieve its objectives. It comprises the Risk Management, Internal Control, Internal Audit and Fraud teams;
- **the Sales and Business Development Department** is tasked with designing and implementing a sales strategy adapted to all markets, and forging local and global partnerships with automakers to sustain profitable, global growth. It consists of a Sales Department and an International Development Department for each Division, and Customer Directors dedicated to each major automaker. It partners Group customers across all their markets and all continents;
- **the Communications Department** is responsible for setting out and sharing the Group's vision and strategy, both externally and internally (with customers, shareholders, journalists, suppliers, partners and the general public), in order to promote the Group's image, highlight its performance and unite employees. It brings together the Media Relations, Internal Communications, Brand, Events and Content services;
- **the Sustainable Development and External Affairs Department** is responsible for implementing and monitoring the Group's sustainable development policy as well as its relations with external stakeholders. It reports to the Group's Chief Communications Officer and the Chief Sustainability Officer;
- **the Ethics, Compliance and Personal Data Protection Department** proposes, designs, pilots and coordinates the implementation of programs to detect and prevent risks of corruption and anti-competitive practices, and to ensure compliance with international sanctions and export controls as well as with regulations on personal data protection and human rights. It comprises the Ethics and Compliance Office and the Personal Data Protection Office.
- **the Finance Department** comprises the following departments: Management Control, Reporting, Accounting, Financing, Cash Management, Tax, Investor Relations, Strategic Operations, Information Systems and Risk Insurance. The Strategy Department which, in collaboration with all the functional departments, the Divisions and the Valeo Service activity, coordinates the Group's strategic planning efforts, notably with a view to preparing the medium-term plan and defining the main thrusts of the Group's organic and external growth and profitability strategies;
- **the Legal Department** ensures compliance with Group procedures and with legal regulations and strives to defend the Group's interests;
- **the Purchasing Department** is in charge of Group purchasing. It sources from the most competitive suppliers, implements rigorous selection processes for new suppliers, ensures suppliers and subcontractors comply with its total quality and innovation approach, and establishes close partnerships with the most innovative and efficient suppliers. It is structured around two main priorities: a Commodity/Segment priority, which is responsible for the purchasing strategy specific to these commodities, and an Operations and Projects priority, focused on project release using optimally cost-effective parts and systems, on the achievement of technically efficient productivity, and *on re-sourcing* for the Group's competitive performance;
- **the Research and Development and Product Marketing Department** aims to position Valeo among the world's leading automotive suppliers, in terms of innovation, CO_2 emissions reduction and the improvement of onboard safety and comfort, largely through the development of electric, autonomous and connected vehicles. It directs the Group's innovation policy as well as product development methods and tools. It brings together Research, Innovation, Development, Product Marketing and Intellectual Property, and the Digital Solutions and Information Systems Department (DSIS);
- **the Human Resources Department** is responsible for:
  - ensuring employee health, safety and well-being at work, by making sure workplaces are free of accident risks and offering a good work-life balance for each employee,
  - attracting and developing top talent to strengthen the Group's market share and support innovation and business growth,
  - promoting diversity, equality and inclusion across all teams worldwide,
  - promoting labor relations and guaranteeing the dignity of individuals and fundamental labor rights,
  - defending the interests of the Valeo Group in legal matters relating to personnel management as a whole,
  - providing managers with IT tools to monitor team performance and presence.

1.3 STRATEGY AND OBJECTIVES

Building on its technology leadership, Valeo is aiming, with its *Elevate 2028* plan, to steadily increase profitability, generate higher cash from 2025 onwards, and return to sales growth from 2027 onwards.

Elevate 2028 ambition

	2024 actual	2025 actual	2026 Guidance (a)	2028 Guidance
Sales (in billions of euros)	21.5	20.9	20 to 21	**22 to 24**
Operating margin (as a % of sales)	4.3%	4.7	4.7% to 5.3%	**6.0% to 7.0%**
***Free cash flow* after net financial expenses** (in millions of euros)	247	371	>400	**>500**

(a) Based on S&P Global Mobility automotive production estimates released on February 13, 2026. The forecasts assume that there will be no additional material changes to customs duties or trade restrictions in force on February 26, 2026, nor any significant changes in the macroeconomic environment or major supply chain disruptions.

BASED ON FOLLOWING ASSUMPTIONS FOR 2028

Global production
90.6M
(-3% versus S&P*)

Chinese OEMs
28%* of total

New Energy Vehicles
37%*
BEV, PHEV, EREV**

Currency
1 EUR = 1.17 USD
1 EUR = 8.42 CNY

On November 20, 2025, at its 2025 Capital Markets Day, Valeo presented its financial ambitions up to 2028. With *Elevate 2028*, Valeo continues the transformation that was achieved under Move Up, targeting stronger financial fundamentals.
To do this, Valeo will be powered by three engines:

- Steadily improving profits from 2022 onwards;
- Generating more cash, from 2025 onwards;
- Returning to sales growth, which is anticipated from 2027.

The improvement of the Group's financial strength will rely on its strong market leadership position in the cutting-edge technologies that will shape the car of tomorrow: electrified, safer, and software-defined. As the preferred technology partner for the leading global OEMs, the Group will continue to expand in key car producing regions such as China, India, and North America.

** Source: S&P Global Mobility October 2025*
*** BEV = Battery Electric Vehicle, PHEV = Plug-In Hybrid Vehicle, EREV = Extended Range Electric Vehicle*

ENGINE 1
FROM 2022

Steadily increasing profit

Valeo is committed to deliver a steady increase in profit, driven by a series of strategic initiatives which will further reduce its breakeven point while maintaining strong price discipline.

- Gross margin will remain sustainably above 19% of sales, helped by improved industrial performance and the effective leveraging of Artificial Intelligence (AI) and robotics in all its plants.
- The one-off self-help measures already announced and largely implemented, at a total cost of 400 million euros, will generate annualized 300 million euros in savings from 2026 onwards (compared to 2023).
- The Group's overall profitability will remain on a firm upward trend, with a target of 6-7% by 2028.

ENGINE 2
FROM 2025

Generating higher *cash*

Valeo has transformed its business model to structurally generate more cash, with 2025 marking a turning point in terms of cash generation from operations.

- In 2025, the Group reached record-high level of free cash flow, before one-off restructuring costs, of 756 million euros. According to the new definition of free cash flow, after net financial interest, this represents 371 million euros. The Group expects further improvement in cash generation, reaching over 500 million euros in 2028 after one-off restructuring and interest.
- This improvement is being driven by structurally reduced CAPEX in the 4.5-5.0% range, and by a decrease in the value of gross R&D.
- Valeo is leveraging AI effectively to boost R&D productivity, aiming to reduce R&D intensity without slowing the pace of innovation. 100% of the Group's software engineers are already supported by Generative AI, and 35% of its certified automotive code is now AI-generated, up from 0% just 16 months ago.
- Valeo aims to recover an investment-grade rating in 2028. This will be achieved by bringing the leverage ratio down to below 1.0x adjusted EBITDA, through organic cash generation and taking into account a progressive increase in dividend per share.

ENGINE 3
FROM 2027

Returning to growth

While 2026 is expected to be broadly flat in terms of growth in overall sales, Valeo anticipates a return to sales growth from 2027 onwards, as large contracts secured during the period 2022-2025 go into production and translate into sales.

- Recent contracts, which are larger and multi-model, are expected to take longer to ramp-up but to generate a more extended positive impact on sales.
- Future growth will be supported by Valeo's strategic positioning, both in terms of technologies and geographies.

Driving Change Together: Valeo's Best-in-Class Technologies

The car of tomorrow will have to be electrified, safer, and software defined, in order to effectively address the challenges that current modes of road transportation are creating for our societies, in terms of CO_2 emissions and road safety.

Valeo and its three Divisions – POWER, BRAIN, and LIGHT – offer the best-in-class technologies in all the key areas that are required to meet those demands.

Valeo POWER

POWER is poised for significant growth driven by the accelerating, albeit delayed, shift to electrification.
The division's value contribution per car for New Energy Vehicles(1) is substantially higher than for conventional ICE powered vehicles. NEVs are also projected to increase their market share from 20% in 2024 to 37% in 2028 and 43% in 2030(2). With the creation of the POWER Division in 2024, Valeo now offers a comprehensive product portfolio covering the full range of electric powertrain types and boasts a competitive global footprint in manufacturing and development.

The future growth in electrification will translate into higher structural profitability for POWER, with sales expected to reach between 10.5 and 11.5 billion euros in 2028. Operating margin is also expected to improve from 2.9% in 2024 to 5-6% in 2028.

Valeo BRAIN

BRAIN designs and integrates a complete portfolio of sensors, computing units and software for driving assistance and an enriched user experience in the cabin, significantly increasing the value of content per vehicle.
Projected growth will be driven by the exponential rise in demand for Advanced Driver Assistance Systems and Software Defined Vehicles.
As a result, 62% of Level 2, Level 2+ and Level 2++ cars expected in 2028 vs. 46% in 2024.

Thanks to its leading market position, BRAIN is expecting sales to grow from 5.0 billion euros in 2024 to 6.0-7.0 billion euros in 2028, and its operating margin to grow from 5.8% in 2024 to 7-8% in 2028.

Valeo LIGHT

LIGHT is a solid business, capitalizing on a strong position in a market which is expecting to show value contribution per car increasing by 30% from 2024 to 2030.
LIGHT offers technologies that are perfectly aligned with key market drivers, which are style, performance, safety, and sustainability.

LIGHT is the world leader in its market and recently solidified its leadership with notable wins in China, achieving an order intake in 2024 that was double the level of its sales in the country.

LIGHT sales are expected to reach between 5.5-6.5 billion euros in 2028, an increase from 5.5 billion euros in 2024 (adjusted for all scope impacts as at the end of 2025).
The division's operating margin is also expected to improve, rising from 5.5% of sales in 2024 to between 6-7% by 2028.

(1) New Energy Vehicle
(2) Source S&P Global Mobility

Valeo SERVICE

All three Divisions are backed up by Valeo Service, an organization progressively transforming from a largely aftermarket operation to a provider of a wider range of support services.

Beyond automotive, Valeo is leveraging its expertise to prepare for the future of mobility by offering motors for e-bikes, charging solutions, displays for 2-wheelers, and motors for light urban e-cars.
Applications also extend to areas such as data center cooling, defense and agriculture.

Growing in Key Geographies

Valeo will be expanding its market shares in key geographies with a particular focus on China, India, and North America:

- **In China**, Valeo will leverage its significant footprint in that market to keep improving its market share vis-a-vis Chinese OEMs and foster local empowerment to support greater innovation, speed, and competitiveness. Thanks to these actions, a return to growth is expected in H2 2026 with the group gaining additional market share to outperform in a growing market by 2027.

- **In India**, the market is undergoing a deep-seated transformation and Valeo is perfectly positioned to benefit from the increasing demand for advanced features and the electrification of vehicles. The Group expects its sales to triple from 220 million euros in 2024 to approximately 700 million euros in 2028.

- **In North America**, Valeo is benefiting from its strong position in a market place which is accelerating in terms of technological innovation. Thanks to its close relationships with customers and its recognized position as a key player in the tech company ecosystem. Valeo expects to see faster sales growth in North America than the average across the Group.

1.4 OPERATIONAL ORGANIZATION

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

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

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

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

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

The **National Directorates** are tasked with ensuring the Group's growth in their respective countries and act as the interface with local customers. They also manage all the services that support operational activities in the country.

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

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

Valeo BRAIN | Valeo POWER | Valeo LIGHT | Valeo SERVICE

Valeo BRAIN

The BRAIN Division innovates in three strategic areas to enhance driving safety and enrich the interior experience: developing advanced driver assistance systems (ADAS), upgrading vehicle architecture and software with the rise of *Software Defined Vehicles* (SDVs) and enhancing the user experience.

€5 bn
24%
of 2025 Group sales

5.4%
2025 operating margin

18,450
employees

24
plants

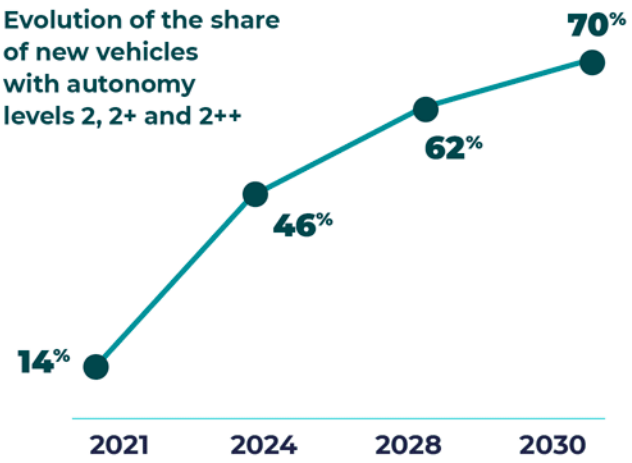
23
R&D sites

Positioning and strengths

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

Market trends and outlook

Evolution of the share of new vehicles with autonomy levels 2, 2+ and 2++



2028 objectives

SALES
€[6.0-7.0] billion

OPERATING MARGIN
[7% - 8%]

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

→ **Driving Automation** → **Interior Experience**

→ Driving Automation

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

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

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

Software: Software is becoming a hardware-independent product that can be upgraded and customized to meet evolving industry needs. Our expertise extends to developing ADAS software that integrates Levels 2, 2+ and 3 of automated driving. We are also pioneering automated parking solutions, with technologies such as automated parking and automatic valet parking solutions for use in public parking lots or on industrial sites.

Artificial intelligence is central to our innovations and underpinned by the contribution of Valeo.ai, our advanced AI research laboratory. This expertise enables us to design comprehensive, high-performance solutions tailored to our customers' specific needs.

To guarantee the quality of its systems, Valeo BRAIN has state-of-the-art testing and validation facilities. Its physical infrastructure includes 11 test tracks and more than 200 test cars around the world. Its digital simulation resources include server farms using over 50 petabytes of data to simulate realistic driving scenarios involving hardware-in-the-loop (HIL) and software-in-the-loop (SIL) testing.

→ Interior experience

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

Market trends and outlook

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

Finally, a hybrid Panoramic Head-Up Display (PHUD) solution is now a major trend in the design of new cabins, and Valeo, with its expertise in both technologies, is at the forefront of this evolution.

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

Valeo Divisions

Valeo BRAIN | Valeo POWER | Valeo LIGHT | Valeo SERVICE

Valeo POWER

The Valeo POWER Division covers all powertrain and thermal management solutions for electrified and conventional vehicles (end-to-end electric vehicle system, power electronics, transmission systems, onboard chargers, battery thermal management, heat pumps, front-end modules and CVC), including software-based energy management. It also develops powertrain solutions for new electric mobility, solutions for electric vehicle recharging and thermal management solutions for data centers.

€10.5bn
50%
of 2025 Group sales

4.2%
2025 operating margin

40,800
employees

93
plants

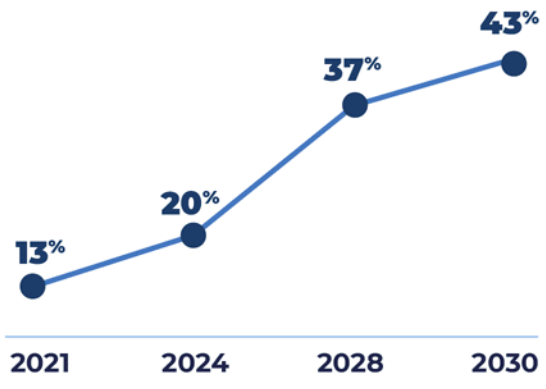
27
R&D sites

Positioning and strengths

- The go-to systems integrator with strong technological leadership, reinforced by synergies between powertrain and thermal management systems.
- A full product offering, from low-voltage to high-voltage solutions, including heat pumps, battery thermal management, electric powertrains with motors, inverters and transmission systems, onboard chargers and more.
- A portfolio of game-changing innovations, supported by many research contracts signed with Asian, European and North American automakers, with strategic partners such as Pangood for axial-flux electric motors and Zutacore and 2CRSi for data centers and a wide variety of university partnerships in Europe, the United States and China, including the Ecole des Arts et Métiers on vibro-acoustic expertise in electric powertrains.
- A highly robust international customer portfolio, primarily in Europe, but also in China (BYD, Geely, Chery, Li Auto, XPeng, etc.), Japan (Toyota and Nissan), Korea (Hyundai), India (Mahindra and Tata) and the United States, including West Coast automakers.
- Market-leading expertise in thermal engineering, crash boxes, materials, acoustics, electronics, mechatronics, systems and software.
- Diversification into growth sectors such as new electric mobility, data center thermal management and recharging solutions.

Market trends and outlook

Share of new energy vehicles in new vehicle production



2028 objectives

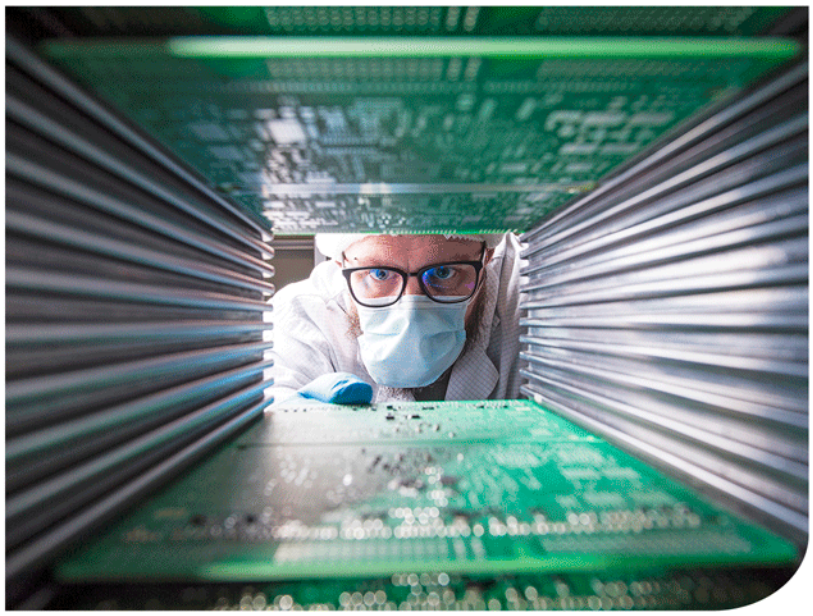
SALES
€[10.5-11.5] billion

OPERATING MARGIN
[5% - 6%]

POWER

Valeo BRAIN | **Valeo POWER** | Valeo LIGHT | Valeo SERVICE

At the heart of the electrification revolution, the POWER Division fully harnesses the synergy of its expertise in powertrain and thermal management systems to offer innovative solutions for all vehicle segments.
The combination of high-performance electric motors, advanced power electronics and efficient thermal systems maximizes vehicle range, battery life and safety, and passenger comfort. This expertise in energy efficiency now extends beyond the automotive sector: by targeting the datacenter market, the Power Division is actively contributing to increasingly responsible energy management.



Combining propulsion and thermal intelligence

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

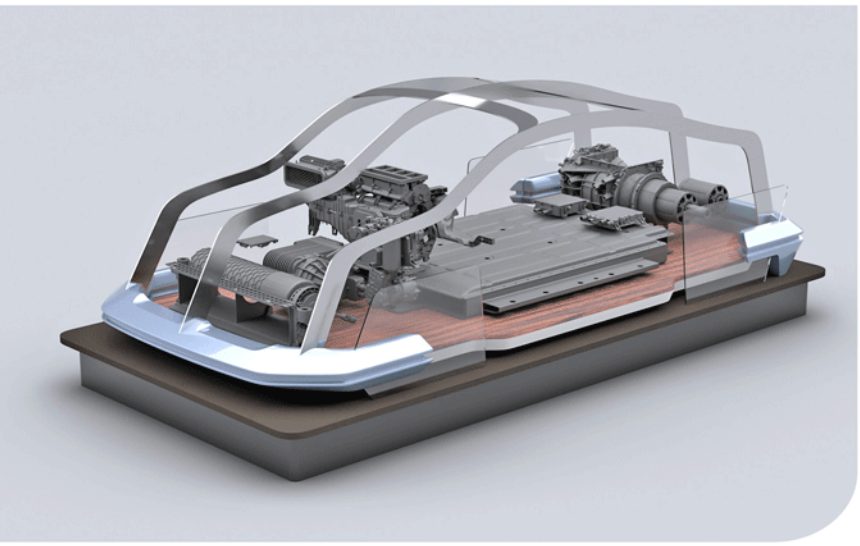
System innovation: from electrified mobility to data center energy management

Valeo POWER develops integrated electrification solutions covering all market needs, from 12V to high-voltage systems (400/800V). As a leader in 48V, the Division offers hybridization and electrification architectures that combine performance and affordability through the use of mass-produced components. For the 100% electric vehicle segment, innovation revolves around cutting-edge power electronics - including high-efficiency 800V SiC inverters, bidirectional onboard chargers (V2G) and secure DCDC converters for autonomous driving - as well as breakthrough powertrains, such as the magnet-free motor developed with MAHLE to minimize the use of rare earths. This propulsion excellence reaches its full potential when combined with precision thermal management. At the heart of the system, the heat pump orchestrates heat exchange between the HVAC (Heating, Ventilation, Air Conditioning) system, the front-end cooling modules, the drive train and the battery. This thermal optimization is also crucial for the battery: by maintaining an ideal operating temperature, notably via immersion cooling solutions, Valeo guarantees cell safety and enables intensive rapid charge cycles without compromising pack longevity.

Market trends and outlook

Electric car sales have slowed since 2024, mainly due to subsidies being withdrawn in countries such as Germany, leading to an increase in inventories and prompting manufacturers to reconsider their electrification strategies.

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



Unique market position

The Valeo POWER Division stands out for its unique position as a market leader in the optimization of thermal management and propulsion systems. It also responds to key electrification issues such as EV travel range, power density and cost. Valeo benefits from synergies across systems to improve overall efficiency, an expertise demonstrated by innovative solutions such as the Valeo Extended Range concept. This concept showcases the Division's expertise in maximizing electric autonomy while integrating advanced energy management technologies. This cutting-edge solution, incorporating Valeo Predict4Range software, optimizes thermal management in real time by anticipating needs according to weather conditions and route. This intelligent control system extends autonomy by up to 25% in temperatures dropping to -7°C, compared with conventional thermal management.
This unique position enables Valeo to meet the specific needs of automakers by offering efficient, accessible and autonomous solutions to support the transition to increasingly electrified vehicles.

With its expertise in energy management, Valeo POWER has also chosen to support the transformation of digital infrastructures. By transposing its liquid cooling technologies and heat exchanger systems to the critical requirements of data centers, the Division helps solve the thermal density challenge of new-generation servers.
This diversification enables Valeo to contribute, beyond mobility, to more sober, efficient and responsible energy management.

Valeo BRAIN | Valeo POWER | Valeo LIGHT | Valeo SERVICE

Valeo LIGHT

The Valeo LIGHT Division's priority is the safety of drivers and other road users. Our innovative lighting and wiper solutions ensure optimum visibility of surroundings, and help communicate vehicle intentions. We also combine performance and style: from the lighting of the future to customizable light signatures, sensor integration and cleaning, Valeo LIGHT is shaping the future of electric and autonomous mobility.

€5.4 bn
26%
of 2025 Group sales

5%
2025 operating margin

30,600
employees

47
plants

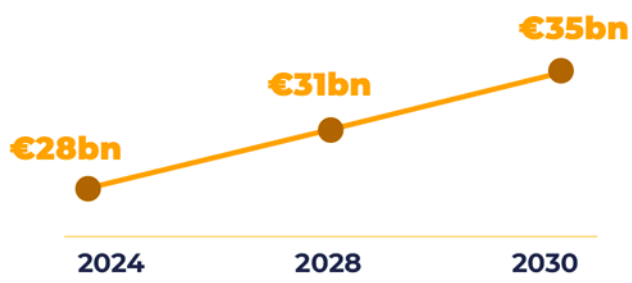
20
R&D sites

Positioning and strengths

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

Market trends and outlook

Lighting and wiper systems market



2028 objectives

SALES
€[5.5-6.5] billion

OPERATING MARGIN
[6% - 7%]

LIGHT

Valeo BRAIN | Valeo POWER | **Valeo LIGHT** | Valeo SERVICE

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

See and be seen

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

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

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

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

Market trends and outlook

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

China and the rest of Asia is still the LIGHT Division's fastest growing market, particularly in the lighting segment, where it is becoming the trendsetter. With six production plants and a number of research and development and design centers in China, the LIGHT Division has built a solid position in the region and acquired a thorough understanding of the market's specific needs and expectations.
It serves some of China's biggest automakers with both wiper and lighting systems. To make roads safer, the Light Division has long integrated onboard software into its lighting and wiper solutions, in particular to improve windshield cleaning, with the defrost function able to be controlled remotely, for example, and also making nighttime driving less stressful.
With its adaptive lighting systems, Valeo enables drivers to use their high beams at all times to improve visibility without dazzling oncoming drivers. Other software solutions are being deployed to deliver innovative functions and customize taillight design throughout the vehicle's life cycle.

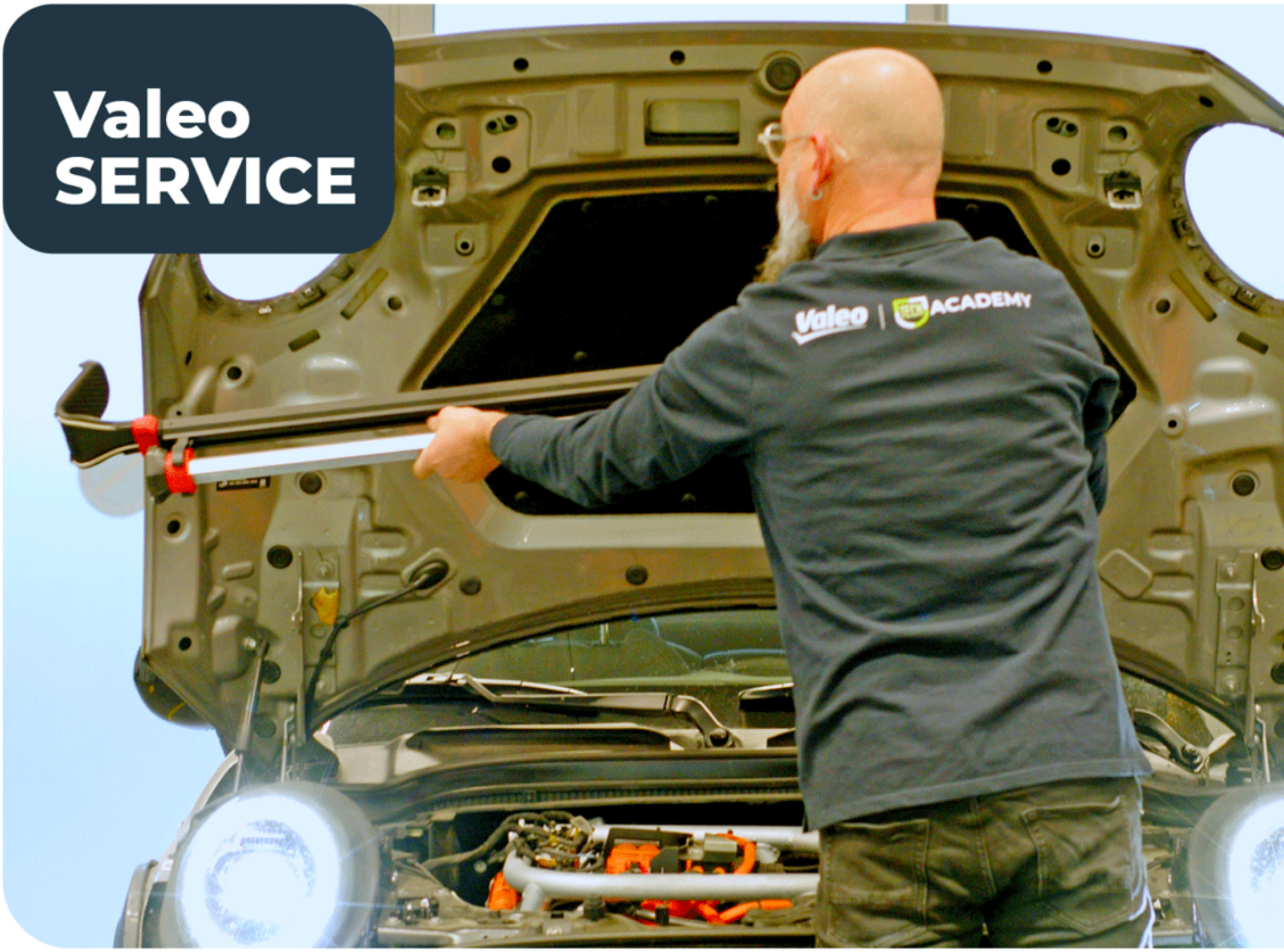
The LIGHT Division is also developing the digital twin to help customers configure high-definition lighting features with a holistic preview of the design in real time.
Autonomous vehicles absolutely need to communicate with their surroundings. The LIGHT Division's lighting solutions already send users clear, real-time information about their own vehicle and, in the future, will enable them to communicate with other road users as well. This requires the ability to combine lighting, signaling, electronics and software to serve a trend that is particularly increasing the demand for 360° lighting systems and rear lighting.

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

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

Valeo BRAIN | Valeo POWER | Valeo LIGHT | Valeo SERVICE

Valeo SERVICE



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

€2.1 bn
10%
of 2025 Group sales

+150
countries covered

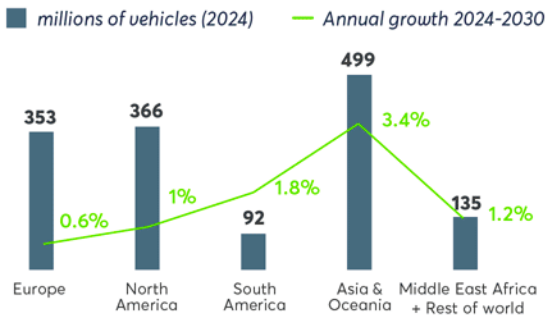
1,290
employees

Positioning and strengths

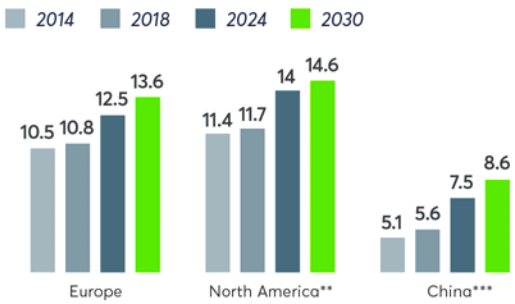
- Valeo SERVICE supplies spare replacement parts and services to car dealer networks (OES market) and to the independent aftermarket (IAM market), as well as EV recharging station installers and electric bicycle repair shops. Valeo SERVICE is a value-creating partner that supports the development of aftermarket businesses on the vehicle maintenance, crash and repair markets:
  - coverage of cars and commercial vehicles;
  - coverage of all day-to-day needs for vehicles on the road in more than 150 countries;
  - support for the in-depth changes under way in the automotive sector thanks to Valeo's original equipment expertise, and innovative solutions developed specifically for the aftermarket.
- Valeo SERVICE is committed to supporting mobility professionals in their transformation by:
  - acting as a trusted technical advisor in all repair and maintenance operations (parts, assistance and services) for all vehicles, including the new generations of electrified and smart (autonomous) vehicles, new mobility solutions and new technologies;
  - offering new retrofit solutions and services to enhance vehicle value and the driver experience.

Market trends and outlook

Global vehicle fleet



Accelerated aging of the vehicle fleet



Sources:
* European Automobile Manufacturers' Association (ACEA)
** S&P Global Mobility
*** Valeo data, based on data from CAAM (China Association of Automobile Manufacturers) + EUCOM + TecAlliance

In a fast-changing market, Valeo SERVICE 's mission is to support automotive aftermarket professionals through technological, digital and environmental revolutions.

Valeo, Augmented Service Partner

By positioning itself as an Augmented Service Partner for automotive aftermarket professionals, Valeo SERVICE combines two complementary roles that address key transformations in the sector.
As an **Augmented Partner**, Valeo acts as both a growth accelerator and a driver of sustainability. It is constantly expanding its product portfolio (an average of over 6,000 parts per year) to stimulate its customers' business development. At the same time, it promotes a more sustainable spare parts offering with one of the widest ranges of remanufactured products on the market, extending product life cycles, reducing waste and cutting carbon emissions. As a **Service Partner**, Valeo offers both distributors and workshops a complete ecosystem of high value-added services. For distributors, a dedicated digital portal centralizes sales interactions, facilitates order management and offers personalized sales opportunities. For workshops, Valeo offers parts identification platforms, real-time technical assistance and advanced training via Valeo Tech Academy. This entire ecosystem enables the Group's customers to remain competitive in an increasingly complex market.

A SMART partner

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

Valeo My Portal: operational efficiency and new sales opportunities for distributors. The digital platform, used by 2,500 distributors in 69 countries, facilitates operations 24/7. A genuine self-help tool, it offers:

- simplified day-to-day management: orders, real-time inventory, complete history and immediate warranty processing;
- personalized sales management: dedicated promotions, performance analyses by range and product news to optimize resources and responsiveness.

Valeo Specialist Club: a workshop loyalty program. The fully digital loyalty program now rewards nearly 80,000 member workshops in 16 countries. It enables users to:

- build a strong community of independent repairers, encouraging long-term loyalty through exclusive benefits, gifts and challenges such as the 2025 Selfie Challenge;
- support the growth of distributors, who can increase their sales to garages through exclusive, co-constructed campaigns (products and promotions) offering additional benefits.

A TRUSTED partner

Valeo SERVICE is a trusted partner, both for its comprehensive, innovative product offering and for its highly advanced technical support. Valeo supports professionals in their technological transformation by providing the aftermarket with the latest original equipment innovations and by developing dedicated aftermarket solutions. Some 6,000 products were added in 2025.

Valeo Tech Assist: technical expertise at your fingertips.

- This free platform enables professionals to identify the correct part from among 70,000 references. Already used by 1.6 million professionals in 17 countries, it offers:
  - Identification that is fast and precise: search by registration, VIN or model, compare technical specifications and a new smart history for instant retrieval;
  - Complete technical support: access to 5,000 step-by-step assembly documents and a library of video tutorials (between 3 and 30 minutes) detailing the tools and operations required.

In October 2025, Valeo launched a brand new version of the tool. Co-constructed with over 100 mechanics to facilitate their daily work, this now mobile-compatible interface offers enriched and fluid navigation to access all Valeo ranges and guarantee the most reliable information. Faced with changes in the sector, training is a strategic issue.

Valeo Tech Academy stands out for its approach, which combines technological expertise and strong learning methodologies. Its comprehensive programs (transmission, electrification, ADAS, etc.) combine e-learning and practical sessions to help master the latest innovations. Its major advantage lies in the use of an exclusive face-to-face simulator. Reproducing over 150 real multi-make breakdowns, it enables professionals to test, diagnose and correct faults for immediate efficiency in the workshop. Rated 9.5/10, this solution accelerates garage growth. Certified by the Institute of the Motor Industry and Qualiopi (OPCO Mobilités-eligible in France), the offer is deployed in France, the UK, Spain, Germany and Poland to transform market trends into concrete opportunities.

A Premium Experience partner

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

- The approach enables distributors to analyze the quality of their collaboration and optimize the support and services they offer.
- For workshops, the NPS is measured from Valeo Specialist Club members and online training participants to tailor offers and content to their needs. By placing the customer at the center of its organization, Valeo Service is committed to offering a premium service that is increasingly efficient and more personalized. The scores obtained are particularly encouraging; they have improved steadily, year after year, and are now approaching excellence.

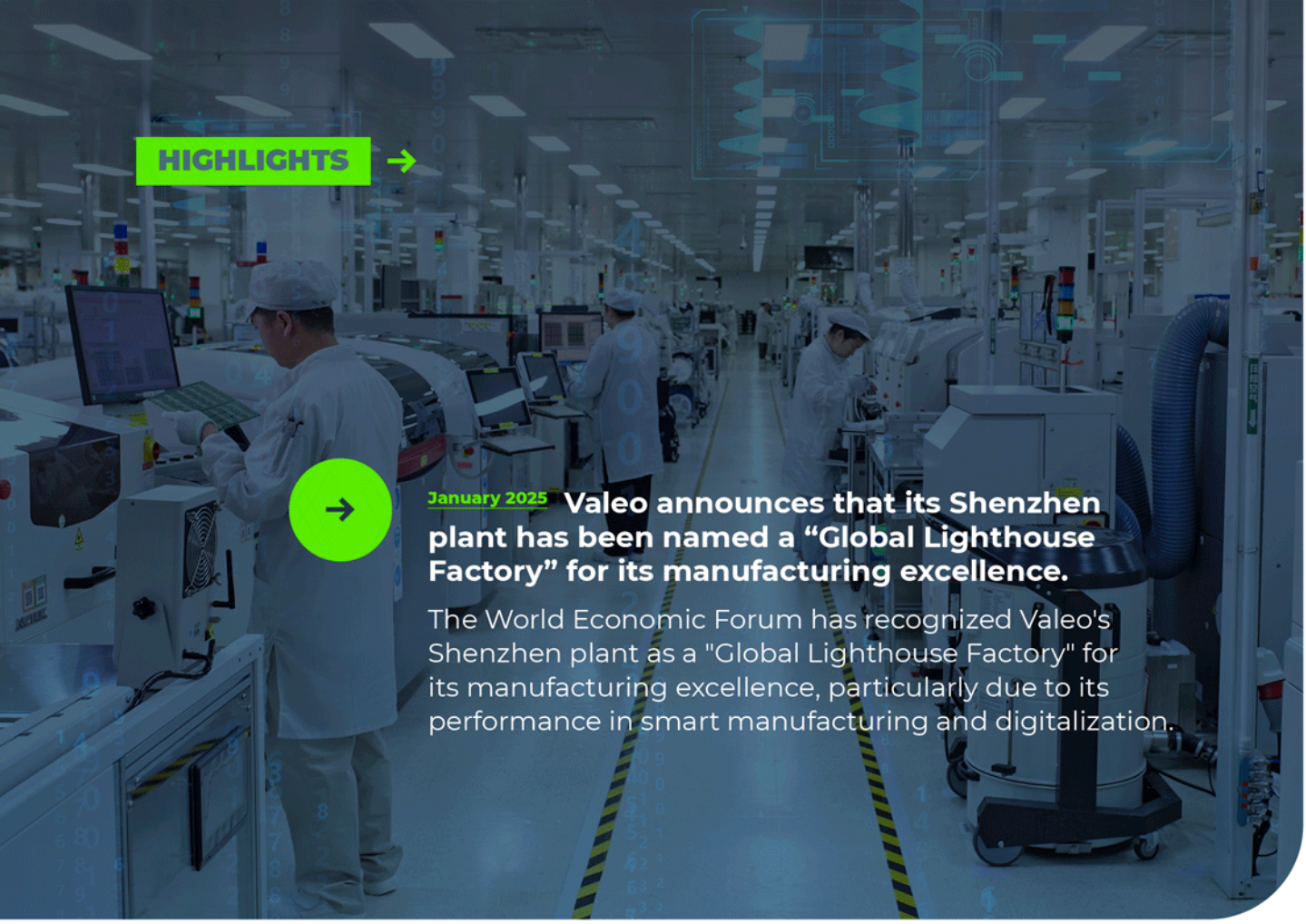
This underscores Valeo SERVICE's ability to adapt to a constantly evolving market and to provide ever-better support to the mobility aftermarket.

A SUSTAINABLE partner

In 2025, Valeo SERVICE continued to develop its "I Care for the Planet" program, which is aimed at helping to shrink the automotive aftermarket's environmental impact through three key vectors:

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

HIGHLIGHTS



January 2025 **Valeo announces that its Shenzhen plant has been named a “Global Lighthouse Factory” for its manufacturing excellence.**

The World Economic Forum has recognized Valeo's Shenzhen plant as a "Global Lighthouse Factory" for its manufacturing excellence, particularly due to its performance in smart manufacturing and digitalization.

JANUARY 2025

Valeo and AWS collaborate to accelerate the cloud-native revolution in software-defined vehicles.

The Valeo Virtualized Hardware Lab enables automakers to test software on virtualized electronic control units (vECUs) and sensor models (VESMs), accelerating the electronic control unit (ECU) software development cycle by up to 40%.

MARCH 2025

The Volkswagen Group, Valeo and Mobileye announce their cooperation to enhance driving assistance in future MQB vehicles.

The aim of this collaboration is to integrate technologies enabling partially automated driving (Level 2+) into vehicles based on the MQB platform which will be marketed in the coming years. For the first time, all perception, mapping, decision-making and driving assistance functions have been integrated into a single system, replacing several computing units with a centralized unit.

APRIL 2025

Valeo was named ADAS Supplier of the Year by General Motors for the third consecutive year.

Valeo was named "Supplier of the Year" by General Motors (GM) in the Advanced Driver Assistance Systems (ADAS) category. The announcement marked the third consecutive year in which GM recognized Valeo for its ADAS innovations.

JULY 2025

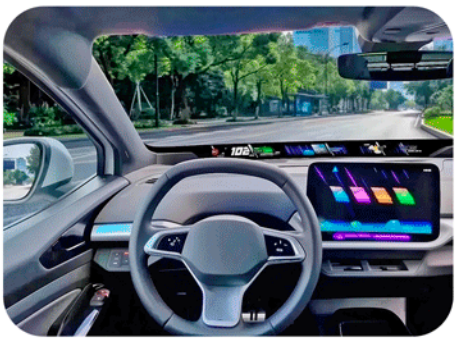
Valeo receives the Volkswagen Group Award 2025 for Best Supplier.

Valeo was rewarded for its strategic partnership, innovation and proactive cost and process optimization. The Volkswagen Group highlighted Valeo's "exceptional achievements and innovative strength".

JULY 2025

A major Chinese automaker chooses Valeo's next-generation panoramic head-up display.

This revolutionary system transforms the vehicle's windscreen into a dynamic, interactive screen, presenting essential information directly in the driver's field of vision. Production for this first client is expected to start in 2026.



AUGUST 2025

Valeo inaugurates a new plant in China to support the software-defined vehicle revolution.

Located in Shanghai, the new production facility will be focused on the R&D and production of domain controllers and ADAS. Through this new plant, Valeo supports the development of autonomous vehicles for the Chinese market.

SEPTEMBER 2025

Qualcomm and Valeo are accelerating the transition to SDV by offering automakers new, scalable, safety-centric ADAS systems.

Qualcomm and Valeo have announced the extension of their long-standing collaboration to provide advanced driving assistance and automated driving solutions to automakers. The collaboration combines Qualcomm Technologies' scalable Snapdragon Ride™ Pilot solutions with Valeo's expertise in hardware and software, as well as integration and validation.

SEPTEMBER 2025

Valeo wins major contracts to supply its next-generation air conditioning system to Chinese automakers.

Valeo's innovative Dual Layer heating, ventilation and air-conditioning system offers enhanced thermal comfort and energy savings of up to 25%. Valeo has already secured 10 contracts with 5 different customers in China, representing an overall value of several-hundred million euros.

SEPTEMBER 2025

Valeo and Momenta have formed a strategic partnership to develop advanced driving assistance technology.

Valeo and Momenta, a leading autonomous driving company, have signed a strategic partnership agreement to establish a comprehensive, long-term and global partnership to jointly develop advanced mid- to high-level Intelligent Assisted Driving and Autonomous Driving products, systems, and solutions, in China and overseas.

OCTOBER 2025

Valeo wins two major contracts in China for its new-generation dual inverter.

Valeo's modular dual inverter combines compact design and record efficiency to increase EV range and adapt to a wide range of powertrain architectures. Series production will begin in 2026, with deployment planned for the two automakers' plug-in hybrids (PHEVs).

NOVEMBER 2025

Valeo unveils *Elevate 2028*, its path to 2028

With *Elevate 2028*, Valeo is targeting a steady increase in profit from 2022 onwards, higher cash generation from 2025 onwards, and a return to sales growth from 2027 onwards.

ELEVATE 2028 Valeo

2

RISKS AND RISK MANAGEMENT

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

2.1 RISK FACTORS AFR

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

Methodology

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

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

This general risk map is updated on a regular basis.

Risk assessment criteria

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

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

Internal control and risk management system

The relationship between risk management and internal control is described in section 2.3.3 “Components of the Group’s internal control and risk management system”, pages 100 to 102.

Since 2024, the Risk Management Department has assessed the maturity of the risk control environment as part of the Group's major risk mapping update, in order to assess the effectiveness of the control systems in place for each risk.

Other risk maps

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

The corruption risk map devised in compliance with the Sapin II law[1] and was updated during the 2024 financial year (see section 2.4 “Ethics, Compliance and Personal Data Protection”, pages 104 to 105).

The Group also performed work to identify the risks and opportunities relating to climate change, based on the TCFD framework[2] (see Chapter 4, section 4.1.1.4.1 “Processes to identify and assess material impacts, risks and opportunities”, pages 231 to 234).

Lastly, in application of the CSRD[3] requirements, the Group carried out a double materiality assessment to identify material sustainability impacts, risks and opportunities (see Chapter 4, section 4.1.1.3.3 “Material impacts, risks and opportunities and their interaction with strategy and business model”, page 228). The analysis was predominantly based on a map of non-financial risks prepared in connection with the Non-Financial Information Statement[4]. A consistency review is also carried out between the results of the double materiality assessment and the general risk map.

(1) *Law No. 2016-1691 of December 9, 2016 on transparency, anti-corruption and economic modernization, known as the Sapin II law.*
(2) *TCFD: Task Force on Climate-Related Financial Disclosures.*
(3) *Corporate Sustainability Reporting Directive: Directive (EU) 2022/2464 of the European Parliament and of the Council of December 14, 2022 as regards corporate sustainability reporting, transposed into French law by Government order no. 2023-1142 of December 6, 2023 on the publication and certification of sustainability reporting and the environmental, social and corporate governance obligations of commercial companies. This directive was amended by Directive (EU) 2025/794 of the European Parliament and the Council of April 14, 2025 concerning the applicable dates for certain disclosure requirements of businesses in terms of sustainability, Stop the Clock and modified by the Quick Fix Delegated Act that amended Delegated Regulation (EU) 2023/2772 as well as by Act No. 2025-391 of April 30, 2025 following various provisions for adaptation of European Union law in economic, financial, environmental, energy, transportation, health, and movement of persons, referred to as DDADUE.*
(4) *Government order No. 2017-1180 of July 19, 2017 on the disclosure of non-financial information by certain large corporations and groups of corporations.*

Main risk factors

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

Risk factor	Risk factors	
Strategy risks	Risks related to the automotive equipment industry	●
	Risks related to the geopolitical and regulatory environment	●
	Risks related to talent engagement and retention ESG	●
Operational risks	Risks related to the quality and safety of products and services sold	●
	Cybersecurity	●
	Supplier and supply chain failure risk ESG	●
	Risks related to the development and launch of new products	●
	Health and safety risks ESG	●
Financial risks	Risks related to an increase in operating costs	●
	Foreign currency risk	●

Criticality ● *High* ● *Medium*

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

Note: ESG Risks including non-financial matters (see Chapter 4, section 4.1.1.3.3. "Material impacts, risks and opportunities and their interaction with strategy and business model", page 228).

2.1.1 Strategy risks

Risks related to the automotive equipment industry

Risk factor	Potential impact on the Group and risk management
The Group's sales are directly dependent on the level of automotive production, which itself depends on registrations and automaker sales and production policies. In turn, these are influenced by a number of contextual factors linked to the geopolitical, macroeconomic and health situation. It should also be pointed out that supply contracts with automakers take the form of open orders, with no minimum volume guarantee.	A deterioration in the automotive market or a geopolitical conflict, as well as a change in regulations, customs, taxes or other barriers or restrictions to doing business in the regions in which the Group and its customers are present, particularly Europe, Asia or North America, could lead to a decline in the Group's revenue or profitability and/or to the default of some of its customers or suppliers, and could thereby affect Valeo's financial position. In the event of a deterioration in the automotive market or the relocation of automotive production, Valeo has the necessary expertise and resources to implement large-scale action plans in order to variabilize costs and safeguard the Group's cash position. Moreover, the Group has operations in 29 countries and its sales are generated in some 60 countries. The diversity of the Group's sales in terms of region, customer, brand and platform makes it less vulnerable to negative trends in one of its markets. The Group's two largest customers in 2025 accounted for 28% of its sales, its five largest customers, 49%, and its ten biggest customers, 77%. Valeo also derives 10% of its sales from the aftermarket, which is less sensitive to fluctuations in the economy. The balanced geographic alignment of Valeo's businesses and its diversified customer portfolio are described in Chapter 5, section 5.1.1 "2025 activity", page 397. In addition, there was a shift in the automotive industry's customer mix, linked to the sharp increase in Chinese customers, particularly for electric vehicles. In this context, Valeo is repositioning its customer portfolio in China to strengthen its position with the most dynamic local customers. 54% of original equipment sales and around 61% of order intake were with automakers (excluding joint ventures) in China in 2025. While the electric vehicle market still offers attractive long-term prospects, it is likely to remain volatile in the short term (see Chapter 5, section 5.4.6, Note 7.4.1 "Impairment testing", page 445 and Chapter 4, section 4.1.2.3.2 "Material impacts, risks and opportunities and their interaction with strategy and business model", page 248). At the Group level, Valeo has already announced and largely implemented a one-off cost reduction program totaling 400 million euros, which will generate 300 million euros in annualized savings starting in 2026 (compared with 2023). The Group also plans to allocate an annual budget of 100 million euros as of 2026 to recurring productivity adjustment measures, which are designed to further improve profitability and cash generation over the next few years.

Risks related to the geopolitical and regulatory environment

Risk factor	Potential impact on the Group and risk management
The Group's international activities and geographical footprint expose it to a variety of risks arising from an unstable geopolitical and regulatory environment (geopolitical conflict, import and export controls, economic sanctions, changes in tax or customs regulations or other barriers or restrictions to doing business).	Risks linked to the instability of the geopolitical and regulatory environment are likely to affect the Group's operations and financial position: risks to employee safety and security, failures in the supply chain, customs increases, sanctions of certain business partners, customers or suppliers, restrictions linked to international trade and in particular to the import or export of certain technologies to and from certain countries, export license requirements, with very high penalties in the event of non-compliance. The Group continuously monitors geopolitical events and regulatory developments, enabling it to anticipate and react appropriately to them. "Country risks" are subject to regular monitoring, notably through the use of external indicators from companies specializing in country risk assessment. In-depth due diligence is also carried out on business partners to verify their integrity and regulatory compliance. To ensure compliance with regulations relating to export control regimes and international economic sanctions, and to be able to sell, purchase, design and manufacture products and technologies lawfully, a dedicated program, policies, procedures and tools are deployed within the Group. This is carried out under the responsibility of the Ethics, Compliance and Personal Data Protection Office, with the support of the *Compliance Champions* (see section 2.4 "Ethics, Compliance and Personal Data Protection", pages 104 to 105) and in close collaboration with the R&D, Project, Purchasing and Sales teams. Furthermore, in the face of customs increases, the Group may have to adapt its supply chain and confirm its commercial policy in order to obtain compensation from its customers for 100% of these costs (see section 2.1.2 "Supplier and supply chain failure risk", page 91). With regard to employee safety, the Group has set up a system with an external partner to assess health and safety risks, and to alert international travelers and expatriates to local risks, communicate with them and, if necessary, arrange evacuation/repatriation or assistance.

Risks related to talent engagement and retention ESG

Risk factor	Potential impact on the Group and risk management
The Group operates in a competitive environment and in a sector that is undergoing radical transformation. Against this backdrop, and given the performance, profitability and innovation challenges facing the Group, talent management risk primarily concerns retention of key talent, employee engagement, and adapting skill sets to changes in the automotive industry.	Failure by the Group to retain key talent and engage employees could impact its product innovation, development, launch and production, and have a negative impact on its business, financial results and reputation. Amid profound transformation and reorganization in 2025, a key priority is retaining and fostering loyalty among the talent and profile types that will support the Group's current and future business operations. Several initiatives have been set up to support this effort. Firstly, internal mobility has been prioritized as a way of engaging and retaining key profiles, supported by the Internal Mobility Charter, which is distributed to all employees and managers. By drawing up and monitoring succession plans, as well as organizing collegial talent reviews at all levels across management committees and departments, we can develop clear career paths for the benefit of employees and the organization. Lastly, the Group compensation policy, which is based, in particular, on external benchmarks as well as personalized recognition systems, enables the Group to remain competitive with the external job market. The Group also has an ambitious training policy to develop and promote talent, and to prepare them for changes in its businesses. In an upskilling drive, the range of face-to-face and distance learning courses has been expanded, playlists have been shared throughout the year, and the lists of skills expected for different jobs have been updated. These various actions also help to ensure staff employability. Moreover, given that managerial culture plays a significant role in influencing talent retention and engagement, these training efforts continued in 2025, reaching 56% of managers being trained in the last three years. A new program called Be the Change has been deployed to encourage the adoption of a continuous learning culture. Valeo considers team diversity to be a factor that fosters engagement and performance. This is why the Group encourages inclusion, in compliance with the applicable laws and regulations, and continued to support its Diversity and Inclusion programs in 2025 with new training courses aimed at strengthening its inclusive culture and encouraging the associated behaviors, in particular via the new Diversity for Success and Inclusive Manager modules. The Group has set up a series of HR processes, guidelines and indicators to ensure fair treatment, and to detect and correct any gaps. In addition, the specific procedure for preventing harassment and discrimination has been strengthened, and an awareness campaign widely deployed. To strengthen employee engagement, the 5 Axes operational excellence model has been simplified, giving entities greater autonomy in defining their priorities and actions. This makes it easier to meet needs and adapt to local specificities. It is backed up by action plans, steered and monitored at each site by an Engagement Committee composed of both management and employee representatives, whose role is to draw up and implement progress plans. Within this framework, the *One Site One Cause* program has enabled all Group entities to offer their employees the opportunity to take part in a locally-defined corporate citizenship initiative. Another of the Group's priority actions for 2025 was to equip itself with a range of tools and carry out local campaigns on mental health. Finally, the Group conducted its annual digital employee engagement survey of over 85,000 employees, which had a participation rate of 83%. The survey revealed an engagement score of 7.2 on a scale of 10. The results enabled the Group to gain a clearer understanding of what drives employee engagement, identify areas for improvement and establish targeted action plans. For more information on the program, policies and actions implemented by the Human Resources Department and their results, see Chapter 4, section 4.1.3.1 "Policies and commitments related to Valeo's own workforce", pages 292 to 314.

2.1.2 Operational risks

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

Risk factor	Potential impact on the Group and risk management
Some products and services may be intrinsically linked to the safety of people and goods. Regulations seeking to protect car users and/or defend the public interest, particularly in terms of the environment, are increasingly strict and checks that such regulations have been complied with are ever more frequent and thorough. Similarly, the contractual commitments imposed by Group customers, which are also highly demanding, reflect the excellence they expect from their suppliers in terms of operational performance. If products sold by the Group were to prove insufficiently robust, present design, manufacturing or operational defects, or prove non-compliant or incompatible with applicable regulations, Valeo could be exposed to the following risks: • risk of liability warranty claims by its customers; • major recalls; • risk of individual or group liability claims in the event that such products are alleged to have caused damage to users and/or third parties; • risk of liability claims by its customers for breach of contractual commitments.	The Group's businesses, earnings and financial position as well as its image and reputation could be significantly affected. During the product design and development phase, the Research and Development and Quality Departments are in charge of managing these risks. These departments ensure that the product has a robust design and complies with customer specifications, standards and regulations. Valeo is represented in international standard-setting groups (SAE, ISO, IEEE, etc.) and contributes to the development of new safety standards. Product compliance is guaranteed by an independent review process that meets the requirements of the relevant standards (notably ISO 26262). During volume production, the Purchasing, Industrial and Quality functions, driven by the same total quality approach, seek to ensure that components and materials purchased are appropriate and meet the requisite quality standards, and also ensure that production processes are stable. The measures described below illustrate this approach during product development: • lessons learned from past incidents are used to revise definitions of the standards and processes concerned; • accelerated tests are carried out on products in abnormal conditions of use in order to identify any product weaknesses that could appear in the first three months on the road; • a system for collecting and analyzing returns at car dealer networks enables Valeo to identify weak warranty signals before the parts are physically returned or a customer alert is received; • an annual reassessment process for purchased components has been implemented with Valeo's suppliers to guarantee that all purchased parts match initial samples. Any discrepancies are monitored using a specific indicator; • safety- and regulatory compliance-related discrepancies relating to special product and process characteristics (SPPC) are monitored using an indicator that is updated weekly; • a rigorous process is in place to monitor contractual warranty obligations. A specific procedure has been added to the Financial and Administrative Manual and an approval process has been created. It concerns all networks: R&D, Quality, Purchasing, Projects, Processes, etc. The Group has taken out specific insurance policies to cover the risk that products may be recalled and protect itself against civil liability claims. However, it is uncertain whether these policies would be adequate to cover the full financial consequences of any such claims. In any case, criminal liability risk cannot be insured and certain coverage exclusions can be applied. The Group's insurance policy is presented in section 2.2 "Insurance and risk coverage" of this chapter, page 96. Provisions for customer warranties are set aside to cover the estimated cost borne by Valeo to replace the products covered by the various warranties granted to customers. These amounted to 416 million euros at December 31, 2025 (see Chapter 5, section 5.4.6, Note 8 "Other provisions and contingent liabilities" to the consolidated financial statements, page 448).

Cybersecurity

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

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

Supplier and supply chain failure risk ESG

Risk factor	Potential impact on the Group and risk management
In purchasing primarily components, Valeo is exposed to the risk that one of its suppliers fails to deliver on schedule the quantities required, or that the products supplied fail to meet the requisite quality standards. The sustainable development practices of suppliers are also a particular focus for the Group.	***Supplier failure risk*** Failure of one or more of the Group's major suppliers in this respect could cause interruptions to suppliers and prevent the Group from delivering to its customers, or cause returns of products under warranty or product recalls. This would also generate additional costs (exceptional transportation costs, deterioration in the supplier's production facilities or financial difficulties of the supplier). The Group's earnings and financial position could be affected. Supplier failure could result: • from Valeo growing on innovative markets, thereby leading it to increase its share of business among a limited number of suppliers; • from a structural change in automotive markets and the disappearance of certain products, which could impact a supplier's financial staying power in the short term if that supplier were unable to reposition itself on other markets; or • from an economic crisis, such as the 2020 health crisis, if it were to last longer than the supplier's cash resources; • from the geopolitical context imposing restrictions, export controls or prohibitive customs duties limiting the supply of certain raw materials and/or specific components used in the composition of purchased goods. • lastly, from non-compliance with requirements relating to sustainable development practices. The Group ensures secure relations with its suppliers through: • a solid risk identification and monitoring process for each new contract and new business awarded, as well as for new suppliers with a long history with recently consolidated entities; • continuous monitoring of the supplier base in accordance with supplier risk assessment procedures based on criteria including financial and management criteria, dependence on Valeo, integration and quality, as set out in IATF standard 16949(1); • a watchlist of high-risk suppliers, who are monitored monthly by the Group Purchasing Committee. Emergency stockpiles are built up where necessary and/or additional production facilities launched; • a product civil liability insurance program for its suppliers. Each supplier can subscribe and thereby meet the Group's coverage standards in terms of product defect risks. As a result, they are covered against any harm they may cause Valeo as a result of the products they supply; • diversified supply streams in order to mitigate supplier failure risk as much as possible while maintaining acceptable economic conditions; • the annual assessment of the supplier panel's sustainable development practices (see Chapter 4, section 4.1.3.2.3 "Policies relating to value chain workers", page 316); • an internal multi-network task force set up on an ad hoc basis, adapted to any specific crisis situation, such as a natural disaster, the implementation of customs control rules, etc. The markets for certain materials and product families may, in certain cases, be exposed to supply limitations for cyclical reasons, depending on the supply regions. In order to cover this risk, several suppliers may be sought for each business and each region and included in the panel. Ninety-five percent of Valeo's needs are handled by 1,976 suppliers. The Group's biggest supplier accounts for 2.9% of its purchases, its five biggest suppliers, 7.3% and its ten biggest suppliers, 10.8%. In addition, over the course of 2025, specific action plans involving the R&D and supply chain networks were implemented to cover risks linked to the supply of rare-earth components from China and the availability of certain electronic components, enabling deliveries to the Group's customers to continue uninterrupted.

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

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

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

Supply chain failure risk

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

A failure in the supply chain could result:

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

The Group manages this risk using various processes:

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

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

Risks related to the development and launch of new products

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

Health and safety risks ESG

Risk factor	Potential impact on the Group and risk management
Employee health and safety is a top priority for the Group, whose main objective is to guarantee a safe working environment and protect the physical and mental well-being of all its employees.	The materialization of a health and safety risk could result in human, social and legal consequences, financial losses and lasting damage to the Group's image. In terms of health, safety and ergonomics, Valeo implements a “Well-being at work” human resources policy and procedures. This policy includes the prevention of psychosocial risks and the promotion of mental well-being. Golden rules are integrated into decision-making processes, and regular assessments are carried out to ensure they are followed. This preventive approach is based on identifying and mobilizing dedicated resources, while empowering each and every manager and employee to take responsibility for preventing incidents. Safety is a shared responsibility for visitors, contractors and external partners. Safety leadership, right up to the top management level, is developed within Employee Engagement Pillar 01 “Feel Safe” and its dedicated roadmaps. Specific training courses are provided to raise awareness and develop skills and group activities are organized to promote a culture of safety and consolidate preventive routines. Prevention also relies on Health, Safety and Environment (HSE) committees, the reporting of dangerous situations and the proposition of continuous improvements. Learning from incidents is an essential lever for raising awareness, sharing best practices, reducing risks and guaranteeing ever safer and more efficient working conditions. Finally, health and safety performance is monitored by key indicators (accident frequency/severity rate, audits, certifications) to ensure continuous improvement and is managed by the Health, Safety and Environment Department. This system is subject to regular internal assessments, audits to assess compliance with Group directives, and external certifications (ISO 45001). A detailed description of our health and safety policy, objectives and actions can be found in Chapter 4, section 4.1.3.1.7, “Health and safety”, page 302).

2.1.3 Financial risks

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

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

Risks related to an increase in operating costs

Risk factor	Potential impact on the Group and risk management
The Group purchases more than 42 billion electronic components every year, and uses a certain number of raw materials for its industrial operations, including non-ferrous metals, steel, plastics and rare-earth metals. The Group is therefore directly exposed to the risk of an increase in operating costs, including raw material costs and, more broadly, wages and salaries as well as costs relating to transportation and electronic components. This risk relates to the difficulty of resisting requests for price increases from suppliers, and, in turn, of passing on the impact of market increases to customers. Given current geopolitical tension, decarbonization of business activities, tightening regulations and the increasing scarcity of raw materials, this risk is significant.	The risks related to an increase in operating costs could have a significant adverse impact on the Group. To reduce this impact, it is important to anticipate market trends and develop alternative sources in the event of obsolescence or increasing scarcity of given components. The Group frequently carries out specific renegotiations with customers in order to pass on market increases when specific pass-through clauses are not provided for. Exposure to raw materials, and in particular residual exposure to non-ferrous metals, is hedged using derivative instruments (see Chapter 5, section 5.4.6, Note 9.1.4.2 "Fair value of commodity (non-ferrous metals) derivatives" to the consolidated financial statements, page 461).

Foreign currency risk

Risk factor	Potential impact on the Group and risk management
As the Group conducts its business in an international environment, Group entities conducting cross-border operations may be exposed to operational currency risk resulting from purchases or sales of products or services in currencies other than their functional currency. The financing needs, met by intra-Group borrowings, of foreign subsidiaries outside the eurozone expose some entities of the Group to financial currency risk. This risk corresponds to the risk of changes in the value of financial receivables or payables denominated in currencies other than the functional currency of the borrowing or lending entity.	The Group's gross and net forex risk exposure is shown in Chapter 5, section 5.4.6, Note 9.1.4.1 "Fair value of foreign currency derivatives" to the consolidated financial statements, page 459.

2.2 INSURANCE AND RISK COVERAGE

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

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

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

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

The risks covered include:

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

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

In 2025, the general liability insurance policy provided coverage combining the capacity of European insurance markets and that of Lloyd's of London. With regard to the recall policy, Valeo pays 20 million euros per claim per year through its reinsurance subsidiary, above and beyond the applicable deductibles.

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

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

2.3 INTERNAL CONTROL AND RISK MANAGEMENT

The Board of Directors and the Audit & Risks Committee have asked the Group Internal Audit and Control Director to describe in this section the internal control and risk management procedures in place in accordance with the reference framework on risk management and Internal Control Systems, supplemented by the Application Guide, drawn up in 2010 under the aegis of the *Autorité des marchés financiers*.

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

Board of Directors

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

Audit & Risks Committee

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

General Management

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

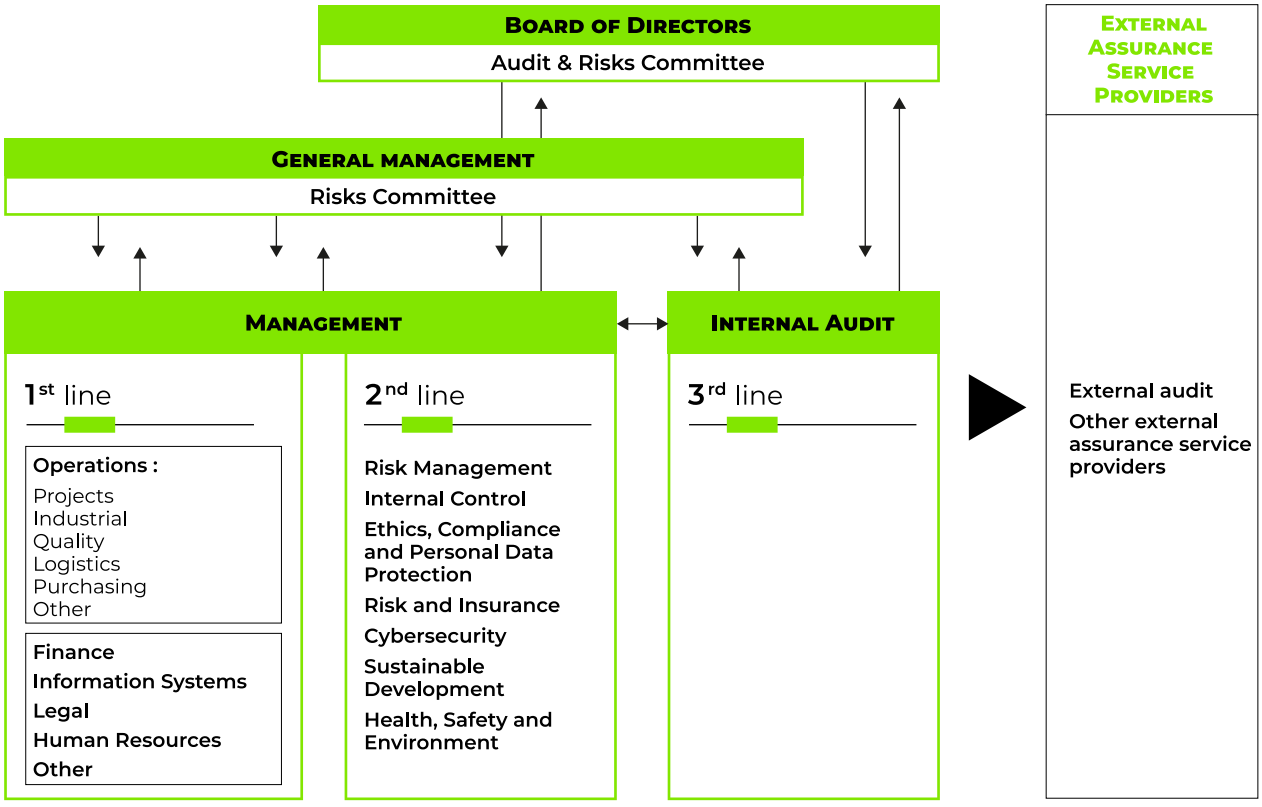
Risks Committee

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

External assurance service providers

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

The **regulators** and the **other external assurance service providers** also play a part in reinforcing existing risk management procedures by providing additional assurance alongside that delivered by internal providers.



Management

Management is responsible for achieving the Group's objectives.

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

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

First line

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

For example:

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

Second Line

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

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

Third Line

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

2.3.1 Internal control and risk management – Definitions and applicable standards

Definition

Risk management is a comprehensive system for identifying, assessing and managing risks of all kinds, involving risk mapping and action plans to address these risks. The methodology and the main risks to which the Group is exposed are described in this chapter, section 2.1 "Risk factors", pages 84 to 94.

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

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

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

Applicable standards

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

The Group has adopted a definition of internal control similar to the COSO findings revised in 2013 in the United States (COSO ICIF-2013 or Framework). There are no significant discrepancies between Valeo's internal control organization and the procedures and principles described in the reference control framework and the Application Guide prepared in 2010 under the aegis of the AMF.

2.3.2 Scope of internal control and risk management

Valeo's overall risk management procedures are applied to the entire Valeo Group, defined as the parent company Valeo and all of its fully consolidated subsidiaries (see Chapter 5, section 5.4.6, Note 3 "Scope of consolidation" to the consolidated financial statements, pages 415 to 417).

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

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

Control environment

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

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

Valeo's self-imposed policies and behavioral principles are set out in its Code of Business Ethics, which aims to ensure that Valeo operates in accordance with national and international rules of law. The code places major emphasis on upholding fundamental rights with respect to the prohibition of child labor, the fight against discrimination and harassment, occupational health and safety, diversity, and promoting the employment of disabled workers (see Chapter 4, section 4.1.3.1 "Employee-related policies and commitments", pages 292 to 314). It also highlights the Group's commitment to sustainability, based on respect for the environment and the relentless drive for environmental protection, both of which are a priority for the Group. Lastly, the Code of Business Ethics deals with social issues and integrity in business conduct, the fight against corruption and anti-competitive practices. Available on the intranet and translated into 21 languages, the Code of Business Ethics has been sent out to all of the Group's employees. It is also available on Valeo's website (https://www.valeo.com/en/code-of-business-ethics/). These values are also broken down in the Valeo Business Partners Code of Conduct, which explains the Group's expectations of its business partners in terms of integrity and ethics.

Capitalizing on its Code of Business Ethics and its culture of integrity, the Group has implemented a compliance initiative since 2012 under the aegis of the Ethics, Compliance and Personal Data Protection Office, which created five in-depth programs tailored to the regulatory requirements of each country in which Valeo does business. The programs are dedicated to the fight against corruption and anti-competitive practices, compliance with regulations on export control and economic sanctions, personal data protection and human rights. The anti-corruption program (described in section 2.4 "Ethics, Compliance and Personal Data Protection", pages 104 to 105) is based on mandatory training campaigns for all Group Managers and Professionals. In addition, the Group has rolled out an anti-corruption and anti-competitive practices self-assessment questionnaire at its sites. To follow up on its various initiatives, the Ethics, Compliance and Personal Data Protection Office defines and rolls out action plans and training modules, and adjusts the related program, as required.

In addition, the Group has a Code of Conduct concerning the prevention of insider trading and the notification procedure for those affected (see Chapter 3, section 3.2.2 "Preparation and organization of the Board of Directors' work", page 143).

A data protection compliance program has also been set up in accordance with global regulations, in particular the General Data Protection Regulation (see Chapter 2, section 2.4 "Ethics, Compliance and Personal Data Protection" of this chapter, pages 104 to 105).

Risk management and assessment

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

During the risk mapping process, risks are reviewed in depth and their impact and likelihood of occurrence are assessed. The risk assessment criteria are detailed in section 2.1 "Risk factors", pages 84 to 95. By prioritizing risks, action plans can be devised for identified risks to improve risk management and control, by acting on their impact or on their likelihood of occurrence.

The risk management process is coordinated by a Risks Committee made up of nine permanent members: the Chief Financial Officer, the Chief Executive Officer of Valeo Light Division, the Group General Counsel and General Secretary, the Chief Ethics, Compliance and Data Protection Officer, the Group Chief Human Resources Officer, the Chief Communications and Sustainability Officer, the Risk and Insurance Director, the Group Internal Audit and Control Director, and the Head of Risk Management. The committee met five times in 2025 and was mainly tasked with reviewing the overall risk mapping process and the procedures in place to address those risks. For each major risk on the risk map, a "risk owner" is identified. The risk owner reports to a member of the Risks Committee and his or her role is to (i) assess the criticality of the risk and the effectiveness of the associated risk control procedures, and monitor changes in the risk on the basis of key indicators, and (ii) identify and implement action plans to manage the risks where appropriate.

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

Risk mapping gives rise to an annual update approved by the Risks Committee, based on a detailed analysis of the major risks and monitoring carried out by the risk owners. The findings of the latest update were presented to the Audit & Risks Committee at its meeting on November 25, 2025. A 2026 audit plan was defined on the basis of these findings, with a focus on the most critical risk areas.

The major risks identified and the procedures for managing these risks are presented in section 2.1 of this chapter "Risk factors", pages 84 to 95. They are:

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

Control activities

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

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

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

Every year, letters of representation regarding compliance with the Group's internal control and management guidelines are drawn up at the level of the operational organization. At the end of 2025, the National Directors and National Financial Directors, the Financial Directors of the Shared Services Centers (SSC), as well as the Financial Directors and Controllers of the operational entities all signed these letters of representation.

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

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

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

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

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

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

Information and communication

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

Steering the internal control system

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

The internal control system is audited by the Internal Audit and Control Department. This department is tasked with carrying out assignments within the Group to ensure that the procedures are implemented, the performance indicators are calculated in accordance with the rules of the business lines and the processes are effective. The tasks set out in the annual audit plan are set down based on the risk map. For 2025, Internal Audit performed financial and IT audits of the operational entities and Shared Services Centers (finance and accounting), as well as cross-functional audits examining project and R&D activities. Since 2024, cybersecurity audits have been carried out to assess the Group's risk coverage in relation to internal and external threats, both in terms of compliance with regulations and certifications, and in terms of potential impact on business.

In 2025, the Anti-Fraud Department within the Internal Audit Department also performed over 99 specific investigations following allegations of fraud reported through the whistleblower hotline or through other communication channels. These investigations were conducted by a dedicated audit team under the responsibility of *the Group's Fraud Investigation Officer*. Fraud offenders are subject to disciplinary action. None of the detected cases of fraud has a material financial impact.

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

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

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

At December 31, 2025, 148 plants had been certified ISO 14001 and 141 plants had been certified ISO 45001, out of a total of 161 eligible plants. The percentage of ISO 14001 and ISO 45001 certified plants is therefore 92% and 88%, respectively. In addition, in 2013, Valeo launched a certification program for its manufacturing plants in accordance with ISO 50001 (relating to energy management systems). At December 31, 2025, 111 plants (69%) had been certified ISO 50001 (see Chapter 4, section 4.1.2 "Environmental information", pages 237 to 289).

2.3.4 Organization of internal control and description of the assessment process

The Internal Control Department reports directly to the Internal Audit and Control Department. At the end of December 2025, it was made up of a team of 12 people, exclusively dedicated to internal control at Group and regional level. In 2025, the main role of the regional controllers was to assist the Group Internal Control Director in overseeing the internal control self-assessment campaign and ensuring best practices are applied uniformly across the regions with the support of the Divisions and National Directorates.

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

In 2025, the self-assessment questionnaire was rolled out, focusing on the following 13 processes: accounts closing; sales, management of customers and incoming payments; production purchases, management of suppliers and outgoing payments; non-production purchasing; projects and research & development; monitoring of fixed assets; monitoring of inventories; payroll and human resources; cash management; customs, duties; information systems; and compliance. The self-assessment campaign involved 324 operational entities including 10 finance Shared Services Centers (SSC).

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

In 2025, the following measures were implemented:

- the redesign of self-assessment questionnaires to focus on the highest-risk processes (49% reduction in the number of checks) and improve the efficiency of the self-assessment process;
- the deployment, across the Group's industrial sites, of the new tool to simplify and strengthen the justification and revision process for the various operating sites' financial statements;
- the issue of internal control inspection reports that include internal control action plans that are implemented at sites and coordinated by regional internal controllers;
- ongoing internal control of sustainability information, through the drafting of reporting guides (Social and Environmental) for operating sites, the extension of specific controls to 17 reporting sites, and controls based on a smaller sample of all sites visited by internal controllers in 2025.

A report of the initiative implemented in 2025 was presented to the Audit & Risks Committee on November 25, 2025. It confirms the robustness of the internal control assessment system, thanks in particular to the reliability of the controls embedded in Valeo's management systems. A plan to carefully monitor key controls was also presented, and will be deployed in 2026.

The areas for improvement for the Group's internal control and risk management procedures are presented in section 2.3.6 "Outlook" of this chapter, page 103.

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

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

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

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

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

[1] *See financial glossary, page 552.*

2.3.6 Outlook

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

In 2026, the Group will continue to develop its internal control policy by:

- focusing the control system on the most critical processes. This action is being carried out in cooperation with the operational teams (Finance, Human Resources, Logistics, Purchasing, Projects) and the Divisions;
- overhaul of the calendar for the annual internal control self-assessment campaign, so that the most critical control processes can be assessed at the start of the year. This overhaul, combined with the focusing of the control system, will enable the various players and owners of the control processes to focus on the implementation of corrective actions, with the aim of significantly improving controls and achieving the objective of the most critical processes being 100% compliant;
- deployment of a new tool to focus and manage the various internal control performance indicators, whether based on self-assessments, automated controls, manual controls or action plan monitoring;
- redesign of the letters of representation regarding internal control compliance, based on the new tool for focusing and monitoring internal control performance indicators. This will enable the financial directors and controllers of the operating sites to assess and present the main risks and deficiencies in their letters of representation, and decide on the action plans to be implemented over the coming year. These letters of representation will therefore represent internal control improvement roadmaps for each operating unit;
- support for sites in using the various processes and indicators, both at the financial level (support in justifying the balance sheet) and at the operating level (knowledge and application of indicators), through dedicated workshops and training courses;
- the rollout of an internal control assessment tool dedicated strictly to financial processes, based on data extracted from systems and on periodic tests, incorporating the controls carried out to date in the self-assessment questionnaires. These questionnaires will then be entirely devoted to operational controls, enabling operating site managers to coordinate all the internal controls assessed in the questionnaires.
- the continuation of internal control work on the risk control environment for sustainability information by extending specific controls for less mature reporting entities and entities not covered by the sustainability auditor's audits.

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

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

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

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

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

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

2.4 ETHICS, COMPLIANCE AND PERSONAL DATA PROTECTION

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

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

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

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

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

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

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

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

These programs are regularly assessed and adjusted to ensure that their content is in line with needs and any risks identified when risk maps are updated.

The **Anti-Competitive Practices Program** focuses on Valeo's compliance with the antitrust laws in force in the European Union and in each country in which the Group operates. Valeo strictly prohibits anti-competitive agreements (cartels) and the exchange of sensitive commercial data. In 2025, the Ethics, Compliance and Personal Data Protection Department focused on:

- assessing the risks of anti-competitive practices within the Sales, R&D, Project and Purchasing teams;
- rolling out a self-assessment questionnaire on antitrust controls alongside the related risk assessment;
- checking collaborative procedures for a sample of projects involving competitors;
- rolling out a targeted training and awareness-raising program to prevent certain anti-competitive practices, with more than 19,000 Managers and Professionals from the R&D and Project departments trained;
- integrating and digitalizing risk assessment related to collaborative projects with competitors directly into R&D tools.

The **Anti-Corruption Program** is structured around key documents (Codes of Ethics, Business Partners Code of Conduct), specific policies (on gifts, conflicts of interest and due diligence), and dedicated tools (risk mapping, multilingual whistleblowing system and training modules). It applies fully to all stakeholders (employees and business partners) and is based on compliance with major international (FCPA, UK Bribery Act) and national (Sapin II law in France) regulations. Valeo is committed to preventing corruption. The program's effectiveness is assessed by various control mechanisms, including training sessions, rigorous accounting controls and audits, periodic self-assessments, third-party due diligence, and systematic follow-up of whistleblowing reports.

Following the update to the corruption and influence peddling risk map in 2024, a global and local action plan was rolled out in 2025 in the light of the risks identified.

The **Export Control and International Economic Sanctions Compliance Program** defines the framework for Valeo's international sales, import and export activities. Given the current context, this program has continued to receive close attention.

The Compliance Program, which sets out the conditions for importing and exporting certain technologies or developing business relationships with current or potential partners (customers, suppliers, etc.) located in or linked to countries targeted by international sanctions, has been continuously updated and enhanced with tools to assist operational staff. Since the beginning of the Russia-Ukraine conflict and the increase in international tensions, notably between the United States and China, international sanctions and export-import controls have been the subject of ongoing legal monitoring to keep our dedicated compliance system aligned with international sanctions. This system is deployed worldwide and closely supervised.

The **Human Rights Protection Program** focuses not only on respecting and upholding human rights in Valeo's own businesses, but also in those of suppliers and service providers in its supply chain. In 2025, a training campaign targeted over 7,500 Managers and Professionals to raise awareness of the risks associated with human rights violations and the necessary steps to protect against them.

In order to comply with obligations arising from recent and particularly stringent regulations, the Human Rights policy was stepped up in 2025, notably by taking into account obligations to prevent forced labor and human rights violations in the business partner due diligence policy. In 2025, more than 44,000 Managers and Professionals received general training on Valeo's Human Rights policy, which took place as part of the annual Ethics and Compliance program.

The protection of personal data is subject to specific regulations in virtually all of the countries in which Valeo does business. The **Data Protection Program** is based on the *Valeo Data Protection Principles* (VDPPs), which are cross-functional and apply worldwide. They are rounded out where necessary, depending on local regulations, with principles specific to the various countries in which Valeo operates. In 2025, Valeo's achievements included finalizing and deploying the new Research & Development/Projects module within its personal data protection management system. An assessment of the management of the Data Protection Program was also initiated in preparation for an awareness and training campaign scheduled for 2026, and a Data Protection Academy was set up.

In 2025, the Ethics, Compliance and Personal Data Protection department published the **Artificial Intelligence policy**, which was deployed in the communication and training campaigns of the Artificial Intelligence and Cybersecurity departments. The Group also added a new artificial intelligence module to its data protection management system in 2025.

Integrity of third parties

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

In order to establish honest and lasting partnerships in accordance with the Codes, the Group rigorously screens the suppliers and third parties likely to represent it. This involves an in-depth due diligence procedure. This procedure has recently been reorganized and digitalized in response to the legal extension of its scope and growing customer demands in this area.

Valeo is firmly committed to preventing, detecting and punishing any infringement of legal provisions, its Compliance programs or its Code of Business Ethics by means of a secure **internal whistleblowing system**, which is accessible to all Group stakeholders.

This system is based on a dedicated whistleblowing platform, which is accessible 24/7 via a link or QR Code, managed by a European operator. Users can submit factual, detailed, documented reports by filling in a questionnaire, either in writing or orally, in the language of their choice. Reports can be submitted locally or globally, and may be anonymous.

Reports are systematically analyzed by designated Group or Entity Liaison Officers charged with handling reports, acting with diligence, objectivity and the strictest confidentiality. Admissible reports are thoroughly investigated by competent, impartial and independent investigators.

The Alerts Review Committee (weekly meeting) comprises the Group Internal Audit and Control Director, the Vice-President, Employee Relations, and its chair, the Chief Ethics, Compliance and Personal Data Protection Officer. Its remit includes evaluating the reports handled at Group level, allocating the necessary resources, monitoring the progress of investigations and, where necessary, deciding on appropriate corrective measures (amendment of internal procedures, reorganization, disciplinary sanctions, and legal action, subject to applicable local law).

An Alerts Committee, chaired by the Chief Ethics, Compliance and Personal Data Protection Officer and composed of senior executives (the Group Internal Audit and Control Director, the Group General Counsel and General Secretary, the Group Chief Human Resources Officer, the Vice-President, Employee Relations, the Chief Financial Officer, Director and the Chief Purchasing Officer), meets annually to discuss and review the Whistleblowing Review Committee's detailed activity report.

Both technical measures (secure storage, highly restricted access for Liaison Officers and Investigators/Contributors) and organizational measures are in place to ensure confidentiality. All those involved are bound by strict confidentiality agreements. The identity of the parties is highly confidential. It is strictly prohibited and sanctioned to retaliate against or pressure a whistleblower, thereby contributing to whistleblower protection.

This policy complies with European Directive 2019/1937, laws on personal data protection and anti-corruption legislation. It is also integrated into Valeo's Code of Ethics and Business Partners Code of Conduct.

Finally, with regard to **training**, the Ethics, Compliance and Personal Data Protection Department has developed a mandatory Compliance Induction training course for new Managers and Professionals, to ensure that they understand the policies, tools and behaviors to be adopted internally and externally from their first month with the Company. In 2025, 94% of these new employees across all networks took and passed the e-learning modules.

In 2025, the Ethics, Compliance and Personal Data Protection Department implemented several key communication and awareness-raising initiatives. Key achievements included:

- a global communications campaign to encourage the use of the whistleblowing system to prevent and combat harassment;
- the annual Compliance training campaign, with the training taken by 99.6% of all Valeo Group Managers and Professionals.

3

CORPORATE GOVERNANCE AFR

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

Valeo refers to the AFEP-MEDEF Corporate Governance Code for Listed Companies, in its version of December 2022 (the "**AFEP-MEDEF Code**"). The Code is available, in particular, on the MEDEF website (www.medef.com). The application of the recommendations of the AFEP-MEDEF Code is described in section 3.2.4 of this chapter, "Corporate Governance Code", page 156.

The information contained in this chapter 3, pages 107 to 186, constitutes the Corporate Governance Report required by Article L. 225-37 of the French Commercial Code (*Code de commerce*). The information comprising this report was prepared by several of Valeo's Functional Departments, mainly the Legal, Finance and Human Resources Departments. It was reviewed by the Compensation Committee and the Governance, Appointments & Corporate Social Responsibility Committee for the parts under their respective authority, and then by the Board of Directors.

3.1 EXECUTIVE BODIES

[*ESRS 2 § 21*]

At December 31, 2025, the Group's Executive Management team comprised the Chairman of the Board of Directors, the Chief Executive Officer, the Associate Chief Executive Officers and Chief Executive Officers of the Divisions, the Chief Executive Officer of Valeo Service and the Functional Directors, who are members of the Executive Committee.

Chairman of the Board of Directors
Independent director

Gilles Michel

(First appointed as a director on May 23, 2018 – Current term of office began on May 24, 2022 – Current term of office expires at the Shareholders' Meeting that will be called to approve the financial statements for the financial year ended December 31, 2025)[1]

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

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

Chief Executive Officer
Director

Christophe Périllat

(First appointed as a director on May 26, 2021 – Current term of office began on May 22, 2025 – Current term of office expires at the Shareholders' Meeting that will be called to approve the financial statements for the financial year ended December 31, 2028)

(First appointed as Chief Executive Officer on January 26, 2022 – current term of office as Chief Executive Officer began on May 22, 2025 – Current term of office expires at the Shareholders' Meeting that will be called to approve the financial statements for the financial year ended December 31, 2028)

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

(1) At the Shareholders' Meeting on May 21, 2026, the Board of Directors, acting on the recommendation of the Governance, Appointments & Corporate Social Responsibility Committee, will propose the reappointment of Gilles Michel as a director for a term of four years ending at the Shareholders' Meeting to be called to approve the financial statements for the financial year ended December 31, 2029. The Board of Directors, at its meeting on February 26, 2026, and on the recommendation of the Governance, Appointments & Corporate Social Responsibility Committee, decided to renew the term of office of Gilles Michel as Chairman of the Board of Directors for the duration of his new term as director, (subject to his reappointment as director), at the meeting to be held immediately after the Shareholders' Meeting.

COMPOSITION OF THE EXECUTIVE COMMITTEE AT DECEMBER 31, 2025

From left to right:

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

3.2 COMPOSITION OF THE BOARD OF DIRECTORS, AND PREPARATION AND ORGANIZATION OF ITS WORK

[ESRS 2 § 21]

The table below provides key figures relating to the Board of Directors for the 2025 financial year:

14 **Members**(1)	**8** **Meetings in 2025**	**95.69%** **Attendance rate in 2025**

90.90% **Independent directors**(2)	**3** **Directors representing employees and employee shareholders** **(1 director representing employee shareholders and 2 directors representing employees)**	**45.45%** **Women directors**(2)	**4** **Nationalities**

(1) Information as at December 31, 2025. The Board of Directors has comprised 15 members since January 1, 2026.

(2) Information as at December 31, 2025. Since January 1, 2026, independent directors and women directors have made up 91.66% and 41.66% of the Board's members respectively. Directors representing employees and employee shareholders do not count for the purpose of determining the proportion of (i) independent directors in accordance with the recommendation in Article 10.3 of the AFEP-MEDEF Code, and (ii) gender diversity in accordance with Articles L. 225-23 and L. 225-27-1 of the French Commercial Code, as applicable to the Company.

3.2.1 Composition of the Board of Directors

[*ESRS 2 § 21*]

Composition of the Board of Directors at December 31, 2025 and changes (made or approved) during 2025

The composition of the Board of Directors at December 31, 2025 is shown in the table below:

	Personal information				Experience		Position on the Board of Directors			
	Age	Gender	Nationality	Number of shares	Number of directorships in listed companies[1]	Independence	First appointed	Expiration of term of office	Years' service on the Board	Membership of Board Committees[2]
Gilles Michel Chairman of the Board of Directors	69	M		8,650	1	✓	05/23/2018	2026 Shareholders' Meeting	7 years	GACSRC (Chair)/ CC (Chair)[3]
Christophe Périllat Chief Executive Officer	60	M		359,466[4]	1	-	05/26/2021	2029 Shareholders' Meeting	4 years	-
Bruno Bézard	62	M		3,000	0	✓	10/24/2017	2026 Shareholders' Meeting	8 years	ARC
Bpifrance Participations Represented by Alexandre Ossola	51	M		12,600,000[5]	0	✓	06/21/2019	2026 Shareholders' Meeting	6 years	ARC/SC
Éric Chauvirey Director representing employee shareholders	51	M		2,500[6]	0	N/A[7]	05/23/2024	2028 Shareholders' Meeting	2 years	ARC
Fonds Stratégique de Participations Represented by Julie Avrane	54	F		10,213,000[5]	3	✓	03/24/2020	2028 Shareholders' Meeting	5 years	GACSRC/CC/ ARC
Stéphanie Frachet	48	F		1,500	0	✓	01/01/2023	2027 Shareholders' Meeting	3 years[8]	GACSRC/CC/ SC
Mari-Noëlle Jégo-Laveissière	57	F		1,500	2	✓	05/26/2016	2029 Shareholders' Meeting	9 years	ARC
Éric Poton Director representing employees	59	M		0[9]	0	N/A[7]	06/30/2021	06/30/2029	4 years	GACSRC/CC
Beatriz Puente	53	F		1,500	1	✓	05/23/2024	2028 Shareholders' Meeting	2 years	ARC
Patrick Sayer	68	M		11,700	0	✓	05/23/2019	2027 Shareholders' Meeting	6 years	GACSRC/CC/ SC (Chair)
Grzegorz Szelag Director representing employees	48	M		429[9]	0	N/A[7]	11/19/2020	11/19/2028	5 years	SC
Véronique Weill	66	F		2,390	1	✓	05/26/2016	2029 Shareholders' Meeting	9 years	ARC (Chair)
Sascha Zahnd	50	M		1,500	2	✓	05/23/2024	2028 Shareholders' Meeting	2 years	SC

N/A: Not applicable.

Nationalities:

: French – : Spanish – : Polish – : Swiss

(1) *Except for the directorship in the Company.*

(2) *ARC = Audit & Risks Committee; GACSRC = Governance, Appointments & Corporate Social Responsibility Committee; CC = Compensation Committee; SC = Strategy Committee.*

(3) *Gilles Michel was appointed as Chairman of the GACSRC and the CC by decision of the Board of Directors, to replace Alexandre Dayon, whose term of office expired at the close of the Shareholders' Meeting of May 22, 2025 and who did not put himself forward for reappointment.*

(4) *Christophe Périllat also holds 142,037 shares in the Valeorizon mutual fund (Group employee share ownership plan), which would represent 141,974 shares.*

(5) *These shares are held by the legal entity serving as a director.*

(6) *In accordance with the law, the articles of association and the Internal Procedures, the director representing employee shareholders is not required to hold 1,500 shares. Nevertheless, in accordance with Article L. 225-102 of the French Commercial Code, he/she is required to own, either individually or through a corporate mutual fund (FCPE) invested in Valeo shares, at least one Company share, or a number of FCPE units equivalent to at least one Company share. Éric Chauvirey also holds 1,715 shares in the Valeorizon mutual fund (Group employee share ownership plan), which would represent 1,713 shares.*

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

(8) *Stéphanie Frachet has served on the Board of Directors for six years, taking into account her term of office as permanent representative of Bpifrance Participations between June 21, 2019 and December 31, 2022.*

(9) *In accordance with the law, the articles of association and the Internal Procedures, the directors representing employees are not required to hold 1,500 shares of the Company. Éric Poton and Grzegorz Szelag also hold 762 shares and 20 shares, respectively, in the Valeorizon mutual fund (Group employee share ownership plan), which would represent 761 shares and 20 shares.*

[ESRS 2 § 21]

The changes (made or approved) in the composition of the Board of Directors and its Committees during the 2025 financial year are shown in the table below:

	Departures	Appointments	Reappointments
Board of Directors	Alexandre Dayon[1] (May 22, 2025 Shareholders' Meeting)	Gilles Le Borgne (May 22, 2025 Shareholders' Meeting, with effect from January 1, 2026)	Christophe Périllat (May 22, 2025 Shareholders' Meeting) Mari-Noëlle Jégo-Laveissière (May 22, 2025 Shareholders' Meeting) Véronique Weill (May 22, 2025 Shareholders' Meeting) Éric Poton (Group Works Council meeting of June 12, 2025, with effect from June 30, 2026)
Governance, Appointments & Corporate Social Responsibility Committee	Alexandre Dayon (Chair)[1] (May 22, 2025 Shareholders' Meeting)	Gilles Michel[2] (Chairman) (Board meeting of May 22, 2025)	Éric Poton[3] (Board meeting of May 22, 2025)
Compensation Committee	Alexandre Dayon (Chair)[1] (May 22, 2025 Shareholders' Meeting)	Gilles Michel[2] (Chairman) (Board meeting of May 22, 2025)	Éric Poton[3] (Board meeting of May 22, 2025)
Audit & Risks Committee	N/A	N/A	Véronique Weill (Chair) (Board meeting of May 22, 2025) Mari-Noëlle Jégo-Laveissière (Board meeting of May 22, 2025)
Strategy Committee	Alexandre Dayon[1] (May 22, 2025 Shareholders' Meeting)	N/A	N/A

N/A: Not applicable.

(1) Alexandre Dayon's term of office expired at the close of the Shareholders' Meeting of May 22, 2025, and he did not put himself forward for reappointment.

(2) Gilles Michel was appointed as Chairman of the GACSRC and the CC by decision of the Board of Directors, to replace Alexandre Dayon, whose term of office expired at the close of the Shareholders' Meeting of May 22, 2025 and who did not put himself forward for reappointment.

(3) Subject to renewal of the term of office by the Group Works Council on June 12, 2025, effective June 30, 2026.

Composition of the Board of Directors at January 1, 2026

The composition of the Board of Directors at January 1, 2026 is shown in the table below:

	Personal information				Experience		Position on the Board of Directors			
	Age	Gender	Nationality	Number of shares	Number of directorships in listed companies[1]	Independence	First appointed	Expiration of term of office	Years' service on the Board	Membership of Board Committees[2]
Gilles Michel Chairman of the Board of Directors	69	M		8,650	1	✓	05/23/2018	2026 Shareholders' Meeting	7 years	GACSRC (Chair)/ CC (Chair)[3]
Christophe Périllat Chief Executive Officer	60	M		359,466[4]	1	_	05/26/2021	2029 Shareholders' Meeting	4 years	_
Bruno Bézard	62	M		3,000	0	✓	10/24/2017	2026 Shareholders' Meeting	8 years	ARC
Bpifrance Participations Represented by Alexandre Ossola	51	M		12,600,000[5]	0	✓	06/21/2019	2026 Shareholders' Meeting	6 years	ARC/SC
Éric Chauvirey Director representing employee shareholders	51	M		2,500[6]	0	N/A[7]	05/23/2024	2028 Shareholders' Meeting	2 years	ARC
Fonds Stratégique de Participations Represented by Julie Avrane	54	F		10,213,000[5]	3	✓	03/24/2020	2028 Shareholders' Meeting	5 years	GACSRC/CC/ ARC
Stéphanie Frachet	48	F		1,500	0	✓	01/01/2023	2027 Shareholders' Meeting	3 years[8]	GACSRC/CC/ SC
Mari-Noëlle Jégo-Laveissière	57	F		1,500	2	✓	05/26/2016	2029 Shareholders' Meeting	9 years	ARC
Gilles Le Borgne	63	M		1,600	0	✓	01/01/2026[10]	2029 Shareholders' Meeting	0 years	_ [10]
Éric Poton Director representing employees	59	M		0[9]	0	N/A[7]	06/30/2021	06/30/2029	4 years	GACSRC/CC
Beatriz Puente	53	F		1,500	1	✓	05/23/2024	2028 Shareholders' Meeting	2 years	ARC
Patrick Sayer	68	M		11,700	0	✓	05/23/2019	2027 Shareholders' Meeting	6 years	GACSRC/CC/ SC (Chair)
Grzegorz Szelag Director representing employees	48	M		429[9]	0	N/A[7]	11/19/2020	11/19/2028	5 years	SC
Véronique Weill	66	F		2,390	1	✓	05/26/2016	2029 Shareholders' Meeting	9 years	ARC (Chair)
Sascha Zahnd	50	M		1,500	2	✓	05/23/2024	2028 Shareholders' Meeting	2 years	SC

N/A: Not applicable.

Nationalities:

: French – : Spanish – : Polish – : Swiss

(1) Except for the directorship in the Company.

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

(3) Gilles Michel was appointed as Chairman of the GACSRC and the CC by decision of the Board of Directors, to replace Alexandre Dayon, whose term of office expired at the close of the Shareholders' Meeting of May 22, 2025 and who did not put himself forward for reappointment.

(4) Christophe Périllat also holds 142,037 shares in the Valeorizon mutual fund (Group employee share ownership plan), which would represent 141,974 shares.

(5) These shares are held by the legal entity serving as a director.

(6) In accordance with the law, the articles of association and the Internal Procedures, the director representing employee shareholders is not required to hold 1,500 shares. Nevertheless, in accordance with Article L. 225-102 of the French Commercial Code, he/she is required to own, either individually or through a corporate mutual fund (FCPE) invested in Valeo shares, at least one Company share, or a number of FCPE units equivalent to at least one Company share. Éric Chauvirey holds 1,715 shares in the Valeorizon mutual fund (Group employee share ownership plan), which would represent 1,713 shares.

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

(8) Stéphanie Frachet has served six years on the Board of Directors, taking into account her term of office as permanent representative of Bpifrance Participations between June 21, 2019 and December 31, 2022.

(9) In accordance with the law, the articles of association and the Internal Procedures, the directors representing employees are not required to hold 1,500 shares of the Company. Éric Poton and Grzegorz Szelag also hold 762 shares and 20 shares, respectively, in the Valeorizon mutual fund (Group employee share ownership plan), which would represent 761 shares and 20 shares, respectively.

(10) Gilles Le Borgne was appointed as a director by the Shareholders' Meeting of May 22, 2025, with effect from January 1, 2026. In addition, on the recommendation of the GACSRC, he was appointed as a member of the Strategy Committee by the Board of Directors on January 28, 2026.

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

Size of the Board of Directors

According to the Company's articles of association, the Board of Directors comprises at least three and no more than 18 members (subject to any amendments in line with changes in the applicable legal provisions). Directors representing employees and the director representing employee shareholders are not included in the minimum and maximum number of directors. The composition of the Board of Directors was as follows at the following dates: (i) at December 31, 2025, 14 members, including two directors representing employees and one director representing employee shareholders, and (ii) at January 1, 2026, 15 members, including two directors representing employees and one director representing employee shareholders.

Directors (non-employees) appointed at Shareholders' Meetings

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

Directors put forward by the Board and appointed at the Shareholders' Meeting are selected on the basis of the diversity policy as described in the section "Board of Directors' diversity policy", pages 118 to 119.

Directors representing employees

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

Director representing employee shareholders

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

In accordance with the articles of association, since the procedures for nominating a candidate (and, where applicable, his/her substitute) are not defined by the applicable legal and regulatory provisions and by the articles of association, the Board of Directors sets these procedures based on the recommendation of General Management. This particularly applies to setting the timeframes for nominating candidates and the rules governing the presentation of candidates (including any sponsorship).

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

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

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

For details of the directorships and other positions held by the members of the Board of Directors (including those held in the last five years), and their experience and expertise, see section "Presentation of directors at December 31, 2025 and January 1, 2026", pages 122 to 138.

Attendance rate at Board of Directors' meetings

The Board of Directors met eight times in the 2025 financial year, including the Board meeting that closed the annual strategy seminar.

The average attendance rate of directors at Board of Directors' meetings held in 2025 was 95.69%.

In addition, 17 Board Committee meetings were held in the 2025 financial year:

- the Governance, Appointments & Corporate Social Responsibility Committee met four times with an average attendance rate of 75%;
- the Compensation Committee met four times with an average attendance rate of 80%;
- the Audit & Risks Committee met five times with an average attendance rate of 94.29%;
- the Strategy Committee met four times with an average attendance rate of 100%.

The attendance rate of directors at Board and Committee meetings in the 2025 financial year is shown in the table below.

	Attendance rate at Board meetings[1]	Attendance rate at GACSRC meetings[1]	Attendance rate at CC meetings[1]	Attendance rate at ARC meetings[1]	Attendance rate at SC meetings[1]
Gilles Michel (Chairman of the Board of Directors and an independent director)	8/8	1/1[2]	1/1[2]	N/A	N/A
Christophe Périllat (Chief Executive Officer and a director)	8/8	N/A	N/A	N/A	N/A
Bruno Bézard (Independent director)	8/8	N/A	N/A	5/5	N/A
Bpifrance Participations Represented by Alexandre Ossola (Independent director)	7/8	N/A	N/A	5/5	4/4
Éric Chauvirey (Director representing employee shareholders)	8/8	N/A	N/A	5/5	N/A
Alexandre Dayon (Independent director)	3/4[3]	2/3[3]	2/3[3]	N/A	2/2
Fonds Stratégique de Participations Represented by Julie Avrane (Independent director)	8/8	4/4	4/4	5/5	N/A
Stéphanie Frachet (Independent director)	7/8	2/4	3/4	N/A	4/4
Mari-Noëlle Jégo-Laveissière (Independent director)	8/8	N/A	N/A	3/5	N/A
Éric Poton (Director representing employees)	8/8	4/4	4/4	N/A	N/A
Beatriz Puente (Independent director)	7/8	N/A	N/A	5/5	N/A
Patrick Sayer (Independent director)	7/8	2/4	2/4	N/A	4/4
Grzegorz Szelag (Director representing employees)	8/8	N/A	N/A	N/A	4/4
Véronique Weill (Independent director)	8/8	N/A	N/A	5/5	N/A
Sascha Zahnd (Independent director)	8/8	N/A	N/A	N/A	4/4
TOTAL	**95.69%**	**75%**	**80%**	**94.29%**	**100%**

N/A: Not applicable.

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

(2) Since being appointed as Chair of the GACSRC and the CC by the Board of Directors on May 22, 2025.

(3) Until the end of his term as a director, and member of the GACSRC, the CC and the SC on May 22, 2025.

Director independence review

[*ESRS 2 § 21*]

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

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

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

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

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

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

Director independence review on appointment during the 2025 financial year

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

Pursuant to its decision of February 26, 2025 to propose at the Shareholders' Meeting of May 22, 2025 the reappointments of Mari-Noëlle Jégo-Laveissière and Véronique Weill as directors, on the recommendation of the Governance, Appointments & Corporate Social Responsibility Committee, the Board of Directors noted that the independence review carried out for the purposes of the 2024 Corporate Governance Report based on the above independence criteria remained valid and that Mari-Noëlle Jégo-Laveissière and Véronique Weill were therefore considered to be independent.

Pursuant to its decision of March 24, 2025 to propose at the Shareholders' Meeting of May 22, 2025 the appointment of Gilles Le Borgne as a director, on the recommendation of the Governance, Appointments & Corporate Social Responsibility Committee, the Board of Directors reviewed his independence and concluded that he qualified as independent effective January 1, 2026, date of his nomination. The review of Gilles Le Borgne's independent status, which was validated by the Board of Directors as part of its work on preparing the Corporate Governance Report for 2025, is described in the section below.

Director independence review upon preparation of the Corporate Governance Report

In accordance with the Internal Procedures and the AFEP-MEDEF Code, and on the recommendation of the Governance, Appointments & Corporate Social Responsibility Committee at its meeting held on January 26, 2026, the independence of the directors in office was discussed at the Board of Directors' meeting held on January 28, 2026.

The table below provides an overview of the status of each director at December 31, 2025 and at January 1, 2026, in light of the independence criteria set out in the AFEP-MEDEF Code and the Internal Procedures.

Criterion[1]	Criterion 1: Employee or corporate officer in the last five years	Criterion 2: Cross-director-ships	Criterion 3: Significant business relationships	Criterion 4: Family ties	Criterion 5: Statutory Auditors	Criterion 6: In office for more than 12 years	Criterion 7: Non-executive corporate officer	Criterion 8: Major shareholder
Gilles Michel Chairman of the Board of Directors	✓	✓	✓	✓	✓	✓	✓	✓
Christophe Périllat Chief Executive Officer	✖	✓	✓	✓	✓	✓	✓	✓
Bruno Bézard	✓	✓	✓	✓	✓	✓	✓	✓
Bpifrance Participations[2] Represented by Alexandre Ossola	✓	✓	✓	✓	✓	✓	✓	✓[3]
Éric Chauvirey[4] Director representing employee shareholders	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fonds Stratégique de Participations[2] Represented by Julie Avrane	✓	✓	✓	✓	✓	✓	✓	✓[5]
Stéphanie Frachet	✓	✓	✓	✓	✓	✓	✓	✓
Mari-Noëlle Jégo-Laveissière	✓	✓	✓	✓	✓	✓	✓	✓
Gilles Le Borgne (since January 1, 2026)	✓	✓	✓	✓	✓	✓	✓	✓
Éric Poton[4] Director representing employees	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Beatriz Puente	✓	✓	✓	✓	✓	✓	✓	✓
Patrick Sayer	✓	✓	✓	✓	✓	✓	✓	✓
Grzegorz Szelag[4] Director representing employees	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Véronique Weill	✓	✓	✓	✓	✓	✓	✓	✓
Sascha Zahnd	✓	✓	✓	✓	✓	✓	✓	✓

N/A: Not applicable.

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

(2) The independence review was conducted for both the company and its representative.

(3) Bpifrance Participations held 5.13% of Valeo's share capital and 9.13% of the theoretical voting rights at December 31, 2025. Bpifrance Participations is controlled by Bpifrance SA, a 49.20%-49.20% joint venture between Caisse des Dépôts et Consignations and EPIC Bpifrance.

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

(5) Fonds Stratégique de Participations held 4.16% of Valeo's share capital and 7.40% of the theoretical voting rights at December 31, 2025.

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

- Bruno Bézard's independence: Bruno Bézard is one of the Managing Partners of Cathay Capital Private Equity, a private equity company of the Cathay Capital group. The Cathay Capital group comprises several investment fund management companies. The Group has made five investments in funds managed by asset management companies in the Cathay Capital group: the Sino-French (Innovation) Fund, the Sino-French (Innovation) Fund II, the Cathay Innovation Global Fund III, the Cartech fund and the Taicang fund[1] (the "**Cathay Funds**"). The review to determine whether the business relationships between the Group and the Cathay Capital group should be qualified as significant was based on several quantifiable and qualitative criteria. As regards financial transactions, the Group's investment commitments relating to the Cathay Capital group via the Cathay Funds represented approximately 0.70% of its sales at December 31, 2025, and 2.42% of the Cathay Capital group's assets under management at December 31, 2025, and are therefore not material. In addition, management fees, which are charged on an arm's length basis, are paid in proportion to the percentage held by each investor in the Cathay Funds and the Group's share is not material. Bruno Bézard does not sit on any committee responsible for the Group's past or future investments in the five funds. Bruno Bézard has no direct or indirect decision-making power in the continuation of this business relationship, which existed before he was appointed as a director of the Company. Moreover, the Group is free to make investments via funds that do not belong to the Cathay Capital group. There is no relationship of exclusivity or dependency (economic or otherwise) between the Group and the Cathay Capital group. The same is true for the Cathay Capital group funds, in which many other investors have invested. Lastly, the review showed that Bruno Bézard does not receive any form of compensation in connection with the above-mentioned investments. The business relationships between the Group and the Diot-Siaci group were also reviewed as Bruno Bézard was a member of the Supervisory Board of Diot-Siaci TopCo until November 20, 2025. This review showed that these business relationships are not material, either for the Group (0.006% of sales in 2025) or for the Diot-Siaci group (0.12% of sales in 2024), even taking into account the changes that occurred as from January 1, 2026 (additional amounts representing 0.001% of the Group's sales in 2025 and 0.02% of the Diot-Siaci group's sales in 2024). Accordingly, on the recommendation of the Governance, Appointments & Corporate Social Responsibility Committee, the Board of Directors concluded that Bruno Bézard continued to qualify as independent.
- Independence of Bpifrance Participations: Bpifrance Participations has been a director of the Company and a Valeo shareholder since the 2019 financial year, during which time it has made successive acquisitions of Valeo shares. In accordance with Article 23 of Valeo's articles of association, in April and May 2023, double voting rights were allocated to the shares acquired by Bpifrance Participations in 2019. At December 31, 2025, Bpifrance Participations held 5.13% of the Company's share capital and 9.13% of the theoretical voting rights in the Company. The independence review of Bpifrance Participations for the financial year ended December 31, 2025 particularly took into account the major shareholder criterion in recommendation 10.7 of the AFEP-MEDEF Code, which defines a major shareholder as a party holding 10% or more of a company's capital or voting rights. Bpifrance Participations' shareholding in Valeo is still below this 10% threshold and the independence review showed, in particular, that (i) the increase in its voting rights is purely passive as it results from double voting rights being allocated rather than from Bpifrance Participations actively increasing its shareholding, and (ii) Bpifrance Participations' actual exercisable voting rights are not sufficient for its vote to determine decisions taken at Shareholders' Meetings, its representation on Valeo's Board is limited and, more generally, it does not hold actual decision-making power within the Company. Accordingly, on the recommendation of the Governance, Appointments & Corporate Social Responsibility Committee, the Board of Directors concluded that Bpifrance Participations continued to qualify as independent.
- Independence of Fonds Stratégique de Participations: Fonds Stratégique de Participations has been a director of the Company and a Valeo shareholder since March 24, 2020. In accordance with Article 23 of the Company's articles of association, in 2024 and 2025, double voting rights were allocated to the shares acquired by Fonds Stratégique de Participations in 2020 and 2021 respectively. At December 31, 2025, Fonds Stratégique de Participations held 4.16% of the Company's share capital and 7.40% of the theoretical voting rights in the Company. The independence review of Fonds Stratégique de Participations for the financial year ended December 31, 2025 particularly took into account the major shareholder criterion in recommendation 10.7 of the AFEP-MEDEF Code, which defines a major shareholder as a party holding 10% or more of a company's capital or voting rights. Fonds Stratégique de Participations' shareholdings in Valeo is still below this 10% threshold and the independence review carried out for Bpifrance Participations is applicable to Fonds Stratégique de Participations. Accordingly, on the recommendation of the Governance, Appointments & Corporate Social Responsibility Committee, the Board of Directors concluded that Fonds Statégique de Participations continued to qualify as independent.
- Independence of Gilles Le Borgne[2]: Gilles Le Borgne is strategic advisor to the Caresoft group and the Segula Technologies group. He is also a member of the Supervisory Board of Serma Technologies (Serma group). A review was conducted to determine whether the business relationships between the Valeo Group and the above-mentioned groups are material. The review showed that these business relationships are not material for (i) the Group (0.001% of sales in 2025) or the Caresoft group (0.05% of sales in 2023), (ii) the Group (0.007% of sales in 2025) or the Segula Technologies group (0.19% of sales in 2023) and (iii) the Group (0.002% of sales in 2025) or the Serma group (0.26% of sales in 2024).

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

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

Following the independence review of the directors in office at December 31, 2025 and at January 1, 2026, the Board of Directors, on the recommendation of the Governance, Appointments & Corporate Social Responsibility Committee, concluded that at January 1, 2026, 11 of the 12 directors were independent (the directors representing employees and employee shareholders do not count in accordance with the recommendation in Article 10.3 of the AFEP-MEDEF Code): Bruno Bézard, Bpifrance Participations (represented by Alexandre Ossola), Fonds Stratégique de Participations (represented by Julie Avrane), Stéphanie Frachet, Mari-Noëlle Jégo-Laveissière, Gilles Le Borgne, Gilles Michel, Beatriz Puente, Patrick Sayer, Véronique Weill and Sascha Zahnd.

(1) *Including two investments that were made before Bruno Bézard was co-opted by the Board as a director on October 24, 2017.*
(2) *As from January 1, 2026, the date on which his term of office took effect.*

Board of Directors' diversity policy

[*ESRS 2 § 21*]

Valeo firmly believes in the importance and relevance of broader diversity at all levels and in every profession within the Company, not only as a question of social responsibility, but also as a tool for performance. Valeo is thus committed to promoting diversity within its governing bodies and across the Group as a whole (see Chapter 4, section 4.1.3.1 "Policies and commitments related to Valeo's own workforce", pages 267 to 289).

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

Diversity policy statement

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

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

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

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

Composition of the Board of Directors and objectives

Gender diversity and independence

At December 31, 2025, the Board of Directors comprised 14 members, of which five women and nine men, including two directors representing employees appointed respectively by the Group Works Council and the European Company Works Council and one director representing employee shareholders appointed at the Shareholders' Meeting following an internal election process. In accordance with Articles L. 225-23 and L. 225-27-1 of the French Commercial Code, the directors representing employees and employee shareholders do not count for the purpose of determining the proportion of men and women on the Board of Directors[1]. The percentage of women on the Board of Directors was therefore 45.45% at December 31, 2025. At January 1, 2026 – the date on which Gilles Le Borgne's term of office as a director began – the Board of Directors comprised 15 members, made up of five women and 10 men including the above-mentioned directors representing employees and employee shareholders. Therefore, not counting the directors representing employees and employee shareholders, the percentage of women on the Board of Directors at that date was 41.66%. Valeo intends to continue its effort to diversify the composition of the Board of Directors.

Information about the independence of members of the Board of Directors at December 31, 2025 and at January 1, 2026 is provided above (see paragraph "Director independence review" of this section, pages 115 to 117).

Diversity of backgrounds and experience

At December 31, 2025, seven of the directors held directorships or other positions in French or international listed companies outside the Group, and only Christophe Périllat (Chief Executive Officer), Éric Poton and Grzegorz Szelag (directors representing employees) as well as Éric Chauvirey (director representing employee shareholders) held positions within the Group. This situation was unchanged at January 1, 2026.

The directors (and, where applicable, the permanent representatives of legal entities holding directorships) comprising the Board of Directors at December 31, 2025 and at January 1, 2026, come from different backgrounds, bringing to the Group the benefit of their broad range of experience and expertise (business, industry, engineering, law, operations, technology and finance), as well as in sustainable development (human resources, governance and environment), which are of interest to the company's sectors, products, and geographic location. Furthermore, the two directors representing employees and the director representing employee shareholders bring to the Board of Directors the benefit of their knowledge of the Company and its businesses, markets, customers and expertise. For a detailed presentation of the background and experience of each Board member, see "Presentation of directors at December 31, 2025 and at January 1, 2026" in this section, pages 122 to 138.

Procedure for selecting directors in accordance with the diversity policy

The Board of Directors regularly reflects on how best to evolve its composition, particularly when co-opting directors or proposing directors for appointment or reappointment and as part of the annual assessment of the Board's operating procedures, composition and organization. As part of the assessment of its operations for the 2024 and 2025 financial years, the Board of Directors expressed its commitment to further enhancing the diversity and mix of profiles among the Board members (background, nationality, skills).

The Board of Directors relies on advice from the Governance, Appointments & Corporate Social Responsibility Committee, which identifies and selects candidates for the position of director.

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

[1] *The Board of Directors and its Specialized Committee, the Governance, Appointments & Corporate Social Responsibility Committee, are closely monitoring the implementation of Directive (EU) 2022/2381 of the European Parliament and of the Council of November 23, 2022 on improving the gender balance among directors of listed companies and related measures (the "Women on Boards" Directive), as transposed into French law. This transposition extends the gender-balance requirements currently applicable in France to directors representing employees and employee shareholders, with effect from January 1, 2027 for Valeo.*

The process continues with the selection of candidates and, after interviews with them, a recommendation is submitted by the Governance, Appointments & Corporate Social Responsibility Committee to the Board of Directors, which decides whether to co-opt the candidate or to propose his/her appointment to the Shareholders' Meeting (for further information on the role of the Governance, Appointments & Corporate Social Responsibility Committee, see section 3.2.2 of this chapter, "Preparation and organization of the Board of Directors' work", pages 139 to 154).

The selection procedure described above applies to all non-employee directors, including independent directors.

In accordance with the law, the directors representing employees and the director representing employee shareholders are appointed in accordance with the procedures set out in the applicable legal and regulatory provisions as well as in the Company's articles of association (see paragraph "Summary of the main rules regarding the composition of the Board of Directors" of this section, page 113), it being specified that the director representing employee shareholders is appointed at the Shareholders' Meeting.

The Company's new directors are eligible for training, notably through immersion sessions with the main Group executive managers as well as Group site visits, to help them learn about the Company's specificities, its business lines and business sector, and its corporate social and environmental responsibility (CSR) challenges (for further information on the directors' training, see section 3.2.2 of this chapter, "Preparation and organization of the Board of Directors' work", pages 139 to 154). This training helps the directors gain in-depth understanding of Valeo's key challenges and strategy (including in relation to CSR).

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

Results achieved in the previous year

The following objectives, which had been set by the Board of Directors for 2025, were achieved:

- a continued balanced representation of women and men on the Board of Directors, in line with the legal requirements (45.45% women)[1][4];
- increased diversity of the profiles and key skills represented on the Board of Directors, with the appointment at the Shareholders' Meeting of May 22, 2025 (with effect from January 1, 2026) of Gilles Le Borgne, who brings to the Board his extensive experience of the automotive sector and the technologies of the car of the future;
- continued to have employee representation on the Board of Directors, with two directors representing employees (Grzegorz Szelag and Eric Poton), and a third employee director, who represents employee shareholders (Eric Chauvirey);
- maintaining a high proportion of independent directors (90.90% of the Board's members at December 31, 2025)[2][3] (see section 3.2.1 of this chapter, "Director independence review", pages 115 to 117).

Upcoming changes in the composition of the Board of Directors

The terms of office of three directors – Gilles Michel, Bruno Bézard and Bpifrance Participations, represented by Alexandre Ossola – are due to expire at the close of the Shareholders' Meeting on May 21, 2026.

On the recommendation of the Governance, Appointments & Corporate Social Responsibility Committee, the Board of Directors, in their meeting on February 26, 2026, has decided to propose their reappointment for a new four-year term set to expire at the close of the Shareholders' Meeting called to approve the financial statements for the financial year ending December 31, 2029 to the shareholders at the Shareholders' Meeting on May 21, 2026. These reappointments will enable the Board of Directors to continue to benefit from these three members' expertise and experience, as described in their biographies.

The directors proposed for reappointment are deemed to be independent, based on the independence criteria set out in the Board of Directors' Internal Procedures and the AFEP-MEDEF Code to which the Company refers.

The Shareholders' Meeting of May 21, 2026 will also be asked to appoint Fabienne Lecorvaisier as a new member of the Board of Directors. This candidate – who would be considered independent within the meaning of the AFEP-MEDEF Code – was selected by the Board of Directors on the recommendation of the Governance, Appointments & Corporate Social Responsibility Committee, taking into account factors including the Board's diversity policy and her skills. Fabienne Lecorvaisier, a French citizen, would bring to the Board of Directors the in-depth experience she has built up in the various posts she has held within international industrial groups, both in France and abroad, as well as her expertise as a Chief Financial Officer and experience and skills in strategy, mergers and acquisitions, financial transactions, information systems, energy transition, and sustainability-CSR, as well as risk management.

If these proposed appointments are approved at the Shareholders' Meeting of May 21, 2026, the Board of Directors would comprise 16 members, including 12 independent directors out of a total of 13 directors (not including the directors representing the Company's employees and employee shareholders), giving an independence rate of 92.31%[3], and six women, i.e., 46.15%[4].

In addition, based on the recommendation of the Governance, Appointments & Corporate Social Responsibility Committee, the Board of Directors in their meeting on February 26, 2026 has decided that at the Board meeting to be held immediately after the Shareholders' Meeting of May 21, 2026, it will reappoint Gilles Michel as Chairman of the Board (subject to his reappointment as a director). This decision is based on the fact that Gilles Michel's skills and experience contribute to maintaining a solid, effective and high-performing governance system, whose operational quality has been praised by all of the directors in the Board's annual assessments (see section 3.2.2 of this chapter, "Assessment of the Board of Directors' operating procedures", page 154).

In parallel with this decision to reappoint Gilles Michel, the Board of Directors and the Governance, Appointments & Corporate Social Responsibility Committee are continuing their work on preparing for the succession of the Chairman of the Board of Directors, in accordance with the current succession plan, in view of the fact that during his new term of office, Gilles Michel will reach the age limit set in the articles of association for serving as Chairman of the Board of Directors.

(1) *And 41.66% of the Board's members were women at January 1, 2026.*
(2) *And 91.66% of them were independent directors at January 1, 2026.*
(3) *Excluding directors representing employees and employee shareholders, in accordance with recommendation 10.3 of the AFEP-MEDEF Code.*
(4) *In accordance with Articles L. 225-23 and L. 225-27-1 of the French Commercial Code, as applicable to the Company, the directors representing employees and employee shareholders do not count for the purpose of measuring gender diversity within the Board of Directors.*

Diversity policy within the governing bodies

As part of the Group's diversity policy, the Board of Directors also ensures that the Chief Executive Officer implements a policy of non-discrimination, diversity and gender balance, particularly as regards a balanced representation of women and men on the governing bodies, subject to the applicable laws and regulations. Valeo promotes equality between men and women, including fair pay, and ensures that women are represented at all levels of the Company, including top management, subject to the applicable laws and regulations. At December 31, 2025, Valeo's Executive Committee had 12 members, 10 men and 2 women – Catherine Delhaye (Chief Ethics, Compliance and Data Protection Officer) and Agnès Park (Group Chief Human Resources Officer).

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

Gender diversity is a priority for Valeo and the Company plans to double, subject to the applicable laws and regulations, the proportion of women on its various management committees within the Group, from 16% at January 1, 2020 to 32% by December 31, 2030, with intermediate targets of 23% women by December 31, 2024 and 27% by December 31, 2027[1]. At December 31, 2025, the proportion of women within the Group's various management committees was 27.0%.

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

In addition, action and measures taken by Valeo to promote diversity and equality between men and women are presented in Chapter 4, section 4.1.3.1 "Policies and commitments related to Valeo's own workforce", pages 267 to 289.

Shareholder dialogue

The Group attaches great importance to dialogue with its investors. The Chief Executive Officer, the Chief Financial Officer and the Head of Investor Relations serve as an interface between the Group and the international financial community, comprising institutional investors such as ESG investors and impact investors, as well as financial analysts and individual shareholders. In 2025, the Group continued to organize or take part in a significant number of roadshows and investor conferences (whether general or thematic (automotive, ESG)). At its Capital Markets Day, which took place on November 20, 2025, the Group presented its new "Elevate 2028" strategic plan. This plan sets out the Group's strategic and financial pathway, the action plans for enhancing its profitability and cash generation, and the growth prospects of the three divisions (POWER, BRAIN, LIGHT) and the Valeo Service activity. The Capital Markets Day was also an opportunity to highlight the Group's positioning with regard to the major trends in the automotive sector, and to answer the main questions raised by investors and analysts. For further information on the Group's interaction with the financial community, see Chapter 6, section 6.2 "Investor relations", pages 497 to 498.

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

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

CSR policy

[*ESRS 2 § 22*] – [*ESRS 2 § 26*]

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

The Group's corporate social responsibility (CSR) and its challenges in the area of sustainable development, including climate change, in relation to its activities are carefully examined by the Governance, Appointments & Corporate Social Responsibility Committee. In view of the increasing importance of CSR issues in the Group's strategy, the Committee decided on October 27, 2020 to appoint a member in charge of CSR issues.

CSR issues are presented to the Governance, Appointments & Corporate Social Responsibility Committee several times a year[2], and in 2025 presentations were given by:

- the Chief Sustainability Officer, External Affairs, Collaborative Research and Technical Regulation, about the Group's CSR policy. In this presentation, which was focused on the topics identified in the dashboard for monitoring key CSR performance indicators, he described the priorities set, action plans put in place, and the results achieved. These indicators relate to (i) environmental eco-efficiency (the Group's "CAP 50" Carbon Neutrality Contribution Plan, lower levels of hazardous and non-hazardous waste production, lower water consumption), (ii) social aspects (lower FR1 accidents, representation of women on Group management committees, gender equity index, development of employee skills, subject to the applicable laws and regulations) as well as (iii) societal aspects (enhanced transparency across the value chain in compliance with the CSRD, anticipation of Valeo's staffing needs by calling on professional training or research organizations, participation in the "One site, One cause" volunteer program);
- the Vice President, Health, Safety and Environment, who provided an update on the Group's health, safety and environment policy. In particular, he presented the 2024 results of the prevention policy and actions implemented within the Group, highlighting the continuing major efforts that are being undertaken to make employees more safety aware in order to reduce category 1 accidents and improve the overall accident frequency rate (FR1). He also presented the achievements related to the Group's environmental initiatives, in particular the increase in number of ISO 50001-certified sites and the decrease in CO_2 emissions and water withdrawals;

[1] *Intermediate targets were adjusted in March 2021 to take into account the progression in 2020.*
[2] *In particular, these presentations provide an opportunity to validate the Group's action plans, notably with regard to (i) the deployment of the CAP 50 carbon neutrality contribution plan, (ii) the preservation of water, resources (including waste management and the circular economy) and biodiversity, (iii) work-related health and safety and the development of a healthy working environment, (iv) the development of human capital and social dialogue, (v) diversity, inclusion and respect for individual and collective rights, and (vi) the inclusion of sustainable development principles in the Purchasing policy as well as annual achievements in these areas.*

- the Vice-President of Group Purchasing presented a review of the sustainable development practices of suppliers (assessment procedure, objectives and areas for improvement);
- the Chief Human Resources Officer presented the Group's diversity, equality and inclusion policy. The presentation included updates on the Group's performance in relation to its diversity objectives and commitments at the level of its governance bodies, the introduction of assertive diversity policies (based, for example, on equal-opportunity reviews) and targeted programs to support talented women at all levels of the organization through specific training and events[1]. She also reviewed labor relations within the Group.

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

At the Audit & Risks Committee meeting on November 25, 2025, the member in charge of CSR issues reminded its members that the underlying purpose of her attending the Audit & Risks Committee meeting was to reinforce the Committee members' knowledge on CSR issues, and to increase the collaborative work conducted between the two Committees, especially in the context of the new sustainability reporting requirements introduced under the CSRD directive, as described below, in line with the Board's decision to reinforce collaboration between these two Committees. She also gave a presentation about the CSR work carried out by the Governance, Appointments & Corporate Social Responsibility Committee.

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

On October 23, 2025, the Chair of the Audit & Risks Committee gave a presentation to the members of the Governance, Appointments & Corporate Social Responsibility Committee covering in particular (i) regulatory changes designed to simplify the reporting requirements for sustainability and environmental taxonomy, particularly the CS3D (Corporate Sustainability Due Diligence Directive), whose implementation date has been postponed to 2029, and (ii) the work of the Audit & Risks Committee for the preparation of the 2025 Sustainability Report (including an update to the double materiality assessment and continuation of the work begun in 2024 on the control environment for sustainability disclosures).

In terms of sustainability ratings, Valeo is ranked among the highest-performing companies by the leading ESG rating agencies. In 2025, as it has for several years now, Valeo maintained its position as one of the highest rated automotive suppliers by MSCI ESG Ratings (AA), CDP Water (A), CDP Climate (A), Sustainalytics (17.3 – low risk), ISS ESG (B-), S&P Global Corporate Sustainability Assessment (score of 72/100) and Moody's (score of 61/100).

Also, in accordance with the recommendations of the AFEP-MEDEF Code, Valeo presented the Group's climate strategy at the Shareholders' Meeting of May 22, 2025, following on from the presentations given at the two previous Shareholders' Meetings. In accordance with the CSRD directive, Valeo's climate transition plan, which outlines efforts to mitigate climate change and adapt to its impacts, is described in Chapter 4, section 4.1.2.3.4 "CAP 50: Transition plan for climate change mitigation", pages 229 to 234. An update on climate strategy will be given at the Shareholders' Meeting to be held on May 21, 2026.

For further information on Valeo's climate strategy, see Chapter 4, section 4.1.2.3, pages 221 to 244.

Succession plan

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

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

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

The succession and development plan is reviewed each year, including by monitoring the career development of each candidate and their acquisition of the expertise and experience regarded as necessary, and assessing these periodically. The succession plan, which is regularly reviewed in depth by the Governance, Appointments & Corporate Social Responsibility Committee (most recently on October 23, 2025), is then presented to the Board of Directors.

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

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

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

[1] *Subject to the applicable laws and regulations.*

Profiles of the members of the Board of Directors at December 31, 2025 and at January 1, 2026

(Information as at December 31, 2025, unless otherwise specified)
[*ESRS 2 § 23*] – [*ESRS G1 § 5*]

Gilles Michel

Chairman of the Board of Directors
Independent director

French
Age: 69

Valeo
100, rue de Courcelles
75017 Paris France

First appointed: 05/23/2018

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

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

Number of shares held: 8,650

Membership of Board Committees:

- Governance, Appointments & Corporate Social Responsibility Committee (Chair)
- Compensation Committee (Chair)

Main position held outside the Company

- Director (various companies)

Directorships and other positions currently held

Directorships and other positions within the Group

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Directorships and other positions held outside the Group

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

Directorships and other positions held within the past five years

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

Summary of main areas of expertise and experience

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

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

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

He is a French citizen and speaks French and English.

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

Christophe Périllat

Chief Executive Officer
Director

French
Age: 60

Valeo
100, rue de Courcelles
75017 Paris France

First appointed: 05/26/2021

Start of current term of office: 05/22/2025

End of current term of office: Shareholders' Meeting called to approve the financial statements for the financial year ended 12/31/2028

Number of shares held: 359,466[1]

Membership of Board Committees: –

Main position held outside the Company

- Director (various companies)

Directorships and other positions currently held

Directorships and other positions within the Group

–

Directorships and other positions held outside the Group

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

Directorships and other positions held within the past five years

- Chairman, Valeo Service
- Chairman of the Board of Directors, Valeo SpA, Valeo (UK) Limited and Valeo North America Inc.
- Director, Valeo Service España SAU
- Associate Chief Executive Officer and Deputy Chief Executive Officer, Valeo

Summary of main areas of expertise and experience

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

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

He is a board member at Ayvens.

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

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

(1) Christophe Périllat also holds 142,037 shares in the Valeorizon mutual fund (Group employee share ownership plan), which would represent 141,974 shares.

Bruno Bézard

Independent director

French
Age: 62

Cathay Capital Private Equity
52, rue d'Anjou
75008 Paris France

First appointed: 10/24/2017

Start of current term of office: 10/24/2022

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

Number of shares held: 3,000

Membership of Board Committees:

- Audit & Risks Committee

Main position held outside the Company

- Managing Partner of investment fund Cathay Capital Private Equity

Directorships and other positions currently held

Directorships and other positions within the Group

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Directorships and other positions held outside the Group

- Director, Matmut (member of the Audit & Risks Committee)
- Member of the Supervisory Board, Binance France (member of the Audit Committee) and Diot-Siaci TopCo (member of the Audit Committee, of the Appointments and Compensation Committee, and of the M&A Committee) (until November 20, 2025)

Directorships and other positions held within the past five years

–

Summary of main areas of expertise and experience

Bruno Bézard has experience in the most prestigious roles in the French civil service, spanning the economic, industrial and financial spheres, as well as in the private equity world. In addition, over the past few years he has gained in-depth knowledge of China, where he lived for several years and travels frequently.

Bruno Bézard served as Head of the French Public Finance Administration after spending two years as Minister-Advisor in Beijing, overseeing France's Greater China Regional Economic Department. He created, and then headed, the French State Shareholding Agency (*Agence de Participations de l'Etat*), representing the State as a shareholder on a large number of company boards and acquiring vast experience in corporate governance and mergers & acquisitions.

He has notably held a seat on the boards of EDF, SNCF, Areva (Orano), La Poste, Thales, Air France, Engie, PSA and Fonds Stratégique d'Investissement (FSI). He was Head of the French Treasury and President of the Paris Club before joining Cathay Capital in 2016, a private equity fund that invests in start-ups, SMEs and middle market companies, and supports their international development in Europe, the United States and China, of which he is one of the managing partners.

Bruno Bézard is a member of the Supervisory Board of Binance France and a director of Matmut.

An Inspector General of Finance, Bruno Bézard is a graduate of the *École polytechnique* and the *École nationale d'administration* (ENA), and taught at both schools for a number of years.

He is a French citizen and speaks French, English, Chinese and Russian.

Bpifrance Participations

Independent director

27/31, avenue du Général-Leclerc
94710 Maisons-Alfort Cedex, France

First appointed: 06/21/2019

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

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

Number of shares held: 12,600,000

Membership of Board Committees:

- Audit & Risks Committee
- Strategy Committee

Directorships and other positions currently held

Directorships and other positions within the Group

–

Directorships and other positions held outside the Group

- Director, Ekinops ♦, Eutelsat Communications (until July 1, 2025) ♦, Innate Pharma (since May 22, 2025) ♦ Mersen ♦, Nexans ♦, Orange ♦, Pixium Vision, Soitec ♦, Vantiva ♦ and Valneva (until June 25, 2025) ♦
- Member of the Supervisory Board, Innate Pharma (until May 22, 2025) ♦
- Board Observer, Abionyx Pharma (until September 16, 2025) ♦ and Fermentalg ♦

Directorships and other positions held within the past five years

- Director, Aelis Pharma, Parrot, Prodways Group, Technicolor Creative Studios and Voluntis
- Member of the Supervisory Board, PSA, Vallourec and Valneva
- Board Observer, Poxel

Summary of main areas of expertise and experience

A Bpifrance subsidiary for direct investment and fund of funds activities and parent company of Bpifrance Investissement, Bpifrance Participations is engaged in these business activities under the general interest mission entrusted to Bpifrance.

♦ *Listed company (for directorships currently held or that ended in 2025).*

Alexandre Ossola

Independent permanent representative of Bpifrance Participations

French
Age: 51

6-8, boulevard Haussmann
75009 Paris France

Main position held outside the Company

- Head of Mid Cap Funds and Avenir Automobile Funds at Bpifrance

Directorships and other positions currently held

Directorships and other positions within the Group

–

Directorships and other positions held outside the Group

- Permanent representative of Bpifrance Investissement as member of the Supervisory Board, Novarc (until February 20, 2025), Novares Group (until April 17, 2025) and Trèves SAS; as member of the Board of Partners of Groupe Ipesup
- Member of the Board of Directors, ADIT SAS (until December 23, 2025)
- Member of the Governance Board, Odyssey Holdco
- Member of the Supervisory Board, ADIT Group (until December 23, 2025)
- Member of the Strategy Committee, Bluesky
- Member of the Management Committee, Bpifrance Capital Développement

Directorships and other positions held within the past five years

- Permanent representative of Bpifrance Investissement as member of the Supervisory Board, SAF Aerogroup; as member of the Governance Board, Odyssey International
- Permanent representative of Bpifrance Participations as member of the Supervisory Board, Vallourec
- Member of the Strategy Committee, Carizona
- Member of the Supervisory Board, Financière Aquila
- Supervisory Board Observer, PSA

Summary of main areas of expertise and experience

Alexandre Ossola is Head of Mid Cap Funds and Avenir Automobile Funds (FAA) at Bpifrance and a member of the Management Committee of Bpifrance Capital Développement. He has over 25 years of experience in private equity and M&A.

He began his career in 1998 as an M&A analyst at Wasserstein Perella, and then at Credit Suisse First Boston. From 2000 to 2011, he was a Director in the Paris office of CVC Capital Partners, and then head of venture capital transactions at CDC Climat between 2011 and 2013. He joined Bpifrance Investissement in 2013 as Director of Nuclear and Rail Funds. In 2015, he joined Bpifrance's Mid & Large Cap Management Committee as head of the FAA funds. In 2017, he also took over the management of Mid Cap operations within Bpifrance Capital Développement, where he is a member of the Management Committee.

Alexandre Ossola is a member or permanent representative of Bpifrance Investissement on the governance bodies of unlisted companies and groups Bluesky, Ipesup, Odyssey and Trèves SAS. Previously, he was appointed, on the recommendation of Bpifrance, as non-voting director of the Supervisory Board of PSA (2017-2021) and permanent representative of Bpifrance Participations as a member of the Vallourec Supervisory Board (2016-2021).

Alexandre Ossola is a graduate of ESCP Business School.

He is a French citizen and speaks French and English.

Éric Chauvirey

Director representing employee shareholders

French
Age: 51

Valeo Electrification
14, avenue des Béguines Immeuble Le Delta
95892 Cergy-Pontoise
France

First appointed: 05/23/2024[1]

Start of current term of office: 05/23/2024

End of current term of office: Shareholders' Meeting called to approve the financial statements for the financial year ended 12/31/2027

Number of shares held: 2,500[2]

In accordance with the law, the articles of association and the Internal Procedures, the director representing employee shareholders is not required to hold 1,500 shares. In accordance with Article L. 225-102 of the French Commercial Code, he is required to own, either individually or through a corporate mutual fund (FCPE) invested in Valeo shares, at least one Company share, or a number of FCPE units equivalent to at least one Company share.

Membership of Board Committees:

- Audit & Risks Committee

Main position held outside the Company

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Directorships and other positions currently held

Directorships and other positions within the Group

- Group R&D Knowledge Manager
- Member of the Supervisory Board, Valeorizon mutual fund

Directorships and other positions held outside the Group

- Member of the French Institute of Directors (IFA) club of directors representing employees and employee shareholders (since January 2026)

Directorships and other positions held within the past five years

- Member of the club of directors representing employees of the French Institute of Directors (IFA)
- Director representing employees, Valeo

Summary of main areas of expertise and experience

Thanks to his extensive experience within the Group and his involvement in the employee representative bodies and trade unions, Éric Chauvirey has in-depth knowledge of the Group's business and employee relations, which are key attributes for a director representing employee shareholders.

He has been employed by Valeo since 1999 in production (Étaples-sur-Mer) and R&D (Montigny-le-Bretonneux & Cergy). He began his career with Valeo as Head of Project Design at Étaples-sur-Mer, before being appointed Head of Pre-Project Research & Development in 2005 for Valeo Systèmes de Liaison.

In 2007, he was promoted to the position of Project Quality Manager for Valeo Systèmes de Contrôle Moteur (since renamed Valeo Electrification), the Group's engine management systems unit in Cergy, then became Project Manager in 2012. In September 2014, he was appointed Head of Prototype Scheduling. Since December 1, 2017, Éric Chauvirey has been R&D Knowledge Manager, responsible for managing Valeo Experts. He is also a member of the Valeorizon mutual fund's Supervisory Board.

Éric Chauvirey was a member of the Works Council, and trade union representative at the Cergy site, and central trade union representative for Valeo Systèmes de Contrôle Moteur (since renamed Valeo Electrification). He was also a member of the Central Works Council, Chairman of the Economic Commission, and Group negotiator for the Force Ouvrière trade union. As a member of the club of directors representing employees of the IFA, he played an active role in discussions on the role and action of directors representing employees in corporate governance, particularly regarding CSR issues.

On June 30, 2017, he was appointed director representing employees by the Group Works Council for a four-year term. Following his nomination in early 2024 by employee shareholders as a candidate for the position of director representing employee shareholders, he was appointed to this role by the Shareholders' Meeting of May 23, 2024 for a four-year term. He has been a member of the IFA's club of directors representing employees and employee shareholders since January 2026.

Éric Chauvirey holds an engineering degree in Industrial Design and Production from the ESCPI-CNAM. He has also completed a training course on the role of company directors run by the *Institut d'études politiques de Paris* (IEP) in partnership with the French Institute of Directors (*Institut français des administrateurs* – IFA), and has been awarded the HEC Paris International Certificate in Corporate Finance.

He is a French citizen and speaks French and English.

(1) Éric Chauvirey was previously a director representing employees from June 30, 2017 to June 30, 2021.
(2) Éric Chauvirey also holds 1,715 shares in the Valeorizon mutual fund (Group employee share ownership plan), which would represent 1,713 shares.

Fonds Stratégique de Participations

Independent director

ISALT
14, boulevard de la Madeleine,
75008 Paris France

First appointed: 03/24/2020

Start of current term of office: 05/23/2024

End of current term of office: Shareholders' Meeting called to approve the financial statements for the financial year ended 12/31/2027

Number of shares held: 10,213,000

Membership of Board Committees:

- Audit & Risks Committee
- Governance, Appointments & Corporate Social Responsibility Committee
- Compensation Committee

Directorships and other positions currently held

Directorships and other positions within the Group

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Directorships and other positions held outside the Group

- Director, ADIT (since December 23, 2025), Arkema ♦, Elior Group (until July 22, 2025) ♦, Eutelsat Communications ♦, Robertet ♦, SEB ♦, Soitec ♦, Tikehau Capital Advisors and Verkor
- Member of the Supervisory Board, Tikehau Capital SCA ♦

Directorships and other positions held within the past five years

- Director, Believe, Neoen, Safran, through F&P (a company jointly owned with Peugeot Invest)
- Board Observer, Believe

Summary of main areas of expertise and experience

Fonds Stratégique de Participations (FSP) is a long-term investment vehicle whose purpose is to support French companies in their growth and transition projects. FSP thus acquires significant equity interests in companies and plays a role in their governance by obtaining a seat on the Board of Directors or the Supervisory Board. The shareholders of the funds are seven French insurance companies: BNP Paribas Cardif, CNP Assurances, Crédit Agricole Assurances, Groupama, BPCE Assurances, Société Générale Assurances, and Suravenir.

FSP's portfolio currently consists of ten equity interests in French companies that are leaders in their fields: Arkema, Elior Group, Eutelsat Communications, ADIT Group, Robertet, SEB, Soitec, Tikehau Capital, Valeo and Verkor. It also holds a significant stake in Fonds Stratégique des Transitions.

FSP is managed by investment management company ISALT.

♦ *Listed company (for directorships currently held or that ended in 2025).*

Julie Avrane

Independent permanent representative of Fonds Stratégique de Participations

French
Age: 54

148, rue de la Pompe
75116 Paris France

Main position held outside the Company

- Chair, Clear Direction

Directorships and other positions currently held

Directorships and other positions within the Group

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Directorships and other positions held outside the Group

- Director, Bureau Veritas ♦ (Chair of the Strategy Committee and member of the Audit and Risk Committee and the Nomination and Compensation Committee), Exail Technologies ♦ (Chair of the CSR and Compensation Committee and member of the Audit Committee and the Risks Committee operations), and the Monnoyeur group (Chair of the CSR Committee)
- Member of the Supervisory Board, Crouzet, Exail Holding and Unibail-Rodamco-Westfield ♦ (member of the Governance, Nomination and Compensation Committee)

Directorships and other positions held within the past five years

- Director, Cubyn
- Co-Chair of the ESG Club of the French Institute of Directors

Summary of main areas of expertise and experience

A Senior Partner in McKinsey & Company's Paris office from 1999 to July 2020, Julie Avrane headed the firm's high-tech industries practice in France (advanced electronics, aerospace and defense, automotive and assembly). She also co-led the firm's high-tech skills practice worldwide.

Julie Avrane specializes in high-tech industries, IT services and software. At McKinsey, she mainly dealt with strategy, growth, M&A and post-merger integration issues in cross-border contexts as well as large-scale transformation plans.

Prior to joining McKinsey's Paris office, Julie Avrane worked as a researcher with Bull Honeywell in the United States in 1993, then with Cogema (Areva) in 1994, and as a business analyst in McKinsey's London office for two years from 1995 to 1997.

Julie Avrane is Chair of Clear Direction. She is also, in particular, a member of the Supervisory Board of Unibail-Rodamco-Westfield and a director of Bureau Veritas and Exail Technologies.

She also has extensive experience of CSR issues. She co-chaired the ESG Club of the French Institute of Directors and currently chairs the CSR Committee of Groupe Monnoyeur and of Exail group. She brings her expertise in CSR issues to Valeo as the member in charge of CSR issues on the Board of Directors, the Governance, Appointments & Corporate Social Responsibility Committee, and the Audit & Risks Committee, which is responsible for monitoring the CSRD.

Julie Avrane is a graduate of the *École nationale supérieure des télécommunications de Paris* and of the *Collège des ingénieurs*.

She also holds an MBA from INSEAD. She is a French citizen and speaks French and English.

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

Stéphanie Frachet

Independent director

French
Age: 48

Adagia Partners
20, rue Quentin-Bauchard
75008 Paris France

First appointed: 08/12/2022, effective 01/01/2023[1]

Start of current term of office: 01/01/2023

End of current term of office: Shareholders' Meeting called to approve the financial statements for the financial year ended 12/31/2026

Number of shares held: 1,500

Membership of Board Committees:

- Governance, Appointments & Corporate Social Responsibility Committee
- Compensation Committee
- Strategy Committee

Main position held outside the Company

- Partner of the Adagia Partners private equity fund, responsible for investment activities in France and Switzerland

Directorships and other positions currently held

Directorships and other positions within the Group

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Directorships and other positions held outside the Group

- Member of the Supervisory Board, Minlay Capital and agn Holding (Germany)

Directorships and other positions held within the past five years

- Partner of the Flex Equity Mid Market fund at European private investment platform CAPZA
- Director, Constellium
- Director, Bpifrance Investissement; member of the Management Committee, Bpifrance Capital Développement
- Member of the Supervisory Board, Sabena Technics Participations
- Permanent representative of Bpifrance Investissement as Director, Sulo (Plastic Omnium Environnement)
- Permanent representative of Bpifrance Participations, Director, Eutelsat Communications and Valeo
- Observer, Diot-Siaci and Paprec

Summary of main areas of expertise and experience

Stéphanie Frachet is a partner at the Adagia Partners private equity fund, where she is responsible for investment activities in France and Switzerland. She has more than 20 years of experience in finance and private equity.

From 2001 to 2007, she was in charge of audit and transactions at, respectively, Ernst & Young and PricewaterhouseCoopers, working on M&A and LBO transactions. In 2007, she joined the Leveraged Finance team of Société Générale, in charge of LBO transactions for SMEs and large groups. Stéphanie Frachet then joined Bpifrance (formerly Fonds Stratégique d'Investissement) in 2009 where she was Director of Bpifrance Investissement and member of the Management Committee of Bpifrance Capital Développement between 2017 and 2022.

From 2022 to mid-2024, Stéphanie Frachet was a partner of the Flex Equity Mid Market fund at CAPZA, a European private investment platform, which focuses on supporting small- and mid-cap companies in their growth and decarbonization challenges. Since September 2024, she has been a partner at the private equity fund Adagia Partners, where she is responsible for investment activities in France and Switzerland.

She is a member of the Supervisory Board of Minlay Capital and agn Holding. Previously, she was a permanent representative of Bpifrance Participations, notably as a director of Eutelsat Communications and a permanent representative of Bpifrance Investissement as a director of Sulo (formerly Plastic Omnium Environnement). She was also a director of Constellium (a company listed on the New York Stock Exchange) and a member of the Supervisory Board of Sabena Technics Participations, as well as Observer of Horizon Parent Holdings (Verallia), Diot-Siaci, Financière Carso and Paprec.

The expertise she has gained throughout her professional career on CSR issues contributes to the work of the Governance, Appointments & Corporate Social Responsibility Committee, of which she is a member.

She is a graduate of ESSEC Business School.

She is a French citizen and speaks French and English.

(1) Stéphanie Frachet was permanent representative of Bpifrance Participations from June 26, 2019 to December 31, 2022.

Mari-Noëlle Jégo-Laveissière

Independent director

French
Age: 57

Orange
Orange Bridge,
111 quai du Président Roosevelt
92130 Issy-les-Moulineaux
France

First appointed: 05/26/2016

Start of current term of office: 05/22/2025

End of current term of office: Shareholders' Meeting called to approve the financial statements for the financial year ended 12/31/2028

Number of shares held: 1,500

Membership of Board Committees:

- Audit & Risks Committee

Main position held outside the Company

- Executive Vice President, CEO of Orange Europe (excluding France)

Directorships and other positions currently held

Directorships and other positions within the Group

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Directorships and other positions held outside the Group

- Chair of the Board of Directors, Orange Romania (Romania)
- Vice-Chair of the Supervisory Board, Orange Polska (Poland)♦
- Director, Orange Belgium (Belgium) ♦, Orange Bank (until May 21, 2025), MasOrange (Spain) (Chair of the Audit Committee since May 14, 2025) and Orange Foundation

Directorships and other positions held within the past five years

- Chair of the Board of Directors, Orange Romania Communications (Romania)
- Director, Engie, NowCp and Orange Spain (Spain)

Summary of main areas of expertise and experience

Mari-Noëlle Jégo-Laveissière brings the Board of Directors her considerable experience in new technologies and in research and development, particularly in telecommunications, areas in which she has spent most of her career.

She began her career in 1996 at the Paris regional office (*Direction Régionale de Paris*) of France Télécom's commercial distribution network. She went on to hold various leadership positions within the Orange group, including head of Consumer Marketing France, Director of Research and Development and Director of International Networks. She became a member of the Executive Committee of Orange in March 2014 in her capacity as Executive Vice President of Innovation, Marketing & Technologies.

Since September 1, 2020, Mari-Noëlle Jégo-Laveissière has been Executive Vice President, CEO of Orange Europe (excluding France). She is also Vice-Chair of the Supervisory Board of Orange Polska and a director of Orange Belgium, and was a director of Engie until April 26, 2023. In this capacity, she was a member of Engie's Ethics, Environment and Sustainable Development Committee, and was involved in promoting women in tech professions and diversity at Orange. This experience stands her in good stead to address CSR issues, particularly during the work of Valeo's Audit & Risks Committee, of which she is a member.

Mari-Noëlle Jégo-Laveissière holds a degree from *École normale supérieure* and she graduated in engineering from *Corps des Mines*. She also holds a doctorate in quantum chemistry from the *Université de Paris XI* – Waterloo (Canada).

She is a French citizen and speaks French and English.

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

Gilles Le Borgne

Independent director (from January 1, 2026)

French
Age: 63

Valeo

100, rue de Courcelles
75017 Paris France

First appointed: 05/22/2025, effective 01/01/2026

Start of current term of office: 01/01/2026

End of current term of office: Shareholders' Meeting called to approve the financial statements for the financial year ended 12/31/2028

Number of shares held: 1,600

Participation in Board Committees:

-(1)

Main position held outside the Company

- Company director and strategic advisor

Directorships and other positions currently held

Directorships and other positions within the Group

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Directorships and other positions held outside the Group

- Member of the Supervisory Board, Serma Technologies
- Strategic advisor, Caresoft (United States) and Segula Technologies

Directorships and other positions held within the past five years

- Chairman, Ampere Software Technology
- Chairman of the Board of Directors, Alliance Mobility Company France
- Vice Chairman of the Automotive Technical Committee, Automotive Industry Platform
- Director, Regienov
- Member of the Executive Committee, Chief Engineering Officer and Chief Technology Officer, Renault Group
- Advisor to the Chief Executive Officer, Renault Group

Summary of main areas of expertise and experience

Gilles Le Borgne has a wealth of experience in the automotive sector and the car technologies of the future. After more than thirty-seven years with the PSA and Renault groups, he is recognized as one of France's leading experts in vehicle engineering and design.

Within the PSA group, after spending eight years working on the research and development of materials and technologies, he became chief engineer for the Citroën C3 phase I platform. He then spent seven years in charge of advanced vehicle concepts. In 2010, he was appointed Head of the Pre-Project Department, before becoming Director of Research and Development in April 2013 and then Director of Quality and Engineering from September 2016 to May 2019. In January 2020, he joined the Renault group, taking up a position as Chief Engineering Officer and member of the Group Executive Committee, before serving as Chief Technology Officer until November 2024 and then as Advisor to the CEO until the end of 2025.

From January 2015 to May 2018, he also chaired the Automotive Industry Platform's Automotive Technical Committee. He received Automotive News Europe's Eurostar award in the "Product Development Executive" category in 2018 and again in 2021, and was named Automotive Man of the Year 2019 by Journal de l'Automobile. Since March 2025, he has been a member of the *Académie Française des Technologies*.

Gilles Le Borgne is a graduate of the *École Nationale Supérieure des Céramiques Industrielles* and holds a post-graduate diploma (DEA) in Materials from the University of Limoges.

A French citizen, Gilles Le Borgne speaks French and English.

(1) On January 28, 2026, the Board of Directors decided, on the recommendation of the Governance, Appointments and Corporate Social Responsibility Committee, to appoint Gilles Le Borgne as a member of the Strategy Committee.

Éric Poton

Director representing employees

French
Age: 59

Valeo Systèmes d'Essuyage

1, rue Pierre et Marie Curie
63500 Issoire, France

First appointed by the Group Works Council: 06/18/2021, effective 06/30/2021

Start of current term of office: 06/30/2025

End of current term of office: 06/30/2029

Number of shares held: 0[1]. In accordance with the law, the articles of association and the Internal Procedures, the director representing employees is not required to hold 1,500 shares

Participation in Board Committees:

- Governance, Appointments & Corporate Social Responsibility Committee
- Compensation Committee

Main position held outside the Company

–

Directorships and other positions currently held

Directorships and other positions within the Group

- P2, R&I and standard owner project manager at Valeo Systèmes d'Essuyage

Directorships and other positions held outside the Group

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Directorships and other positions held within the past five years

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Summary of main areas of expertise and experience

Thanks to his career within the Group and his involvement in the employee representative bodies and trade unions, Éric Poton has in-depth knowledge of the Group's business and employee relations, which are key attributes for a director representing employees.

Éric Poton has worked at Valeo since 1998. He has held various positions within the Issoire plant, mainly in the R&D and Aftermarket teams.

Since 2017, he has been project manager for P2 and R&I and standard owner, with a particular focus on developing Aftermarket platform standards for the wiper business. He leads a research and innovation project team and contributes to the Group's innovation activities on wiper system products.

He started his career at Valeo as a design engineer before becoming a member of the R&D project team. Between 2007 and 2011, he held the position of R&D standardization coordinator and in 2012 was appointed P2 project manager.

Éric Poton was a member of the Economic and Social Committee at the Issoire site and a member of the Central Works Council at Valeo Systèmes d'Essuyage (VSE). He was also the site and central union delegate for VSE, as well as a full member of the Group Works Council and the European Company Works Council for the CFE-CGC trade union.

Éric Poton holds a higher education diploma in industrial product design and has followed a further education course in management (operations-based training). In addition to his operations-based training he has received a "Corporate Directorship" certification from *Sciences Po*/IFA and an International Certificate in Corporate Finance from HEC Paris.

He is a French citizen and speaks French and English.

[1] *Éric Poton holds 762 shares in the Valeorizon mutual fund (Group employee share ownership plan), which would represent 761 shares.*

Beatriz Puente

Independent director

Spanish
Age: 53

Valeo
100, rue de Courcelles
75017 Paris France

First appointed: 05/23/2024

Start of current term of office: 05/23/2024

End of current term of office: Shareholders' Meeting called to approve the financial statements for the financial year ended 12/31/2027

Number of shares held: 1,500

Membership of Board Committees:

- Audit & Risks Committee

Main position held outside the Company

- Director (various companies)

Directorships and other positions currently held

Directorships and other positions within the Group

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Directorships and other positions held outside the Group

- Director, Metrovacesa (Spain) ♦ (member of the Audit Committee then Chair of the Audit Committee since February 6, 2026) and Banca March (Spain) (member of the Audit Committee and the Global Risks and Technological Change Committee)

Directorships and other positions held within the past five years

- Chief Financial Officer, Siemens Gamesa Renewable Energy

Summary of main areas of expertise and experience

Beatriz Puente has extensive expertise in finance, capital markets, and mergers and acquisitions, gained throughout her international career in major listed groups. Her knowledge of the energy sector is also extremely useful, particularly in relation to the development of new forms of mobility, notably electric, and the Group's goals of reducing CO_2 emissions as part of the CAP 50 plan.

Until May 2023, Beatriz Puente was the Chief Financial Officer of Siemens Gamesa Renewable Energy, a global technology leader in the renewable energy sector.

Beatriz Puente was previously a Board Member and the Chief Financial Officer of NH Hoteles, S.A. Before joining NH Hoteles, S.A., she was the Chief Financial Officer of AENA, S.A. (2013-2015), where she was responsible for preparing and coordinating the privatization process of the company and its IPO, as well as for leading the negotiation of its debt restructuring. Previously, she was the Chief Financial Officer (2007-2013) and the Director of Investor Relations and Corporate Development (2005-2007) at Vocento, S.A., where she prepared the company's IPO.

Prior to Vocento, Beatriz Puente worked at Citigroup Global Markets (NY, London and Madrid) as Vice President of the investment banking M&A division (2003-2004) and as an Investment Banking Associate for Financial Institution & Latin America (2001-2003). She served as the Chief Financial Officer at Quintiles, S.L. from 1997 to 1998 and before that, during 1995-1997, as an auditor at Ernst & Young in Spain.

Beatriz Puente is a director of the listed Spanish company, Metrovacesa, and the investment bank, Banca March.

Beatriz Puente holds an MBA from the JL Kellogg Graduate School of Management (Northwestern University) (2000) with a Fulbright scholarship and a Bachelor of Business Administration from the CUNEF (1995).

She is a Spanish citizen and speaks Spanish and English.

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

Patrick Sayer

Independent director

French
Age: 68

Tribunal des Activités Economiques de Paris
1, quai de la Corse
75004 Paris, France

First appointed: 05/23/2019

Start of current term of office: 05/24/2023

End of current term of office: Shareholders' Meeting called to approve the financial statements for the financial year ended 12/31/2026

Number of shares held: 11,700

Membership of Board Committees:

- Governance, Appointments & Corporate Social Responsibility Committee
- Compensation Committee
- Strategy Committee (Chair)

Main position held outside the Company

- President of the Tribunal des Activités Economiques de Paris

Directorships and other positions currently held

Directorships and other positions within the Group

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Directorships and other positions held outside the Group

- President, Paris Place de Droit
- Director, French National School of the Judiciary

Directorships and other positions held within the past five years

- Chairman, Augusta SAS
- Member of the Supervisory Board, Eurazeo, Europcar Mobility Group and Grand Port Maritime de Marseille

Summary of main areas of expertise and experience

Patrick Sayer was elected as President of the Paris Court of Economic Activities on November 8, 2023, and took office on January 18, 2024, having joined the court as a non-professional judge in 2014. He is a founding member of the legal think-tank Club des juristes.

From 2018 to 2023, he also devoted his time to developing Augusta SAS, a family-owned investment company.

Patrick Sayer served as Chairman of the Management Board of Eurazeo, one of Europe's leading listed investment companies, from 2002 to 2018.

He became a member of Eurazeo's Supervisory Board in 2018. When he stepped down from the Board in July 2023, Eurazeo had over 30 billion euros in assets under management. His private equity experience dates back to the creation of Fonds Partenaires, the private equity fund created by Lazard, where he was active from 1989 to 1993. Thanks to his private equity knowledge, he was elected as Chairman of AFIC, now France Invest, in 2006.

Previously, Patrick Sayer was a Managing Partner at Lazard Frères et Cie in Paris, which he joined in 1982, and a Managing Director of Lazard Frères & Co. in New York, which he joined in 1999, becoming global head of mergers and acquisitions for the technology sector.

Patrick Sayer holds a law degree from Panthéon-Assas university and a diploma in distressed company law from Panthéon-Sorbonne university. He is also a graduate of the *École Polytechnique* and the *École des Mines de Paris*. He is also a certified financial analyst, completing the course at the French Society of Financial Analysts training center, where he has also taught classes. He has also given lectures in finance (master's program) at Paris Dauphine university.

He is a French citizen and speaks French and English.

Grzegorz Szelag

Director representing employees

Polish
Age: 48

Valeo Electric and Electronic Systems Sp. z.o.o
ul. Bestwinska 21
Czechowice-Dziedzice
43500
Poland

First appointed by the European Company Works Council: 11/19/2020

Start of current term of office: 11/19/2024

End of current term of office: 11/19/2028

Number of shares held: 429[1]. In accordance with the law, the articles of association and the Internal Procedures, the director representing employees is not required to hold 1,500 shares

Membership of Board Committees:

- Strategy Committee

Main position held outside the Company

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Directorships and other positions currently held

Directorships and other positions within the Group

- Quality technician

Directorships and other positions held outside the Group

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Directorships and other positions held within the past five years

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Summary of main areas of expertise and experience

Thanks to his long-standing experience with the Group and his involvement in its employee representative bodies for more than 15 years, Grzegorz Szelag possesses all the professional and interpersonal qualities required to fulfill the role of director representing employees.

Grzegorz Szelag has been working at Valeo in Czechowice, Poland, since 2002. He started his career as a production operator, before being promoted to production supervisor in 2002, and then quality technician in 2004.

In 2005, he became employee representative at the Czechowice site. He joined Valeo's European Works Council, since renamed the European Company Works Council, in 2006 as representative for Poland and became its Secretary in 2018.

Grzegorz Szelag has a degree from a mechanical engineering school. As part of his duties as a director representing employees, he has also completed several training programs, including one provided by the IFA entitled "Salaried Directors Workshop, a guide to being a member of the Board".

He is a Polish citizen and speaks Polish and English.

(1) Grzegorz Szelag also holds 20 shares in the Valeorizon mutual fund (Group employee share ownership plan), which would represent 20 shares.

Véronique Weill

Independent director

French
Age: 66

CNP Assurances
4, promenade Cœur de Ville
92130 Issy-les-Moulineaux
France

First appointed: 05/26/2016

Start of current term of office: 05/22/2025

End of current term of office: Shareholders' Meeting called to approve the financial statements for the financial year ended 12/31/2028

Number of shares held: 2,390

Membership of Board Committees:

- Audit & Risks Committee (Chair)

Main position held outside the Company

- Chair of the Board of Directors, CNP Assurances (Chair of the Strategy Committee, Chair of the Monitoring Committee for the implementation of the BPCE and La Banque Postale partnerships, member of the Compensation and Nominations Committee and member of the CSR Committee), and CNP Assurances Holding (Chair of the Strategy Committee and member of the Compensation and Nominations Committee)

Directorships and other positions currently held

Directorships and other positions within the Group

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Directorships and other positions held outside the Group

- Director, Caixa Seguros Holding (Brazil), Holding XS1 (Brazil) and Fondation Gustave Roussy (donors and patrons' group) (member of the bureau of the Board of Directors and Chair of the Ethics and Compensation Committee)
- Lead Independent Director, Kering ♦ (Chair of the Compensation Committee, member of the Appointments & Governance Committee, the Sustainability Committee and the Audit Committee)
- Member of the Supervisory Board, Rothschild & Co (Chair of the Risk Committee; member of the Compensation and Nomination Committee and member of the Audit Committee)

Directorships and other positions held within the past five years

- Director, Fondation Georges Besse
- Member of the European Advisory Board, Salesforce (United States)

Summary of main areas of expertise and experience

Véronique Weill has a strong background in finance and M&A, as well as in insurance, having spent more than 20 years in investment banking in the United States and France and then at AXA. She also has extensive experience in new and digital technologies.

Véronique Weill spent more than 20 years at J.P. Morgan, where she held various positions including global head of operations and trading for the investment banking business and global head of IT and operations for the asset management and private banking business. In June 2006, she joined AXA as Chief Executive Officer of AXA Business Services and Director of Operational Excellence. She was also Chair of the Board of Directors and a director of various AXA subsidiaries in France, Spain, Italy and Belgium.

She was Chief Customer Officer for the AXA group and Chief Executive Officer of AXA Global Asset Management until January 18, 2017 and then General Manager in charge of Operations, IT, Real Estate, Insurance and M&A at the Publicis Group until December 2020. She was also a member of the Scientific Board of the AXA Research Fund. She has been Chair of the Board of Directors of CNP Assurances since July 2020. She is also a member of the Supervisory Board of Rothschild & Co, Lead Independent Director of Kering and co-spokesperson, notably with the Chair of the Board, to investors on ESG (environment, social and governance) issues. This experience in CSR issues further enriches the discussions of Valeo's Audit & Risks Committee, which she has chaired since May 23, 2024, having previously chaired the Governance, Appointments & Corporate Social Responsibility Committee.

Véronique Weill is a graduate of *Institut d'études politiques de Paris* (IEP) and has a bachelor's degree in literature from the Sorbonne University.

She is a French citizen and speaks French and English.

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

Sascha Zahnd

Independent director

Swiss
Age: 50

Valeo
100, rue de Courcelles
75017 Paris France

First appointed: 05/23/2024

Start of current term of office: 05/23/2024

End of current term of office: Shareholders' Meeting called to approve the financial statements for the financial year ended 12/31/2027

Number of shares held: 1,500

Membership of Board Committees:

- Strategy Committee

Main position held outside the Company

- Director (various companies)

Directorships and other positions currently held

Directorships and other positions within the Group

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Directorships and other positions held outside the Group

- Chairman of the Board of Directors, Arboloom AG (Switzerland)
- Director, Logitech International S.A. (Switzerland) ♦ (member of the Audit Committee and the Nominating and Governance Committee), Bernexpo (Switzerland), Nokera AG (Switzerland) (until August 8, 2025) and Saza AG (Switzerland)
- Member of the Supervisory Board, LuxExperience B.V. (Germany) ♦ (member of the Audit Committee)

Directorships and other positions held within the past five years

- Chairman, Digitalswitzerland (Switzerland)
- Chairman of the Board of Directors, Valora Holding SA (Switzerland)

Summary of main areas of expertise and experience

Sascha Zahnd brings to the Board his solid experience of the automotive industry, as well as the expertise in new technologies and distribution/production/supply chains that he has built up during his international career within leading groups in Europe, the United States and Asia.

Over the course of his career, Sascha Zahnd held various international executive positions. Between 2001 and 2010, he held various positions within the Ikea group in Europe (Switzerland), North America (USA, Mexico) and Asia (China), in retail and supply chain roles. He then joined ETA SA/Swatch group in 2010, where he stayed until 2016. As an executive officer, he was in charge of the global supply chain and components production facilities. In his most recent positions, between 2016 and 2020, Sascha Zahnd was a member of Tesla's senior management and reported to its Chief Executive Officer. Within the manufacturer, he successively held the positions of Vice-President in charge of the Global Supply Chain (2016 to 2019), then Vice President in charge of the EMEA region (2019-2020), for which he developed, in particular, retail activities.

Sasha Zahnd sits on the Board and Audit Committee of Logitech International S.A. and LuxExperience B.V., both of which are listed companies based outside France. He is also notably Chairman of the Board of Directors of Arboloom AG and member of the Board of Directors of Bernexpo. Until June 1, 2024, he chaired the Digitalswitzerland initiative, an association and foundation of leading companies, organizations, universities and policymakers aimed at strengthening Switzerland's position as a leading global hub for digital innovation. He previously served as Vice-Chairman and then as Non-Executive Chairman of the Board of Directors of Valora, a Swiss company (listed until April 17, 2023), where he was also a member of the Audit Committee.

Sascha Zahnd holds an Executive MBA from the IMD Business School in Lausanne (Switzerland) and a BA in Business Administration from Basel University of Applied Sciences (Switzerland).

Sascha Zahnd is a Swiss citizen and speaks French, German, English and Spanish.

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

3.2.2 Preparation and organization of the Board of Directors' work

[*ESRS 2 § 22*] – [*ESRS G1 § 5*]

Internal Procedures

On March 31, 2003, the Board of Directors adopted Internal Procedures, which are regularly updated, defining the operating procedures of the Board of Directors in addition to applicable legal and regulatory requirements as well as the provisions of the Company's articles of association. The Board's most recent update to these Internal Procedures was on May 22, 2025, based on the recommendations of the Governance, Appointments & Corporate Social Responsibility Committee, in order to take into account the provisions of the French law of June 13, 2024 aimed at increasing corporate financing and enhancing France's attractiveness (the **"Attractiveness Law"**). Internal procedures have also been drawn up for the Board of Directors' Committees, and are included in the appendices of the Board of Directors' Internal Procedures.

The Internal Procedures apply to each member of the Company's Board of Directors and to each permanent representative of a legal entity that is a member of the Board.

The Internal Procedures are available in the "Corporate Governance" section of the Company's website (www.valeo.com) under "Financial and legal documents".

Directors' rights and duties

The Internal Procedures include a Directors' Charter that sets out the principles that the directors must follow. This Charter imposes certain duties on directors in order to ensure, in particular, that (i) they are aware of the rules and regulations applicable to them, (ii) conflicts of interest are avoided, (iii) they dedicate the necessary time and attention to their duties and comply with the applicable provisions relating to multiple directorships, and (iv) as regards undisclosed information, they are bound by a duty of confidentiality that goes beyond the mere obligation of discretion provided by law. Notwithstanding this duty of confidentiality, the permanent representative of a legal entity that is a member of the Board may provide information to persons within that legal entity, it being specified that such communication can only be used for the purposes of fulfilling its duties as permanent representative.

Furthermore, members of the Board of Directors are responsible for ensuring that they have all the necessary information to carry out their duties. To this end, the Chairman of the Board or the Chief Executive Officer provides directors with the information and documents required in order for them to fully perform their duties.

As compensation for the work carried out by directors, Shareholders' Meetings may grant an annual amount, allocated by the Board of Directors to its members pursuant to Article L. 22-10-8 of the French Commercial Code on the compensation policy for corporate officers (*ex ante* vote). The Board of Directors may also grant directors exceptional compensation for specific assignments or tasks entrusted to them.

The Board of Directors sets the compensation of the corporate officers (including the directors), based on recommendations made by the Compensation Committee.

The compensation policy is subject to an *ex ante* vote by the shareholders and the compensation paid or allocated pursuant to that compensation policy is then subject to the *ex post* vote of the shareholders.

Article 14.6 of Valeo's articles of association provides that each director must hold at least 1,500 registered shares throughout their term of office. This obligation is also set out in Article 1.1(b) of the Internal Procedures. In accordance with the law and the provisions of the Company's articles of association and the Internal Procedures, this requirement does not apply to directors representing employees or to the director representing employee shareholders, (it being specified that the employee representing employee shareholders is required to own, either on an individual basis or through a corporate mutual fund (FCPE) invested in Valeo shares, at least one Company share, or a number of FCPE units equivalent to at least one Company share, in accordance with Article L. 225-102 of the French Commercial Code).

Although not expressly provided for by the Internal Procedures, in practice the directors attend the Company's Shareholders' Meetings, in accordance with the recommendation in Article 21 of the AFEP-MEDEF Code.

On January 23, 2008, the Board of Directors adopted a Code of Conduct on trading in financial instruments and compliance with regulations on insider trading, which governs trading in the Company's securities by members of the Board of Directors, executive corporate officers, members of the Group Executive Committee and the Liaison Committee, and any person with inside information (within the meaning of Article 7 of Regulation No. 596/2014 of April 16, 2014, on market abuse, as amended). Acting on the recommendation of the Governance, Appointments & Corporate Social Responsibility Committee, the Board of Directors updated its Code of Conduct on February 29, 2024. On accepting their position, each member of the Board of Directors agreed to comply with this Code of Conduct.

This Code sets out the legal and regulatory provisions regarding the disclosure of trading in the Company's securities applicable to insiders, and in particular members of the Board of Directors, the Executive Committee, the Liaison Committee, any person with permanent or regular access to inside information and any Group employees who may appear on the lists of occasional insiders drawn up by Valeo ("**Insiders**").

Under the Code of Conduct, it is prohibited for any person to carry out one or more transactions based on inside information at any time. It is prohibited at any time for these people to carry out or attempt to carry out, either on their own behalf or for third parties, directly or indirectly, one or more transactions (including the sale of shares resulting from the exercise of stock purchase or subscription options or the cancellation or modification of an order) on financial instruments (shares, bonds, etc., and any related derivatives) of the Company if they have inside information about the Company or any other Group entity. This Code also prohibits any person having inside information from disclosing or attempting to disclose inside information about the Company or any Group entity, other than in the normal course of their duties, to any person, particularly when the circumstances of such disclosure would enable that person to carry out one or more transactions on the Company's financial instruments. They are also prohibited from advising or attempting to advise any person to carry out one or more transactions in respect of the Company's financial instruments based on inside information about Valeo or any other Group entity, or encouraging or attempting to encourage any person to carry out such transactions based on this inside information. The Chairman of the Board, the Chief Executive Officer, the members of the Board of Directors, the members of the Executive Committee and the Liaison Committee and other Group executive managers are also prohibited from carrying out, directly or indirectly, the following transactions:

- any speculative transactions in the Company's financial instruments as well as in any related financial instruments, such as transactions in derivatives, margin buying and short selling, as well as rolling over deferred settlement orders;

- hedging the financial instruments of the Company and any related financial instruments, including shares, stock purchase or subscription options, rights over shares which may be freely allotted, and shares obtained on exercising stock options or freely allotted.

The Code of Conduct also applies to the purchase or sale (or forward transaction) of the financial instruments of any company other than Valeo by any persons having inside information if such transaction is based on inside information obtained in the course of their duties.

In the event of uncertainty as to whether information is considered inside information, all persons must contact the Group General Counsel and General Secretary before carrying out any transactions involving the Company's financial instruments. The Chairman of the Board, the Chief Executive Officer, the directors and the members of the Group's Executive Committee must check with the Group General Counsel and General Secretary before carrying out any transactions involving the Company's financial instruments that they do not have inside information as a result of their position.

As a general rule, the members of Valeo's Liaison Committee must inform the Group General Counsel and General Secretary before carrying out any transactions in financial instruments.

Restrictions on trading in the Company's financial instruments apply to any person having inside information up to and including the date of publication by the Group of the press release on the inside information in question.

In addition, subject to the exceptions provided for in the applicable regulations, Insiders are prohibited from carrying out one or more transactions involving the Company's shares, debt securities, derivatives or other related financial instruments (including the sale of free shares), either on their own behalf or for third parties, directly or indirectly, during the following black-out periods:

- from the 30th calendar day inclusive preceding the date of publication of Valeo's press release on the annual and half-yearly results up to and including the date of publication of said press release on these financial statements;
- from the 15th calendar day inclusive preceding the date of publication of Valeo's quarterly information up to and including the date of publication of the press release on this quarterly information.

In addition, pursuant to the Code of Conduct, the Chairman of the Board, the Chief Executive Officer, the members of the Board of Directors, other executive managers and persons having close personal ties with them must comply with obligations to inform the Company and the French financial markets authority (*Autorité des marchés financiers* – AMF) following transactions in the Company's shares, debt securities, derivatives or other related financial instruments in accordance with applicable laws and regulations.

Rules governing the operation and organization of the Board of Directors, and their application

Average notice period for calling Board meetings

In accordance with its Internal Procedures, the Board of Directors meets at least six times a year, and at least once every three months, on dates that are sent to each director at the beginning of the fiscal year at the latest, and at any other time in the interest of the Company. The average notice period for calling a meeting of the Board of Directors is approximately ten days, allowing the directors to review any useful information for such meetings.

Representation of directors

Directors may be represented at Board of Directors' meetings by another director; however, at a single meeting each director only has a proxy to represent one director. The proxy must be given in writing. In 2025, two directors were represented by proxy at Board meetings.

Chairmanship of Board meetings

Board of Directors' meetings are chaired by the Chairman of the Board or, in his absence, by a Vice-Chairman, where applicable, or a director designated by the Board of Directors. All eight Board of Directors' meetings held in 2025 were chaired by its Chairman.

Directors' participation in Board meetings

The Internal Procedures allow directors to participate in Board of Directors' meetings by any videoconferencing or telecommunications technology that enables them to be identified and ensures that they actually participate in the meeting. Accordingly, directors who take part in Board meetings through such means are deemed to be present for the purposes of calculating the quorum and majority. The Chairman of the Board states in the relevant meeting notice whether these methods are used for certain meetings. Directors wishing to participate in a Board meeting by these methods must contact the General Secretary at least two working days before the meeting date (except in case of an emergency) in order to ensure that the relevant technical information can be exchanged and tests performed before the meeting takes place.

Article 16.4 of the Company's articles of association and Article 1.2 (f) of the Internal Procedures provide that decisions of the Board of Directors may be taken by written consultation, including by electronic means. In such a case, a decision proposal, along with the relevant background information, is sent by the Chairman (or the author of the convening notice) to all directors in writing, including by electronic means. This proposal must allow each director to respond either "for" or "against", or to abstain, or to share any observations. The directors' response time may not exceed three working days or any other shorter period set by the Chairman (or the author of the convening notice) if the context and nature of the decision so require. Failure to respond is considered as non-participation. Any director may object to this decision-making method within the time period indicated in the above-mentioned proposal. No Board decisions were taken by written consultation in 2025.

Decision-making on the Board of Directors

A Board of Directors meeting is only validly constituted if half of the Board's members are present or represented. Decisions are taken by a majority vote of the members present or represented. In the event of a tie, the Chairman has the casting vote.

Record of Board decisions

In addition to written consultations, minutes are drawn up at each meeting and signed by the Chairman of the Board and a director. The draft minutes must first be sent to all directors no later than two weeks after the meeting. To ensure a clear account of Board of Directors' meetings, the minutes include, in addition to the information required by law, a summary of the discussions and decisions made, briefly mentioning the issues and reservations raised, along with an explanation of any technical issue related to videoconferencing or telecommunications technology used if it disrupted the meeting. The minutes of Board of Directors' meetings provide a record of the Board of Directors' proceedings.

Frequency and duration of Board meetings and average attendance rates of directors

The frequency of Board of Directors' meetings and the average attendance rate of directors in the 2025 financial year are set out in section 3.2.1 of this chapter, "Attendance rate at Board of Directors' meetings", page 114. All meetings of the Board of Directors were held in person (8/8). The average duration of Board of Directors' meetings was about four hours. The frequency and duration of Board meetings allow for the review and in-depth discussion of matters falling within the Board of Directors' scope of authority.

Directors' access to information

Directors' onboarding and training

[*ESRS 2 § 23*] – [*ESRS G1 § 5*]

At the time of their appointment, or during their directorships, the members of the Board of Directors may be given training about the specific features of the Company, its business lines and business sector, and its goals and objectives related to corporate social responsibility (CSR), in particular concerning climate issues (including the Group's CAP 50 plan).

In order to facilitate their integration and smooth transition into office, an onboarding program has been set up to help new directors with their integration and their smooth transition into office. As part of this program:

- each new director receives an email outlining the main duties and obligations of directors (including with respect to holding and trading in the Company's shares), along with (i) legal documents relating to Valeo's corporate governance (the articles of association, the Internal Procedures, the Code of Conduct on trading in financial instruments and the prevention of insider trading, as well as the calendar of the applicable blackout periods), (ii) the calendar of Board and Board Committee meetings, (iii) an individual information form, (iv) the rules for allocating directors' compensation in accordance with the compensation policy applicable to directors, and (v) other various Group presentation material;
- meetings are held with the Group's key executives in order for the new directors to learn more about the specific features of the Company, its business lines and business sector, and its goals and objectives relating to corporate social responsibility (CSR);
- visits to Group sites are proposed to provide new directors with operational insight into the Group's various activities.

This program provides the directors the tools they need to gain an in-depth understanding of Valeo's key objectives, challenges and strategy (particularly in relation to CSR).

Following Gilles Le Borgne's appointment as an independent director at the Shareholders' Meeting on May 22, 2025, and as the effective period of his directorship set at January 1, 2026, he met with the Group's executive corporate officers, the General Counsel and General Secretary, and the Chief Financial Officer. In addition to these meetings, site visits are planned to learn about the Group's businesses and products, and to meet local management and production teams.

The directors also attend an annual strategy seminar, the organization of which has been changed to factor in the suggestions put forward by the directors in the assessment of the Board's operating procedures conducted in 2022. Therefore, since 2023, the event has been held in two distinct phases:

- a seminar focused on strategic issues, held over several days in France (three days in November 2025). This seminar is mainly to provide genuine insight into the Group's activities and strategic goals, as well as its competitive environment and industry trends, and to give directors a practical understanding of the Group's specificities, as well as its climate strategy. During the seminar the directors also have the opportunity to discuss these topics with the Group's key executives, and are given presentations on the Group's products and business operations;
- on-site visits, in France or abroad, generally followed by a meeting of the Board of Directors. During this phase, which takes place over several days, the directors are able to see the Group's business in practice, with visits to partner plants and production sites. The directors also meet the local operational teams and local management. In 2025, this visit took place in one of the BRAIN Division's sites in Germany, and in 2026, this visit is scheduled to take place in China.

Other on-site visits are also organized periodically for the directors, in addition to the one during the strategy seminar.

Given the diversity of the program, the topics discussed and the practical aspects covered, these events contribute to the directors' continuous training.

During the 2025 financial year, as part of the work of the Board and the Committees of which they are members, the directors were also informed about issues such as:

- legislative developments concerning compliance (presentation on the Group's updated compliance programs, overview of the regulatory framework for cybersecurity, and presentation of Valeo's equality and diversity policy with regard to the applicable legal provisions);
- the changes introduced for by French government Decree No. 2025-744 of July 30, 2025, issued following Ordinance No. 2025-934 of October 15, 2024 transposing into French law the EU directive on improving the gender balance on company boards (the "Women on Boards" directive);
- developments in corporate governance best practices (presentation on the points of interest to Valeo raised in (i) the annual report issued by the AMF on corporate governance and executive compensation in listed companies and (ii) the annual report issued by the High Committee on Corporate Governance (*Haut Comité de Gouvernement d'Entreprise* – HCGE));
- the application of the regulatory framework regarding social and environmental responsibility, particularly in terms of non-financial reporting under the CSRD, the European Sustainability Reporting Standards (ESRS), the EU Taxonomy, and the Corporate Sustainability Due Diligence Directive (CS3D), as well as developments in these regulations as part of the EU draft Omnibus package.

In the same way as for the topics presented at the strategy seminar, this information contributes to the directors' continuous training, and enables the Board of Directors and the Committees to integrate these issues into their work and the Group's strategy.

In accordance with the recommendations in the AFEP-MEDEF Code, the Company has devised a training program for directors representing employees and employee shareholders, which is tailored to their specific roles, and rounds out the general training program. Through this program:

- Grzegorz Szelag attended various training courses, including a course provided by the IFA entitled "Salaried Directors Workshop, a guide to being a member of the Board".
- Éric Poton also attended various training courses, including a directorship training course designed by the French Institute of Directors (*Institut français des administrateurs* – IFA) in partnership with Sciences Po *Executive Education* entitled "Certificate of Corporate Director". He also attended several other IFA training sessions about the fundamental aspects of finance and about audit committees and obtained an International Certificate in Corporate Finance from HEC Paris business school.

- As a member of the Audit & Risks Committee, Éric Chauvirey has completed and obtained an HEC Paris business school certificate in Corporate Finance. During his previous term of office as a director representing employees (2017-2021), he attended various training courses, including a course designed by the French Institute of Directors (IFA) in partnership with Sciences Po entitled "Board Director Certificate".

Directors' access to information

Within the scope of the Board of Directors' work, each director is given all the information required to perform his/her duties. The agenda for any upcoming Board of Directors' meeting and details of agenda items requiring upfront analysis and consideration are provided within a sufficient time frame and at least 48 hours (except in an emergency) before the meeting.

Directors who are not able to make an informed decision due to a lack of information must notify the Chairman of the Board and request the information they deem necessary to fulfill their duties. Requests for information needed to perform their duties must be made to the Chairman. Generally, each director receives the information that he/she needs to perform his/her duties and may be given all the related documents by the Chairman of the Board of Directors once the Board has determined that they are relevant.

The Chairman of the Board shares with the directors any information about the Company that he has and that he deems relevant to share on an ongoing basis. He is in regular contact with General Management and ensures that any information concerning the Company is reported to the Board of Directors.

Guests of the Board of Directors

In 2025, the Group General Counsel and General Secretary and the Chief Financial Officer attended all meetings of the Board of Directors.

The Group's Statutory Auditors and Sustainability Auditor attended parts of some Board of Directors' meetings.

Other members of the Group's Executive Management team, including Executive Committee members, attended Board meetings to report on specific points, such as the Senior Vice-President, Communications & Sustainable Development, the Senior Vice-President, Group Corporate Communication & Investor Relations on financial communications, the Group Chief Human Resources Officer on the succession and development plans for the Group's key executives, and the Chief Ethics, Compliance and Data Protection Officer on the Group's compliance program. In addition, the Chief Executive Officers of the Divisions gave presentations on the performance of their respective businesses during the year. They also presented their business outlooks at the 2025 strategy seminar, together with the Chief Executive Officer of the Valeo Service activity.

Non-executive sessions

At the end of certain Board meetings, it is proposed that the independent directors meet without the executive corporate officer and non-independent directors being present, unless invited. These non-executive sessions encourage debate among the independent directors. In 2025, non-executive sessions were held following several Board meetings, attended by the independent directors and the directors representing employees and employee shareholders.

Role of the Board of Directors

[*ESRS 2 § 22*] - [*ESRS 2 § 26*] - [*ESRS G1 § 5*]

The principal role of the Board of Directors, which is a collegial body appointed by the shareholders, is to determine the Company's business strategies and ensure that they are implemented effectively. Subject to the powers expressly granted to Shareholders' Meetings and within the limits of the corporate purpose, it handles any issues related to the proper operation of the Company and takes care of any business in this respect during its meetings.

In accordance with applicable legal and regulatory provisions, the Company's articles of association and the provisions of the Internal Procedures, the Board of Directors has the power, in particular, to:

- convene Shareholders' Meetings and set the agendas thereof;
- draw up the parent company and the consolidated financial statements, the Annual Management Report and the forecast management documents;
- draw up the Corporate Governance Report;
- authorize related party agreements;
- appoint and remove from office the Chairman of the Board of Directors and the Chief Executive Officer and set their compensation;
- appoint the members of the Committees;
- allocate compensation to the directors in accordance with their compensation policy;
- relocate the head office in the same or a neighboring département provided that the decision is approved at the next Ordinary Shareholders' Meeting;
- amend the articles of association as necessary to ensure their compliance with applicable legal and regulatory provisions, provided that the articles of association are approved at the next Extraordinary Shareholders' Meeting;
- authorize sureties, endorsements and guarantees;
- issue non-dilutive bonds and/or securities giving or not giving access to the share capital;
- decide on any planned merger or spin-off;
- authorize the Chief Executive Officer to carry out the following transactions: acquisitions or sales of any subsidiary, equity interest or any other asset or investment, of any nature, with an individual value exceeding 50 million euros;
- review the Group's industrial and financial strategy by devoting, in particular, one session per year to this review. The Board of Directors is also informed of market and competitive trends, and the main challenges faced by the Company, including those related to CSR. It endeavors to promote the Company's long-term value creation whilst taking into consideration the CSR impacts of its operations.

In 2025, the main topics addressed by the Board of Directors related to, in particular:

a) the financial position, cash position, and commitments of the Group, and in particular:
- reviewing the estimated results for 2024 and the 2025 budget;
- approving the (i) parent company and consolidated financial statements for 2024 and (ii) interim consolidated financial statements for 2025; reviewing the Statutory Auditors' presentations and reports;
- reviewing quarterly sales figures and results, and the forecasts and projections prepared for 2025;
- reviewing the management report and the related notes for 2024, and the half-year financial report at June 30, 2025;
- reviewing press releases containing financial information;
- recommending the appropriation of net income and the dividend payment and reviewing the dividend amount for 2024;
- reviewing presentations to be given to investors on the Group's 2024 results, first-half 2025 results and first- and third-quarter 2025 sales;
- reviewing and reporting on the 2024 and first-half 2025 results roadshow;
- reviewing the financial targets (guidance) for 2025;
- reviewing the Group's financial policy (investments, cash position and debt), and relations with rating agencies;
- reviewing financial communication;
- authorizing sureties, endorsements and guarantees (renewal of the powers delegated to the Chief Executive Officer);
- reviewing treasury share purchases (renewal of the powers delegated to the Chief Executive Officer to carry out the share buyback program and report on the use of these powers);
- reviewing bond issues (renewal of the powers delegated to the Chief Executive Officer to issue bonds and report on the use of these powers);
- reviewing the shareholder structure and its evolution;
- analyzing share price trends.

b) business, strategy and risk management, and in particular:
- monitoring the Group's cybersecurity policy, alongside the Audit and Risks Committee's own monitoring processes; discussing and addressing the related procedures, particularly in terms of organization, regulatory framework, implementation measures and action plans;
- monitoring restructuring, cost management and R&D efficiency;
- analyzing business trends in the POWER, BRAIN and LIGHT Divisions, and examining the business outlooks for these Divisions and for Valeo Service;
- reviewing existing information systems;
- reviewing the artificial intelligence (AI) strategy and its rollout;
- analyzing the impact and potential consequences on the Group's business in 2025 of (i) the level of demand for electric vehicles, (ii) the continued acceleration of Chinese automakers in the electrification market, and (iii) US customs tariffs;
- examining negotiations with customers relating to the impacts of lower volumes of electric vehicles and US customs tariffs;
- reviewing the development of major projects; industry trends and the Group's strategic priorities (such as the use of artificial intelligence, particularly for R&D); monitoring changes in the automotive market and the competitive environment;
- monitoring regional issues (especially the minimum European content requirement for vehicles sold in the EU), geopolitical issues (including supplies of rare earth minerals and semiconductors) and regional developments in the automotive market;
- reviewing the main challenges, including in relation to the corporate social responsibility (CSR) policy, and monitoring regulatory developments and the Group's main sustainability achievements;
- reviewing the risk map and the Group's risk management systems;
- reviewing the Group's compliance policy, particularly as regards anti-corruption, competition, export controls and economic sanctions, protection of personal data, compliance for joint ventures consolidated and managed by Valeo, as well as supplier integrity, protection of human rights and the environment;
- performing strategic reviews during the strategy seminar organized in 2025, including the session on the Group's strategic issues held in November 2025 and the operations monitoring session held during the Board of Directors' trip to Germany in March 2025;
- preparing the Capital Markets Day held on November 20, 2025 and reviewing the "Elevate 2028" strategic plan presented at the event.

c) executive compensation, and in particular:
- reviewing the compensation policy (*ex ante* vote) for the Chairman of the Board of Directors and the directors for the 2025 financial year;
- reviewing and amending the Chief Executive Officer's compensation policy for 2025 (*ex ante* vote), in the context of the renewal of his term of office as a director and Chief Executive Officer;
- reviewing the compensation paid or allocated to corporate officers in 2024 (ex post vote), including the determination of the variable portion of the compensation and the Chief Executive Officer's entitlement to pension rights for the 2024 financial year;
- setting the objectives of the Chief Executive Officer's annual variable compensation for the 2025 financial year;
- reviewing the aggregate amount of directors' compensation and the rules for allocating this compensation among the directors;
- examining the plan to allot free shares and/or performance shares to Group employees and corporate officers in 2025, including the number of shares to be allotted to the Chief Executive Officer;
- examining the performance conditions and the consequent delivery of performance shares to Christophe Périllat in 2025 under the 2022 plan;
- examining the draft press releases on the compensation of the Chairman of the Board and the Chief Executive Officer;
- examining the 2025 Shares4U employee share ownership plan as well as the Board of Directors' supplementary report on the delegation of financial authority relating to the capital increases reserved for employees used under the Shares4U 2025 plan.

d) corporate governance, and in particular:
- reviewing directors' independence, including with regard to significant business relationships with the Company;

- reviewing the assessment of the operating procedures of the Board of Directors and its Committees for 2024;
- reviewing the succession plan for executive corporate officers and directors, as well as the succession and development plan for the main Group executive managers;
- reviewing the composition of the Board of Directors and its Committees, including their chairmanship, and changes to the composition of these Committees;
- preparing the proposals for (i) the reappointment of Mari-Noëlle Jégo-Laveissière and Véronique Weill as directors, (ii) the reappointment of Christophe Périllat as a director and Chief Executive Officer, and (iii) the appointment of Gilles Le Borgne as a director with effect from January 1, 2026;
- reviewing the draft Corporate Governance Report;
- reviewing the provisions of the AFEP-MEDEF Code ("Comply or Explain"), and analyzing the main points of interest for the Company in the report of the High Committee on Corporate Governance and the AMF's report on corporate governance and executive compensation;
- reviewing the proposed amendments to the Internal Procedures of the Board of Directors and its committees, as well as to the articles of association, to reflect into account the regulatory changes introduced by the Attractiveness Law;
- reviewing legislative and regulatory changes relating to gender balance on company boards;
- acknowledging the absence of related party agreements in 2024;
- reviewing transactions entered into in the ordinary course of business on an arm's length basis.

e) corporate social responsibility (CSR), including climate issues, and in particular:

- examining the Group's CSR policy, as well as its main sustainability achievements;
- reviewing the assessments of suppliers' sustainable development practices;
- reviewing the Group's health, safety and environment policy, against the 2024 results for the policy;
- reviewing relations with the social partners;
- reviewing the Group's diversity, equity and inclusion policy, and more particularly monitoring the diversity targets within its governing bodies (subject to applicable legislation);
- examining the 2025 objectives of the dashboard for monitoring key CSR performance indicators in relation to the Group's value chain, and regular reviews of results;
- monitoring the work of the Sustainability Auditor;
- reviewing and approving the double materiality assessment update in accordance with the CSRD directive;
- reviewing the Sustainability Report for 2024;
- assessing the impact of the EU's draft Omnibus package on internal control systems related to the CSRD and the Taxonomy Regulation.

f) the Shareholders' Meeting, and in particular:

- calling the Ordinary and Extraordinary Shareholders' Meeting of May 22, 2025 (including deciding on the content of proposed resolutions, the Board of Directors' Report on the resolutions and special report on the allotment of free shares);
- authorizing the executive corporate officers to reply to shareholders' written questions.

Committees created by the Board of Directors

[*ESRS 2 § 21*] - [*ESRS 2 § 22*] - [*ESRS 2 § 26*] - [*ESRS G1 § 5*]

The Board of Directors has set up several committees within itself in order to facilitate its operating procedures and provide assistance with preparing its decisions by issuing recommendations and opinions. In addition, the Board of Directors may also set up temporary *ad hoc* Committees to address specific issues.

At December 31, 2025, the specialized Committees of the Board of Directors were:

- Governance, Appointments & Corporate Social Responsibility Committee;
- Compensation Committee;
- Audit & Risks Committee;
- Strategy Committee.

The specialized Committees of the Board of Directors have their own internal procedures which set out their composition, their missions and their operating procedures. These internal procedures are available on the Company's website, under Corporate Governance, then Financial and legal documents (https://www.valeo.com/en/financial-and-legal-documents/).

These Committees, which exercise their duties under the responsibility of the Board, are intended to streamline the Board's operations and to assist the Board with the preparation of its decisions. They are responsible for studying issues submitted to them by the Board or the Chairman, preparing the Board's work in relation to these questions, and reporting their conclusions to the Board in the form of reports, proposals, opinions, information or recommendations. The role of the Committees is strictly advisory. The Board shall decide, at its own discretion, the measures it wishes to take based on the opinions, studies, investigations or reports issued or prepared by the Committees.

In order to carry out their duties, the Committees may decide to hear members of the Group's executive management or third parties, subject to notifying the corporate officers and reporting thereupon to the Board. The Committees may be assisted by external consultants, if needed, subject to (i) their qualifications, independence, and the confidentiality of deliberations, and (ii) the prior notification of the Chairman of the Board or the Board.

The various Committees reported regularly on their work to the Board of Directors through activity reports during the financial year.

The table below summarizes the composition and key figures of the specialized Committees of the Board of Directors at December 31, 2025:

Governance, Appointments & Corporate Social Responsibility Committee	
Composition	**Key figures**
• Gilles Michel* (Chairman)[1] • Julie Avrane (in charge of CSR issues), permanent representative of Fonds Stratégique de Participations* • Stéphanie Frachet* • Éric Poton** • Patrick Sayer*	**5** members **4** meetings **75%** attendance rate **50%** women members[2] **100%** independent members[2]

Compensation Committee	
Composition	**Key figures**
• Gilles Michel* (Chairman)[1] • Julie Avrane (in charge of CSR issues), permanent representative of Fonds Stratégique de Participations* • Stéphanie Frachet* • Éric Poton** • Patrick Sayer*	**5** members **4** meetings **80%** attendance rate **50%** women members[2] **100%** independent members[2]

Audit & Risks Committee	
Composition	**Key figures**
• Véronique Weill* (Chair) • Julie Avrane (in charge of CSR issues), permanent representative of Fonds Stratégique de Participations* • Bruno Bézard* • Éric Chauvirey*** • Mari-Noëlle Jégo-Laveissière* • Alexandre Ossola, permanent representative of Bpifrance Participations* • Beatriz Puente*	**7** members **5** meetings **94.29%** attendance rate **66.67%** women members[2] **100%** independent members[2]

Strategy Committee	
Composition[3]	**Key figures**
• Patrick Sayer* (Chair) • Stéphanie Frachet* • Alexandre Ossola, permanent representative of Bpifrance Participations* • Grzegorz Szelag** • Sascha Zahnd*	**5** members **4** meetings **100%** attendance rate **25%** women members[2] **100%** independent members[2]

* *Independent director*
** *Director representing employees*
*** *Director representing employee shareholders*

(1) *At its meeting on May 22, 2025, the Board of Directors, on the recommendation of the Governance, Appointments & Corporate Social Responsibility Committee (GACSRC), decided to appoint Gilles Michel as Chair of the GACSRC and of the Compensation Committee (CC) to replace Alexandre Dayon, whose term of office expired at the close of the Shareholders' Meeting of May 22, 2025 and who did not put himself forward for reappointment.*

(2) *The directors representing employees and employee shareholders do not count in the calculation of (i) gender diversity on the Board, pursuant to Articles L. 225-23 and L. 225-27-1 of the French Commercial Code, as applicable to the Company, or (ii) the rate of independent directors, in accordance with the recommendation in Article 16.1 of the AFEP-MEDEF Code.*

(3) *At its meeting on January 28, 2026, on the recommendation of the GACSRC, the Board of Directors decided to appoint Gilles Le Borgne as a member of the Strategy Committee. Since that date, the Strategy Committee is comprised six members, all of whom are independent directors and 20% of whom are women (excluding the director representing employees). Gilles Le Borgne was appointed as a director at the Shareholders' Meeting of May 22, 2025, with his directorship taking effect on January 1, 2026.*

Governance, Appointments & Corporate Social Responsibility Committee (GACSRC)

Composition of the Committee

[*ESRS 2 § 21*]

Composition

At December 31, 2025, the composition of the Governance, Appointments & Corporate Social Responsibility Committee was as follows:

- Gilles Michel (Chair and independent director);
- Julie Avrane (in charge of CSR issues), permanent representative of Fonds Stratégique de Participations (independent director);
- Stéphanie Frachet (independent director);
- Éric Poton (director representing employees);
- Patrick Sayer (independent director).

The changes in the Committee's composition during 2025 are set out in the table in section 3.2.1 of this chapter, paragraph "Composition of the Board of Directors at December 31, 2025 and changes during (or decided in) the 2025 financial year", page 111.

Independence

As 100%[1] of the Committee's members are independent directors, the Company complies with the provisions of Article 18.1 of the AFEP-MEDEF Code recommending that the majority of directors on the appointments committee be independent. This provision has been written into the Committee's internal procedures.

(1) *The director representing employees does not count, in accordance with the recommendation in Article 16.1 of the AFEP-MEDEF Code.*

Committee roles and responsibilities

[*ESRS 2 § 22*] – [*ESRS 2 § 26*]

According to its internal procedures, the roles and responsibilities of the Governance, Appointments & Corporate Social Responsibility Committee are, in particular, as follows:

a) as regards corporate governance:

- analyzing how the Board of Directors and its Committees operate;
- assessing and updating corporate governance rules and, in particular, ensuring that the assessment of the Board of Directors' operation is carried out in line with market practices.

b) as regards selection and appointments:

- preparing the composition of the Company's governing bodies, with reasoned recommendations on the appointment of corporate officers to the Board and its Committees;
- drawing up a succession plan for executive corporate officers and directors;
- ensuring that the diversity policy for Board members is prepared and implemented;
- striving to reflect diverse experience and perspectives, while ensuring for the Board (i) the objectivity and independence required in relation to General Management, a specific shareholder or group of shareholders, and (ii) the stability of the Company's corporate bodies;
- ensuring that executive corporate officers apply a policy of non-discrimination and diversity within the governance bodies, in compliance with the applicable laws and regulations;
- reviewing, each year before the publication of the Corporate Governance Report and before each appointment, the status of each director in light of the independence criteria set out in Article 1.2(b) of the Board of Directors' Internal Procedures, and submitting its proposals to the Board for it to review the status of each person concerned.

c) as regards CSR:

- reviewing the main thrusts of the Company and Group's corporate social responsibility policy;
- identifying corporate social responsibility objectives and challenges, and making sure that the previously defined objectives are met;
- overseeing the gradual and increasing implementation of Valeo's corporate social responsibility policy and assessing the Group's contribution to sustainable development;
- in conjunction with the Audit & Risks Committee, gaining an understanding of the risks and topics involved in corporate social responsibility, and obtaining information about the resources the Group can call on to pursue its strategy in this area;
- as required, issuing opinions and recommendations to help the Board make informed decisions;
- nominating among the members of the Committee a member in charge of CSR issues tasked with reviewing the Group's CSR strategy, commitments and policies as well as the action plans for projects related to those policies, and/or monitoring the implementation of the Group's CSR initiatives. The work carried out by the member in charge of CSR issues is without prejudice to the scope of responsibility of the Board and the Committee;
- the member in charge of CSR issues is in charge of informing, at least once a year, the Audit & Risks Committee, of the Committee's work relating to CSR, in particular with regards to the monitoring of the Group's key performance indicators in this field;
- the Chair of the Audit & Risks Committee presents at least once a year, the work carried out by the Audit & Risks Committee on non-financial issues to the Committee, particularly regarding internal control and processing of sustainability information.

Role of the Committee in the selection and appointment of directors: description of the procedure at Valeo

In accordance with the Internal Procedures, the Committee recommends the appointment of the corporate officers as well as the appointment of members and the Chair of each of the Committees of the Board, other than its own Chair. It submits reasoned proposals concerning its choice of candidates to the Board. The Committee oversees the preparation and implementation of the diversity policy for Board members (for further information on the procedure for selecting and appointing directors, see section 3.2.1 of this chapter, "Procedure for selecting directors in accordance with the diversity policy", pages 118 to 119). When issuing opinions or recommendations on selections and appointments, the Committee must ensure that (i) at least half of the members of the Board of Directors are independent directors, (ii) the Chief Executive Officer is not a member of the Audit & Risks Committee, and (iii) at least two-thirds of the Audit & Risks Committee members are independent directors.

Role of the Committee in terms of corporate responsibility

[*ESRS 2 § 22*] - [*ESRS 2 § 26*]

The Committee's duties and accomplishments in the area of CSR are described above.

Given the importance of CSR (including climate change) in the Group's strategy, the review and monitoring of these topics has been enhanced on two points:

- since October 27, 2020, the Committee has had a designated a member in charge of CSR issues, entrusted with the duties described above. This role has been carried out by Julie Avrane, permanent representative of Fonds Stratégique de Participations since May 23, 2024;
- the collaboration between the Committee and the Audit & Risks Committee, with presentations (i) by the member in charge of CSR issues within the Audit & Risks Committee (since 2023) and (ii) by the Chair of the Audit & Risks Committee to the Committee (since 2024), as provided in the Internal Procedures and described in the Committee's duties above.

CSR issues are presented to the Committee several times a year, at meetings attended by, depending on the topics covered, the Vice President, Sustainable Development, External Affairs, Collaborative Research and Technical Regulation Department, the Vice President, Health, Safety & Environment, and the Group Chief Human Resources Officer for employee-related issues.

Committee activity during the year

[*ESRS 2 § 22*] - [*ESRS 2 § 26*]

The Committee met four times in 2025 with an average attendance rate of 75% (see section 3.2.1 of this chapter, "Attendance rate at Board of Directors' meetings", page 114, which sets out the average attendance rate of each member at its meetings).

During these meetings, the Governance, Appointments & Corporate Social Responsibility Committee in particular:

a) as regards governance and appointments:

- reviewed directors' independence, including with regard to significant business relationships with the Company;
- reviewed relations with the social partners;
- reviewed the succession plan for executive corporate officers and directors (including the description of the profiles sought);
- reviewed the succession and development plans for the main Group executive managers;
- examined the draft resolutions relating to (i) the reappointment of Mari-Noëlle Jégo-Laveissière and Véronique Weill as directors, (ii) the reappointment of Christophe Périllat as a director and Chief Executive Officer, and (iii) the appointment of Gilles Le Borgne as a director (effective January 1, 2026), and the related draft Board of Directors' report;
- reviewed the assessment of the operating procedures of the Board of Directors and its Committees for the 2024 financial year, and proposed the measures to be implemented to take into account the results of this assessment;
- reviewed and proposed changes to the membership of the Board of Directors and its Committees;
- reviewed transactions entered into in the ordinary course of business on an arm's length basis;
- acknowledged the absence of related party agreements in 2024 for the purposes of the Statutory Auditors' special report submitted to the Shareholders' Meeting of May 22, 2025;
- reviewed the main items of interest to the Company in the report of the High Committee on Corporate Governance as well as the AMF's report on executive compensation;
- reviewed the governance section of the draft Corporate Governance Report (including the information provided in accordance with the "Comply or Explain" section of the AFEP-MEDEF Code);
- reviewed the proposed amendments to the Internal Procedures of the Board of Directors and the Committees, notably to (i) provide for the possibility of using telecommunications means, and (ii) allow written consultation of directors for all Board decisions;
- reviewed the proposed amendment to the articles of association to allow written consultation of directors for all Board decisions;
- reviewed the regulatory changes resulting from French government Decree No. 2025-744 of July 30, 2025, issued following Ordinance No. 2025-934 of October 15, 2024 transposing into French law the EU directive on improving the gender balance on company boards (the "Women on Boards" directive).

b) as regards CSR:

- analyzed the Group's corporate social and societal responsibility (CSR) policy, focusing on the topics identified in the dashboard for monitoring key CSR performance indicators, and reviewed the Group's main achievements in terms of sustainability[1] (priorities, action plans, and results);
- reviewed the assessment of suppliers' sustainable development practices;
- examined the Group's health, safety and environment policy, against the 2024 results for the policy;
- reviewed the 2024 Sustainability Report;
- examined the Group's diversity, equity and inclusion policy, and more particularly monitored the diversity targets within its governing bodies[1];
- reviewed the 2025 objectives of the dashboard for monitoring key CSR performance indicators in relation to the Group's value chain and regular reviews of results;
- analyzed the work of the Audit & Risks Committee on sustainability matters (see below).

At the Committee meeting on October 23, 2025, the Chair of the Audit & Risks Committee presented the following points to its members:

- regulatory changes designed to simplify the reporting requirements for sustainability and the EU Taxonomy, in particular the CS3D, whose implementation date has been postponed to 2029;
- this Committee's work on preparing the 2025 Sustainability Report (including the update to the double materiality assessment and continuation of the work begun in 2024 on the control environment for sustainability disclosures).

[1] *Subject to the applicable laws and regulations.*

Compensation Committee (CC)

Composition of the Committee

Composition

At December 31, 2025, the composition of the Compensation Committee was as follows:

- Gilles Michel (Chair and independent director);
- Julie Avrane (in charge of CSR issues), permanent representative of Fonds Stratégique de Participations (independent director);
- Stéphanie Frachet (independent director);
- Éric Poton (director representing employees);
- Patrick Sayer (independent director).

The changes in the Committee's composition during 2025 are set out in the table in section 3.2.1 of this chapter, paragraph "Composition of the Board of Directors at December 31, 2025 and changes during (or decided in) the 2025 financial year", page 111.

Independence

As 100%[1] of the Committee's members are independent directors, the Company complies with the provisions of the AFEP-MEDEF Code recommending that the majority of directors on the Compensation Committee be independent and that a director representing employees be a member of the Compensation Committee (Article 19.1).

Committee roles and responsibilities

[ESRS 2 § 29]

According to its internal procedures, the roles and responsibilities of the Compensation Committee are, in particular, as follows:

a) as regards executive corporate officers' compensation, reviewing and making recommendations on the matter, in particular with regard to:

- the variable component of their compensation: the Committee defines the methods for setting the variable component taking into account the performance of the executive corporate officers during the year and the medium-term strategy of the Company and the Group, and makes sure that these methods are applied;
- all benefits in kind, performance shares or stock purchase and/or subscription options received from any Group company, pension provisions and any other benefits.

b) as regards directors' compensation:

- making recommendations to the Board on the rules for allocating directors' compensation and the individual amounts to be paid to each director, taking into account the actual number of Board and Committee meetings attended;
- recommending to the Board an aggregate amount of directors' compensation to be proposed at the Shareholders' Meeting.

c) as regards long-term compensation:

- giving its opinion to the Board on the general policy for allotting stock purchase or subscription options and free shares or performance shares, as well as on the stock option, free share and performance share plans set up by the Group's General Management in accordance with applicable rules and recommendations;
- making recommendations to the Board of Directors on the allotment of stock purchase and/or subscription options and free shares or performance shares, giving reasons for its choice and the related consequences.

d) Other missions

- as regards the compensation of the Group's main executive managers, keeping informed about the compensation policy for the main executive managers who are not corporate officers of the Company or of other Group companies;
- reviewing any questions submitted to the Committee by the Chairman about the above matters, as well as proposed share issues reserved for employees.

The Corporate Governance Report contains information for the shareholders about compensation paid to corporate officers, the principles and methods used to set their compensation, and any performance shares allotted to them.

Committee activity during the year

The Committee met four times in 2025 with an average attendance rate of 80% (see section 3.2.1 of this chapter, "Attendance rate at Board of Directors' meetings", page 114, which sets out the average attendance rate of each member at Committee meetings).

During these meetings, the Compensation Committee in particular:

- reviewed the 2025 compensation policy (*ex ante* vote) of the Chairman of the Board of Directors and the directors;
- examined the compensation policy (*ex ante* vote) of the Chief Executive Officer for 2025 in connection with the renewal of his term of office as a director and Chief Executive Officer (analysis of the various components of the compensation policy, preparation and review of the Benchmarking Study, proposal to the Board to update the compensation policy);
- reviewed the targets of the annual variable compensation of the Chief Executive Officer for 2025;
- reviewed the compensation paid or allocated to corporate officers in 2024 (*ex post* vote), including the determination of the variable portion of the compensation and the entitlement to pension rights of the Chief Executive Officer for 2024;
- examined the performance conditions and the consequent delivery of performance shares to Christophe Périllat in 2025 under the 2022 plan;
- examined the plan to allot free shares and/or performance shares to Group employees and corporate officers in 2025, including the number of shares to be allotted to the Chief Executive Officer;
- examined the proposed resolutions related to the corporate officers' compensation (2024 *ex post* and 2025 *ex ante*) and the related draft Board of Directors' report;
- reviewed the draft special report on the allotment of free shares in respect of the year ended December 31, 2024;
- examined the draft press releases on the compensation of the Chairman of the Board and the Chief Executive Officer;

[1] *The director representing employees does not count, in accordance with the recommendation in Article 16.1 of the AFEP-MEDEF Code.*

- examined the 2025 Shares4U employee share ownership plan, including the components envisaged for the 2025 plan, as well as the results of its implementation and the Board of Directors' supplementary report on the delegation of financial authority relating to the capital increases reserved for employees under the 2025 Shares4U plan;
- reviewed the aggregate amount of directors' compensation and the rules for allocating this compensation among the directors;
- reviewed the compensation section of the draft Corporate Governance Report.

Audit & Risks Committee (ARC)

Composition of the Committee

[*ESRS 2 § 21*]

Composition

At December 31, 2025, the composition of the Audit & Risks Committee was as follows:

- Véronique Weill (Chair and independent director);
- Julie Avrane (in charge of CSR issues), permanent representative of Fonds Stratégique de Participations (independent director);
- Bruno Bézard (independent director);
- Éric Chauvirey (director representing employee shareholders);
- Mari-Noëlle Jégo-Laveissière (independent director);
- Alexandre Ossola, permanent representative of Bpifrance Participations (independent director);
- Beatriz Puente (independent director).

The Committee's composition remained unchanged in 2025 (see section 3.2.1 of this chapter, "Composition of the Board of Directors at December 31, 2025 and changes during (or decided in) 2025", page 111).

Independence

As 100%[1] of the Committee's members are independent directors, the Company therefore complies with the provisions of the AFEP-MEDEF Code recommending that at least two-thirds of directors on the Audit & Risks Committee be independent.

Experience and skills

Through their training or business experience, all current members of the Committee have financial and accounting skills. Therefore, the Company goes beyond the requirements of Article L. 823-19 of the French Commercial Code according to which at least one member of the Audit & Risks Committee must have specialized financial, accounting or auditing skills and be independent. Some members also have expertise in non-financial matters. For details of the Audit and Risk Committee members' experience, see section 3.2.1 of this chapter, "Presentation of directors at December 31, 2025 and January 1, 2026", pages 122 to 138.

[1] *The director representing employee shareholders does not count, in accordance with the recommendation in Article 16.1 of the AFEP-MEDEF Code.*

Committee roles and responsibilities

[*ESRS 2 § 22*] - [*ESRS 2 § 26*] - [*ESRS G1 § 5*]

In accordance with Article L. 823-19 of the French Commercial Code and its internal procedures, as amended on February 29, 2024 in order to incorporate its new duties in connection with the application of the CSRD (with regard to sustainability-related impacts, risks and opportunities), the duties of the Audit & Risks Committee are as follows:

a) as regards the financial statements:

- ensuring that the accounting policies adopted to prepare the consolidated and parent company financial statements are relevant, consistent and properly applied, and that material transactions are accounted for appropriately at Group entity level;
- monitoring the statutory audit work on the annual and consolidated financial statements, and at the end of the reporting period, reviewing and giving an opinion on the draft interim and annual parent company and consolidated financial statements prepared by the Finance Department before they are presented to the Board of Directors. For this purpose, all draft financial statements and any other useful documentation and information should be provided to the Audit & Risks Committee before the Board of Directors reviews the financial statements. In examining the financial statements, the Audit & Risks Committee should also be provided with (i) a memorandum from the Statutory Auditors reporting on the performance of their assignment and the findings of their work, thereby informing the Committee of the principal risks and uncertainties identified by the Statutory Auditors in the financial statements, their audit approach and possible difficulties encountered in carrying out the assignment and (ii) a presentation from the Chief Financial Officer describing the Company's risk exposure and material off-balance sheet commitments and the applied accounting options. The Audit & Risks Committee meets with the Statutory Auditors, the Finance Department (without General Management being present, where appropriate), and with General Management, to discuss depreciation, amortization, provisions, goodwill, consolidation principles and accounting policies, among other subjects;
- reviewing the draft interim financial statements, interim reports, activity report and earnings releases prior to publication, as well as any financial statements drawn up in connection with specific transactions (contributions, mergers, market operations, interim dividend payments, etc.);
- analyzing the scope of consolidation, and the reasons why certain companies may not have been consolidated;
- assessing the risks to which the Company is exposed as well as any material off-balance sheet commitments, and assessing the extent of the failures and weaknesses reported to it and informing the Board of Directors, where appropriate;
- reviewing the financial and accounting treatment of acquisitions or disposals in excess of 50 million euros per transaction, in conjunction with the opinions of the Strategy Committee where appropriate, and reviewing any key transactions which could have given rise to a conflict of interest.

b) as regards internal audit, internal control and risk management:

- monitoring the Group's risk management and internal control systems and, where appropriate, internal audit related to the procedures for preparing and processing financial, accounting and non-financial information within the Group. The Committee ensures that there are risk management and internal control systems in place to identify, analyze, manage, and continuously improve the prevention and management of all types of risks that the Group may face in the course of its business, particularly those likely to have an impact on accounting, financial and non-financial information;
- receiving information on a regular basis from General Management on the organization and operation of risk management and internal control systems;
- regularly reviewing the risk mapping of the main risks identified (including financial, legal, operational, social and environmental risks) by General Management, the results and efficiency of the operation of the risk management and internal control systems and the relevance of the risk monitoring procedure and ensuring that appropriate action plans have been implemented to mitigate the problems and weaknesses identified;
- ensuring that systems are in place for preventing and detecting bribery and influence peddling;
- reviewing the Group's compliance policy, particularly as regards anti-corruption, economic sanctions, and compliance with competition law, compliant with the General Data Protection Regulation (GDPR) and compliant with the Sapin II law;
- keeping informed about the main problem areas and weaknesses observed and the action plans approved by General Management;
- receiving Internal Audit reports or regular summaries of these reports;
- monitoring any issues linked to control and the process for preparing accounting, financial and non-financial information;
- checking that internal procedures for compiling and verifying financial and non-financial information are defined to ensure the information is reliable and reported in a timely manner;
- reviewing the Statutory Auditors' work plan and, where applicable, the work plan of the Sustainability Auditors[1];
- regularly meeting with managers of the Group's Internal Audit unit, giving its opinion on how their department is organized, and keeping informed of their work program;
- keeping regularly informed of the Group's external auditors' working plans and methods and on General Management's responses;
- reviewing and making observations about the draft Management Report detailing the internal control and risk management procedures implemented by the Company as well as the sustainability report;
- reviewing any issue related to internal control, risk management, and internal audit submitted to the Committee by the Board of Directors;
- asking General Management for any information;
- organizing an annual Audit & Risks Committee meeting dedicated to internal audit, internal control and risk management matters.

c) as regards the Statutory Auditors in charge of certifying the financial statements and the Sustainability Auditors:

- assessing compliance with rules, principles and recommendations guaranteeing the independence of the Statutory Auditors and the Sustainability Auditors and monitoring their independence, particularly by examining, in conjunction with the Statutory Auditors and the Sustainability Auditors, the risks to independence and the measures taken to mitigate such risks;
- overseeing the selection or reappointment of the Statutory Auditors and the Sustainability Auditors based on the best, and not the lowest, tender and respecting the legal rotation obligations; giving an opinion on the proposed statutory audit fees; giving an informed opinion on the choice of Statutory Auditors and Sustainability Auditors and informing the Board of Directors of its recommendation in accordance with the law;
- obtaining details of fees paid by the Company and the Group to the statutory audit firm and its network and to the sustainability audit firm and its network;
- obtaining details of any non-audit services provided by the Statutory Auditors and the Sustainability Auditor, and ensuring that the amount or percentage that such fees represent in relation to the total revenue of the audit firm or network of the Statutory Auditors and of the Sustainability Auditor does not risk compromising their independence when performing their work on certifying the financial statements and certifying sustainability information;
- pre-approving non-audit services.

d) as regards financial policies:

- being kept informed by General Management of the Group's financial position and of the methods and techniques used to define financial policy;
- keeping abreast of the main thrusts of the Group's financial strategy;
- reviewing external communications on accounting and financial matters or events liable to affect the Group's financial position or outlook, prior to their publication;
- giving an opinion on the resolutions submitted to Shareholders' Meetings relating to the parent company and consolidated financial statements;
- at General Management's request, giving an opinion on any resource allocation decisions which, in light of the beneficiaries or because of potential conflicts of interest, could give rise to difficulties in interpretation as to their compliance with legal rules and the Company's articles of association;
- reviewing any financial or accounting matter referred to it by the Chairman, the Board of Directors, General Management or the Statutory Auditors, as well as any potential conflicts of interest brought to its attention.

e) as regards other reviews and duties performed and falling within its remit:

- being kept informed by General Management and regularly hearing from the Tax Department on the Group's tax strategy and its implications;
- being kept informed by General Management and regularly hearing from the IT Services Department on the Group's information security and cybersecurity governance and policy;
- being kept informed by General Management about the Group's corporate social responsibility policy;
- receiving, at least once a year, a presentation given by the member of the Governance, Appointments & Corporate Social Responsibility Committee (GACSRC) in charge of CSR issues about the GACSRC's work relating to CSR, in particular with regards to monitoring the Group's key CSR performance indicators;
- presenting, at least once a year to the GACSRC, the work carried out by the Audit & Risks Committee on non-financial issues, particularly regarding the internal control and processing of sustainability information. This presentation is given by the Chair of the Audit & Risks Committee;
- periodically reviewing the Group's Ethics and Compliance policy and the rules and procedures for its implementation;
- being kept informed by General Management and regularly hearing from the Insurance Department on the Group's insurance program;
- receiving information on a regular basis from General Management on the organization of the finance teams and the succession plan for these teams.

Any risk-related matter may be handled by the Audit & Risks Committee as part of its annual work program.

The approval of the Audit & Risks Committee is required for the provision of non-audit services by the Statutory Auditors or members of their network, in France or abroad, to the Company and entities controlling or controlled by the Company within the meaning of Article L. 233-3-I and II of the French Commercial Code. For this purpose, the Audit & Risks Committee reviews the nature and scope of the services subject to its approval in accordance with the rules and regulations governing the independence of Statutory Auditors.

In the absence of such procedures required by the law or regulations, the Audit & Risks Committee has implemented a procedure allowing it to fulfill its obligations, by drawing up a list of the non-audit services that can be provided by the Statutory Auditors or their network, with the related approval procedures. Each year, the Audit & Risks Committee will review and pre-approve the list of the services that can be provided by the Statutory Auditors and will review the list of prohibited services. These lists may be reviewed and amended by the Audit & Risks Committee at any time, where appropriate. The validity period of any pre-approval is 12 months, unless otherwise decided by the Audit & Risks Committee.

In order to implement this procedure, it is important to distinguish between:

- audit services that do not require the prior approval of the Audit & Risks Committee other than that required for the audit fee budget;
- non-audit services whose performance is required by law or regulations, which are authorized under a general procedure (general approval according to which once a year the Audit & Risks Committee approves all the services to be performed during the year as required by law or regulations). These services are pre-approved by the Audit & Risks Committee annually;
- non-audit services that are not prohibited, subject to prior approval based on the nature of the assignment. This prior approval based on the nature of the assignment is appropriate for services usually provided by the Statutory Auditors, for which an independence analysis has already been performed and which do not represent a risk to the independence of the Statutory Auditors and the Sustainability Auditors;
- non-audit services that are not prohibited, requiring approval on a case-by-case basis. The Audit & Risks Committee renders a decision after analyzing the risks in terms of independence and the measures taken by the Statutory Auditors to mitigate these risks. It documents its findings;
- assignments not permitted to be carried out by the Statutory Auditors or their network.

The services mentioned above are set out in the internal procedures of the Audit & Risks Committee which are available in the "Corporate Governance" section of the Company's website (www.valeo.com) under "Financial and legal documents".

The Committee liaises mainly with General Management, the Finance Department, the Legal Department, the Ethics, Compliance and Data Protection Office and Sustainable Development and External Affairs, as well as with the Company's Statutory Auditors and Sustainability Auditors. The Committee may meet with members of the Finance Department, the Legal Department and the Ethics, Compliance and Data Protection Office and Sustainable Development and External Affairs, as well as the Company's Statutory Auditors and Sustainability Auditors without the members of General Management or the executive corporate officers being present, if the Committee sees fit and notifies the Chairman of the Board and the Chief Executive Officer beforehand. The Committee may interview third parties if this is deemed useful for the performance of its duties.

As a reminder, given the importance of CSR (including climate change) in the Group's strategy, and to strengthen the collaboration between the Committee and the Governance, Appointments & Corporate Social Responsibility Committee, the Board decided that presentations by (i) the member in charge of CSR issues within the Governance, Appointments & Corporate Social Responsibility Committee (since 2023) and (ii) the Chair of the Committee to the Governance, Appointments & Corporate Social Responsibility Committee (since 2024) would take place, as provided for in the Internal Procedures and described in the Committee's duties above.

The Committee may not address issues that fall outside the scope of its duties unless requested to do so.

(1) The term "Sustainability Auditor" means any Statutory Auditor or independent third-party organization responsible for certifying sustainability information.

Committee activity during the year

[*ESRS 2 § 22*] - [*ESRS 2 § 26*] - [*ESRS G1 § 5*]

The Committee met five times in 2025 with an average attendance rate of 94.29% (see section 3.2.1 of this chapter, "Attendance rate at Board of Directors' meetings", page 114, which sets out the average attendance rate of each member at its meetings).

During these meetings, the Audit & Risks Committee in particular:

- reviewed the estimated results for 2024 and the 2025 budget;
- examined the draft (i) parent company and consolidated financial statements for 2024 and (ii) interim consolidated financial statements for 2025;
- reviewed the recommendation for the allocation of earnings and the payment of a dividend for the 2024 financial year, as well as for the amount of the dividend;
- reviewed the sales and results, and the forecasts and projections prepared for the 2025 financial year;
- reviewed the management report for 2024 and the half-year financial report at June 30, 2025;
- reviewed the 2025 financial management framework;
- was informed of the financial targets (guidance) for 2025;
- reviewed the draft presentations to be given to investors on the Group's full-year 2024 and first-half 2025 results and its first-quarter and third-quarter 2025 sales, as well as its financial press releases;
- reviewed the reports and analyzed the findings presented by the Statutory Auditors, including regarding internal control;
- examined the impact and potential consequences on the Group's business in 2025 of (i) the level of demand for electric vehicles, (ii) the continued acceleration of Chinese automakers in the electrification market, and (iii) US customs tariffs;
- reviewed the status of negotiations with customers relating to the impacts of (i) lower volumes of electric vehicles and (ii) US customs tariffs;
- reviewed the financial indicators proposed for the preparation of the "Elevate 2028" strategic plan presented at the Capital Markets Day on November 20, 2025;
- reviewed the presentation of the Statutory Auditors' 2025 audit approach and the results of the internal control self-assessment campaign;
- reviewed the 2025 Group risk map, the Group's risk management systems, and the 2025 and 2026 audit plans;
- reviewed the 2024 Sustainability Report and analyzed the findings presented by the Sustainability Auditor. The Sustainability Auditor underlined the quality of the Group's process for preparing the Sustainability Report, marked by efficient coordination between Valeo's teams and good forward planning, and issued an unqualified compliance opinion on the Report;
- examined the impact of the EU's draft Omnibus package on internal control systems related to the CSRD directive and the Taxonomy Regulation;
- reviewed the update to the double materiality assessment and monitored the Sustainability Auditor's work relating to the Sustainability Report for 2025;
- reviewed the proposed renewal of the authorization granted to the Chief Executive Officer to issue bonds;
- analyzed the changes to IFRS 18;
- reviewed the Group's compliance policy;
- was given a presentation by the Group Internal Audit and Control Director, including activity reports on internal control, risks and internal audit;
- analyzed information presented by the Chief Financial Officer and the Group Financing and Treasury Director on the Group's financial policy (particularly related to its financing, cash position, debt, and relations with rating agencies);

- analyzed information presented by the Group Information Systems Director on governance and development of information systems, as well as the strategy for cybersecurity and artificial intelligence, particularly in the area of R&D;
- analyzed information presented by the Insurance Director on the Group's 2025 insurance program, including the launch of an invitation to tender for the brokerage of certain insurance policies;
- analyzed information presented by the Tax Director on the Group's tax policy;
- analyzed information presented by the Group Accounting Director on the list of non-audit services performed by the Statutory Auditors;

At the Committee meeting held on November 25, 2025, the member responsible for CSR issues on the Governance, Appointments and Corporate Social Responsibility Committee stated that the purpose of her contribution was to improve the Committee's information on CSR issues and to promote closer cooperation between the two Committees, particularly in light of the implementation of the CSRD. She also gave a presentation to the Committee members about the CSR work carried out by the Governance, Appointments & Corporate Social Responsibility Committee.

The Committee's work complied with the objectives defined for it during the year. The financial statements were made available to the Committee sufficiently in advance and it had adequate time to review them. The Committee's work was facilitated by the presence of the Statutory Auditors, the Chief Financial Officer, the Internal Audit and Control Director, as well as the Group General Counsel and General Secretary at all of the Audit & Risks Committee's meetings. The Statutory Auditors' presentations mainly covered the findings of their audit of the annual parent company and consolidated financial statements as well as their limited review of the interim financial statements. They did not highlight any difficulties in carrying out their duties.

In 2025, the Committee did not issue any reservations about the annual parent company and the consolidated financial statements or the interim financial statements presented to it or on the Sustainability Report submitted to it.

Strategy Committee

Composition

At December 31, 2025, the composition of the Strategy Committee was as follows:

- Patrick Sayer (Chair and independent director);
- Stéphanie Frachet (independent director);
- Alexandre Ossola, permanent representative of Bpifrance Participations (independent director);
- Grzegorz Szelag (director representing employees);
- Sascha Zahnd (independent director).

The changes in the Committee's composition during 2025 are set out in the table in section 3.2.1 of this chapter, paragraph "Composition of the Board of Directors at December 31, 2025 and changes during (or decided in) the 2025 financial year", page 111.

At its meeting on January 28, 2026, on the recommendation of the Governance, Appointments & Corporate Social Responsibility Committee, the Board of Directors decided to appoint Gilles Le Borgne as a member of the Strategy Committee[1].

Independence

As at December 31, 2025 and at January 28, 2026, 100%[2] of the Committee's members are independent directors, and the Committee includes a director representing employees.

Committee roles and responsibilities

In accordance with its internal procedures, the Strategy Committee is responsible for submitting to the Board of Directors its opinions and recommendations on:

- the review of the Group's key strategies, market trend information, analyses of research activities, competition benchmarking and the resulting medium- and long-term outlook for the business;
- the analysis of the Group's development projects, particularly external growth transactions involving any acquisitions or sales of subsidiaries, equity interests or any other assets, investments or debt representing more than 50 million euros per transaction;
- the review of development or expansion projects in a country where the Group does not operate and which represents a particular risk.

In agreement with the Chairman of the Board, the Committee may invite other directors to participate in its discussions.

The Committee conducts preliminary reviews and studies to facilitate the work of the Board of Directors, one of whose principal duties is to determine the strategy for Valeo's businesses and ensure that they are implemented effectively. In addition, each year the directors hold a seminar over several days to discuss, debate and exchange views on the Group's activities and strategic goals, as well as its competitive environment and industry trends, to give directors a practical understanding of the Group's specificities, as well as its climate strategy

Committee activity during the year

The Committee met four times in 2025 with an average attendance rate of 100% (see section 3.2.1 of this chapter, "Attendance rate at Board of Directors' meetings", page 114, which sets out the average attendance rate of each member at its meetings).

During these meetings, the Strategy Committee in particular:

- reviewed certain Group businesses;
- reviewed the changes in the automotive industry, the competitive environment (particularly in China and India) and the Group's strategic priorities (such as the use of artificial intelligence, especially for R&D);
- carried out a status review on growth opportunities (particularly in China and India);
- examined the impact of US customs tariffs;
- proposed the strategic issues to be discussed at the strategy seminar in November 2025;
- reviewed the Group's financial trajectory;
- reviewed the key pillars of the "Elevate 2028" strategic plan presented at the Capital Markets Day on November 20, 2025.

[1] *It should also be noted that Gilles Le Borgne was appointed as a director at the Shareholders' Meeting of May 22, 2025, with effect from January 1, 2026.*
[2] *The director representing employees does not count, in accordance with the recommendation in Article 16.1 of the AFEP-MEDEF Code.*

Assessment of the Board of Directors' operating procedures

Assessment procedure

A formal process is carried out every year to assess the Board of Directors. The assessment is designed to take stock of the Board of Directors' operating procedures, verify that the Board of Directors' discussions are properly organized and conducted, and assess the actual contribution of each director to the Board of Directors' work. This last point is examined in depth during the formal external assessment carried out every three years, in accordance with the recommendations of the AFEP-MEDEF Code and the French financial markets authority (*Autorité des marchés financiers*).

The assessment of the Board of Directors is carried out either based on a detailed questionnaire sent to each director (the responses are summarized internally), or based on a study carried out with the help of a specialized consulting firm.

Points of attention identified in the 2024 assessment

The main points of attention identified during the assessment of the Board's operating procedures in 2024 were addressed in 2025, including:

- continuation of the collaborative work on sustainability matters between the Audit & Risks Committee and the Governance, Appointments & Corporate Social Responsibility Committee, particularly in view of the Group's publication of its first Sustainability Report. The quality of the annual presentations given by (i) Julie Avrane, the member of the Governance, Appointments & Corporate Social Responsibility Committee in charge of CSR issues, to the Audit & Risks Committee (of which she is also a member), and (ii) Véronique Weill, Chair of the Audit & Risks Committee, to the Governance, Appointments & Corporate Social Responsibility Committee, all of which enabled sustainability matters to be addressed in a cross-functional, coordinated and in-depth way;
- continuation of the increase of diversity of Board member profiles, with the appointment of Gilles Le Borgne at the Shareholders' Meeting of May 22, 2025, with effect from January 1, 2026;
- further work by the Board on operational and strategic subjects;
- further efforts in relation to onboarding new directors and providing training for directors.

Assessment for 2025

As the assessment of the Board of Directors was conducted by an external consulting firm in 2023, the Board decided, for the second consecutive financial year, to carry it out internally, in accordance with the recommendations of the AFEP-MEDEF Code.

The assessment was carried out at the end of 2025 and the beginning of 2026 by the Chairman of the Board of Directors, using a questionnaire given to all directors to obtain their insight into the operating procedures of the Board and their suggestions for improvement. The topics covered included the operation, structure, governance, composition and duties, Board and Committee meeting procedures, directors' access to information, the choice of matters addressed, the quality of debate, and participation as well as the assessment of directors' individual contribution.

The outcome of the assessment was reviewed by the Governance, Appointments & Corporate Social Responsibility Committee at its meeting held on March 23, 2026, and presented and discussed at the Board of Directors' meeting held on March 28, 2026.

The assessment showed that all of the directors have an overall positive view of the Board's operating procedures.

The main areas of satisfaction are:

- Quality of Valeo's governance: balanced relationship between the Chairman of the Board and the Chief Executive Officer, balanced composition of the Board of Directors (independence, representation of women) complementary experiences among members, overall quality of exchanges, including during non-executive sessions, a high level of depth in strategic discussions, frequent contributions and high-quality presentations by the Group's various stakeholders;
- Quality of meeting organization (appropriate anticipation of transmission of meeting notices, documentation timeliness and quality, number and duration of meetings and clarity and respect of the meeting agenda);
- Quality of work performed by all the Committees helped by the resources made available to them and the quality of the information that they received, with good coordination between the Committees and the Board, and effective and accurate reporting by the Committee members on their work.

Based on the results of the assessment, a list of certain particular items that should be addressed by the Board of Directors was drawn up. The list primarily relates to the following areas:

- continuation of the work on increasing the diversity of Board member profiles, including in particular profiles with technology expertise, as well as profiles with knowledge of the Asia/China region;
- continuation of efforts for deeper analysis by the Board of Directors of specific strategic and financial issues;
- continued efforts in director training.

3.2.3 Declarations concerning the Group's corporate officers

Conflicts of interest

In order to avoid any potential conflicts of interest, the Internal Procedures impose strict obligations on the members of the Board of Directors, unless overridden for any reason by the Board of Directors. According to the Internal Procedures:

- "*directors must inform [...] the Board of any conflict of interest (whether actual or only potential) and must abstain from attending any deliberations and voting in connection with any matter as to reach such conflict of interest (whether actual or only potential) that might arise*" (Article 1.1(d));
- "*a director cannot accept any responsibilities that may present a conflict of interest (whether actual or only potential) with those he/she has accepted within the Company*" (Article 1.1(n));
- "*without prejudice to the authorization and control formalities provided for by law and the articles of association, the Company's directors are required to communicate to the Chairman, as soon as possible, any agreement entered into by the Company in which they have a direct or indirect interest. In particular, the directors must inform the Chairman of any agreement entered into by them or by a company they manage or in which they hold, directly or indirectly, a significant interest, and the Company or one of its subsidiaries, or which was entered into through an intermediary*" (Article 1.4).

Furthermore, in response to a request made each year by the Company, directors are required to provide a list of all directorships and other positions held in any company in the past five years, and to respond to a questionnaire regarding the existence of any conflicts of interest.

To the best of the Company's knowledge, at December 31, 2025, there are no conflicts of interest, as far as the Company is aware, between the duties of its corporate officers towards Valeo and their private interests and/or other duties.

Lastly, business relationships between the Group and the groups or entities in which certain directors hold positions or directorships were also identified (see section 3.2.1 of this chapter, "Director independence review", pages 115 to 117). In application of good governance practices, and in accordance with the provisions of the Internal Procedures, in the event of a decision to be taken by Valeo's Board of Directors concerning other entities in which directors hold positions or directorships, the director concerned is required to not to take part in the Board of Directors' discussions or vote related to the decision.

The Internal Procedures, including the rules on preventing conflicts of interest, are available in the "Corporate Governance" section on the Company's website (www.valeo.com), under "Financial and legal documents".

Service contracts between the members of the Board of Directors and the Company or any of its subsidiaries

No service contracts have been entered into between the members of the Board of Directors and the Company or any of its subsidiaries providing for the granting of benefits.

Other declarations concerning members of the Board of Directors

In accordance with the provisions of the Internal Procedures, directors must inform the Chairman of the Board and the Chair of the Governance, Appointments & Corporate Social Responsibility Committee if they are solicited to hold a corporate office outside the Company, so as to enable said persons to consider the required course of action, where applicable in conjunction with the Board of Directors. In addition, the Internal Procedures stipulate that each executive corporate officer must seek the opinion of the Board of Directors before accepting a new corporate office in a listed company.

To the best of the Company's knowledge, at the date of this Universal Registration Document, there are no family ties between the members of the Board of Directors.

To the best of the Company's knowledge, at the date of this Universal Registration Document, and in the past five years, no member of the Board of Directors has (i) been convicted of a fraudulent offense, (ii) been involved in any bankruptcies, receiverships or liquidations, (iii) been issued any official public incriminations and/or sanctions by statutory or regulatory authorities (including designated professional bodies), or (iv) been disqualified by a court of law from acting as a member of the administrative, management or supervisory bodies of an issuer, or from acting in the management or conduct of the affairs of any issuer.

To the best of the Company's knowledge and at the date of this Universal Registration Document, none of the members of the Board of Directors have agreed to any restrictions in respect of the disposal of their interests in the Company's share capital within a certain period of time, other than the restrictions imposed by the applicable laws and regulations, the Company's articles of association or pursuant to the Code of Conduct described in section 3.2.2 of this chapter, "Directors' rights and duties", pages 139 to 140.]

However, as indicated in section 3.3.1 of this chapter, "2026 Chairman of the Board of Directors Compensation Policy", pages 162 to 167, the Chief Executive Officer is subject to lock-up obligations and, in accordance with the Company's articles of association and the Internal Procedures, directors (except for (i) the directors representing employees and (ii) the director representing employee shareholders[1]), must hold at least 1,500 Company shares during their term of office.

To the best of the Company's knowledge, at the date of this Universal Registration Document, no arrangement or agreement has been entered into with any of its main shareholders, or with any of its customers or suppliers, under which any of them has been appointed as director of Valeo or a member of its General Management.

[1] *In accordance with Article L. 225-102 of the French Commercial Code, the employee representing employee shareholders is required to own, either individually or through a corporate mutual fund (FCPE) invested in Valeo shares, at least one Company share, or a number of FCPE units equivalent to at least one Company share.*

3.2.4 Corporate Governance Code

For the 2025 financial year, the Company referred to the AFEP-MEDEF Code (revised version of December 2022, which is available on the MEDEF website at www.medef.com).

The Company considers that its practices comply with the recommendations in the AFEP-MEDEF Code. The recommendations set out in the AFEP-MEDEF Code and the provisions of Article L. 22-10-10 of the French Commercial Code require specific disclosures regarding the application of its recommendations and explanations, where appropriate, of the reasons for which a company has not implemented certain recommendations. During the annual review of the application of AFEP-MEDEF Code recommendations, the following matter was identified.

Recommendations	Explanation
Directors' compensation (Article 22.1 of the AFEP-MEDEF Code) "It should be recalled that the method of allocation of this compensation, the total amount of which is determined by the shareholders' meeting, is set by the Board of Directors. It should take account, in such ways as it shall determine, of the directors' actual attendance at meetings of the Board and committees, and the amount shall therefore consist primarily of a variable portion."	The rules for allocating directors' fees are based on the directors' attendance at Board and Board Committee meetings, so that the variable portion represents the predominant component. However, for the financial year under review, the compensation of a director who attended all meetings of the Board of Directors and of the Committee chaired by that director included a fixed portion that was very slightly higher than the variable portion, by around 1%. This situation is attributable to the number of meetings of the Board of Directors and of the Committee chaired by that director.

3.2.5 Authorizations granted regarding sureties, endorsements and guarantees

By decision dated January 23, 2025, the Board of Directors authorized the Chief Executive Officer, with the power to subdelegate except for point ii below, for a period of one year:

i. to grant sureties, endorsements and guarantees on behalf of the Company up to a maximum amount of 40 million euros, and to maintain the sureties, endorsements and guarantees previously granted;

ii. to grant sureties, endorsements and guarantees on behalf of the Company to guarantee commitments made by controlled companies within the meaning of II of Article L. 233-16 of the French Commercial Code, with no maximum amount;

iii. to grant sureties, endorsements and guarantees on behalf of the Company to tax and customs authorities, with no maximum amount.

A report on the use of this delegation by the Chief Executive Officer was given at the Board meeting held on January 28, 2026.

3.2.6 General Management of the Company and limitations on the powers of the Chief Executive Officer

General Management of the Company

[*ESRS 2 § 21*] – [*ESRS 2 § 22*]

The Chairman of the Board of Directors organizes and presides over the work carried out by the Board of Directors and presents a report on its activities to the Shareholders' Meeting. He ensures that the Company's governance functions effectively and that the directors are able to perform their duties. Furthermore, the Chief Executive Officer has the widest possible powers to act in any circumstances in the Company's name. He exercises these powers within the limits of the Company's corporate purpose and subject to the provisions of the law, the Company's articles of association and the Internal Procedures. He represents the Company in its relations with third parties.

On February 21, 2019, the Board of Directors decided, based on the recommendation of the Governance, Appointments & Corporate Social Responsibility Committee and in line with best market practices, to separate the roles of Chief Executive Officer and Chairman of the Board of Directors as part of the succession plan for Jacques Aschenbroich, Valeo's former Chairman and Chief Executive Officer.

Under this plan, Christophe Périllat was appointed Chief Executive Officer on January 26, 2022, and Gilles Michel succeeded Jacques Aschenbroich as independent Chairman of the Board of Directors on January 1, 2023.

The Board of Directors noted that, since Christophe Périllat was first appointed as Chief Executive Officer on January 26, 2022, the Group's financial performance has improved steadily and strongly in a particularly complex environment. The high level of profitable order intakes demonstrates the quality of the Group's positioning and operating performance, and the quality of implementation of the strategy as proposed by the Chief Executive Officer and approved by the Board of Directors. The Board of Directors wished to confirm the Group's strategy, and to reiterate its determination to have it implemented. To that end, the Board of Directors, on the recommendation of the Governance, Appointments & Corporate Social Responsibility Committee decided to renew Christophe Périllat's term of office as Chief Executive Officer for the duration of his new term of office as a director (renewed for four years by the Shareholders' Meeting on May 22, 2025), thereby demonstrating its strong confidence in Christophe Périllat's ability to deliver on this strategy.

After noting that the term of office as a director of Gilles Michel is due to expire at the close of the Shareholders' Meeting of May 21, 2026, on the recommendation of the Governance, Appointments and Corporate Social Responsibility Committee, the Board of Directors decided that at the Board meeting to be held immediately after the Shareholders' Meeting of May 21, 2026, it will reappoint Gilles Michel as Chairman of the Board (subject to his reappointment as a director). This decision is based on the fact that Gilles Michel's skills and experience contribute to maintaining a solid, effective and high-performing governance framework, the quality of which has been unanimously praised by the directors in the Board's annual assessments (see section 3.2.2 of this chapter, "Assessment of the Board of Directors' operating procedures", page 154).

In parallel with this decision to reappoint Gilles Michel (subject to his reappointment as a director), the Board of Directors and the Governance, Appointments & Corporate Social Responsibility Committee are continuing their work on preparing for the succession of the Chairman of the Board of Directors, in accordance with the current succession plan, given that Gilles Michel will reach the age limit applicable to the functions of Chairman during this new term of office, as provided in the Company's articles of association.

Limitations on the powers of the Chief Executive Officer

The Internal Procedures include restrictions on the powers of the Chief Executive Officer. In line with these restrictions, the Chief Executive Officer is required to obtain the prior approval of the Board of Directors for the acquisition or sale of any subsidiaries, equity interests, or any other assets or investments, of whatever nature, representing more than 50 million euros per transaction.

3.2.7 Agreements governed by Articles L. 225-38 *et seq.* of the French Commercial Code already approved by the Shareholders' Meeting which continued to be implemented during the year

None.

3.2.8 Agreements governed by Article L. 225-37-4, paragraph 2 of the French Commercial Code

None.

3.2.9 Procedure implemented pursuant to Article L. 22-10-12 of the French Commercial Code

An internal Valeo charter on related party agreements (the "**Charter**") has been drawn up in accordance with AMF recommendation DOC-2012-05 as amended on April 29, 2021 and Article L. 22-10-12 of the French Commercial Code. The Charter sets out the procedure for authorizing related party agreements and for reviewing agreements entered into in the ordinary course of business on an arm's length basis. It was adopted by the Board of Directors at its meeting held on January 23, 2020 and is available on Valeo's website. It may be amended at any time by decision of the Board of Directors, in particular to take into account any legislative or regulatory changes.

In accordance with the law, agreements entered into between the persons referred to in Article L. 225-38 of the French Commercial Code (i.e., agreements entered into, whether directly or through an intermediary, between the Company and its Chief Executive Officer, a director or a shareholder holding more than 10% of the voting rights or, in the case of a shareholder corporation, the company that controls it within the meaning of Article L. 233-3 of the same Code), which involve transactions carried out in the ordinary course of business on an arm's length basis, are not subject to prior authorization from the Board of Directors ("**Arm's Length Agreements**").

Under the procedure set out by the Charter, Valeo's Legal Department periodically, and at least once a year, sends the Governance, Appointments & Corporate Social Responsibility Committee for review a list and description of all Arm's Length Agreements entered into since the Governance, Appointments & Corporate Social Responsibility Committee's last review. Members of the Governance, Appointments & Corporate Social Responsibility Committee who are directly or indirectly involved in the agreement do not take part in the review.

The Governance, Appointments & Corporate Social Responsibility Committee makes sure that the agreements meet the conditions to qualify as an Arm's Length Agreement, i.e., they involve transactions carried out in the ordinary course of business on an arm's length basis.

The conclusions of the Governance, Appointments & Corporate Social Responsibility Committee's review are written up in a report.

The list and description of all agreements reviewed by the Governance, Appointments & Corporate Social Responsibility Committee and the conclusions of its review are then presented to the Board of Directors.

The Board of Director's role is to validate the Governance, Appointments & Corporate Social Responsibility Committee's review. It may either confirm that these agreements qualify as Arm's Length Agreements or consider that they should be subject to the procedure for related party agreements and, therefore, subject to the Board's ratification.

If the Governance, Appointments & Corporate Social Responsibility Committee considers that an agreement initially qualified as an Arm's Length Agreement falls within the scope of a related party agreement, it is subject to ratification by the Board of Directors. The person directly or indirectly involved in the related party agreement does not take part in the discussions or the vote.

3.2.10 Arrangements for attendance at Shareholders' Meetings

Shareholders' Meetings are convened and conduct business in accordance with the law and the Company's articles of association.

Articles 21 to 26 of Valeo's articles of association cover the provisions relating to Shareholders' Meetings and the exercise of voting rights. The articles of association are available online on Valeo's website, under "Financial & Legal documents": (https://www.valeo.com/en/financial-and-legal-documents).

Article 23 of the Company's articles of association provides that double voting rights are attached to all fully paid-up shares that have been registered in the name of the same holder for at least four years.

3.2.11 Information likely to have an impact in the event of a public tender offer

Share ownership and direct or indirect shareholdings in the Company brought to the Company's attention

The ownership of the Company's share capital is described in Chapter 6, section 6.4.1 "Ownership structure", page 499.

Direct or indirect shareholdings in the Company brought to the Company's attention are described in Chapter 6, section 6.4.2 "Direct or indirect shareholdings in the Company brought to the Company's attention", pages 499 to 502.

Restrictions on the exercise of voting rights

The Company's articles of association provide for a disclosure obligation imposed on any shareholder who acquires or sells a fraction equal to 2% of the share capital or voting rights of the Company or a multiple of this fraction, from the date when one of the thresholds is crossed. If a shareholder fails to comply with the disclosure obligation and one or more shareholders holding 2% of the voting rights submits a request, the voting rights exceeding the relevant threshold that should have been disclosed cannot be exercised at Shareholders' Meetings held within the two-year period from the date when the omission is remedied. The stated thresholds are calculated in accordance with Articles L. 233-7 and L. 233-9 of the French Commercial Code and with the AMF's General Regulations.

Powers of the Board of Directors

In accordance with the resolution passed by the shareholders at the Shareholders' Meeting held on May 22, 2025, the Board of Directors may not use the Company's share buyback program while a public tender offer for the Company's shares is in progress. It is proposed to the Shareholders' Meeting to be held on May 21, 2026, to renew this resolution, which cannot be applied during such periods.

Furthermore, in accordance with the resolution passed at the Shareholders' Meeting held on May 22, 2025, the Board of Directors may not decide to issue shares or other securities with or without pre-emptive subscription rights while a public tender offer for the Company's shares is in progress.

However, in accordance with the resolution passed at the Shareholders' Meeting held on May 23, 2024, free shares may be allotted during such periods. The shareholders will be invited to renew this resolution at the Shareholders' Meeting to be held on May 21, 2026.

Agreements entered into by the Company that would change or terminate if there were a change in control of the Company, with the exception of legal obligations to disclose and those agreements whose disclosure would seriously harm its interests

As specified in Chapter 5, section 5.4.6, Note 9.1.2 to the consolidated financial statements, "Gross debt", pages 427 to 431, all of the bonds issued under the *Euro Medium Term Notes* (EMTN) program include an option allowing bondholders to request early repayment or redemption of their bonds in the event of a change of control of Valeo that leads to (i) the bond's rating being withdrawn, or (ii) the bond's rating being downgraded to below *investment grade*, assuming it was previously rated in that category, or (iii) if the previous rating was below investment grade, a downgrade of one rating category (e.g., from Ba1 to Ba2).

Other financing facilities (notably bilateral loans and *Schuldscheindarlehen* private placements) include a change-of-control clause allowing the lenders or investors to require accelerated repayment if there is a change of control of Valeo and, for some of these facilities, if Valeo fails to obtain an investment grade rating at the end of the change-of-control period.

Some of Valeo's customers have a clause in their general purchasing conditions allowing them to terminate their contract with Valeo in the event of a change in control.

3.2.12 Summary table of powers delegated by the Shareholders' Meeting to the Board of Directors with respect to raising new equity that were still in force at December 31, 2025 and the use made of such delegations during the year 2025

Authorizations granted Date of Shareholders' Meeting/ delegation and resolution number	Maximum nominal amount of issue	Maximum nominal amount of debt securities	Duration of authorization/ utilization of authorizations during the year
1. AUTHORIZATION TO INCREASE CAPITAL WITH PREFERENTIAL SUBSCRIPTION RIGHTS			
Delegation of authority to issue shares and/or securities giving access, immediately or in the future, to the Company's or a subsidiary's share capital (A) Shareholders' Meeting held on May 22, 2025 – 16th resolution*	70 million euros (A) + (C) + (D) + (E) + (F) + (G) combined share capital ceiling (the "Combined Share Capital Ceiling") = 131 million euros	1.5 billion euros (A) + (C) + (D) + (E) + (F) + (G) combined debt ceiling (the "Combined Debt Ceiling") = 1.5 billion euros	Expiring on July 22, 2027 (26 months) Not used during the year
Delegation of authority to increase the share capital by capitalization of reserves, profits, additional paid-in capital or other amounts that may be capitalized (B) Shareholders' Meeting held on May 22, 2025 – 20th resolution*	30 million euros	N/A	Expiring on July 22, 2027 (26 months) Not used during the year
2. AUTHORIZATION TO INCREASE CAPITAL WITH CANCELLATION OF OR WITHOUT PREFERENTIAL SUBSCRIPTION RIGHTS			
Delegation of authority to issue shares and/or securities giving access, immediately or in the future, to the Company's or a subsidiary's share capital by way of public offerings, other than those referred to in Article L. 411-2 of the French Monetary and Financial Code (Code monétaire et financier) (delegation that can also be used as consideration for securities contributed to a public exchange offer initiated by the Company) (C) Shareholders' Meeting held on May 22, 2025 – 17th resolution*	23 million euros Ceiling for (C) + (D) + (E) + (F) Included in the Combined Share Capital Ceiling	1.5 billion euros Included in the Combined Debt Ceiling	Expiring on July 22, 2027 (26 months) Not used during the year
Delegation of authority to issue shares and/or securities giving access, immediately or in the future, to the Company's or a subsidiary's share capital by way of public offerings referred to in Article L. 411-2 1° of the French Monetary and Financial Code ("private placement") (D) Shareholders' Meeting held on May 22, 2025 – 18th resolution*	23 million euros Ceiling for (C) + (D) + (E) + (F) Included in the Combined Share Capital Ceiling	1.5 billion euros Included in the Combined Debt Ceiling	Expiring on July 22, 2027 (26 months) Not used during the year
Delegation of power to issue shares and/or securities giving access, immediately or in the future, to the Company's share capital to be used as consideration for contributions in kind granted to the Company (E) Shareholders' Meeting held on May 22, 2025 – 21st resolution*	23 million euros Ceiling for (C) + (D) + (E) Included in the Combined Share Capital Ceiling	1.5 billion euros Included in the Combined Debt Ceiling	Expiring on July 22, 2027 (26 months) Not used during the year
3. AUTHORIZATION TO INCREASE CAPITAL WITH OR WITHOUT PREFERENTIAL SUBSCRIPTION RIGHTS – OVERALLOTMENT OPTION			
Delegation of authority to increase the number of securities to be issued with or without preferential subscription rights under an overallotment option (F) Shareholders' Meeting held on May 22, 2025 – 19th resolution*	The ceiling is set out in the applicable regulation (currently 15% of the initial issuance), not exceeding the ceiling applicable to the initial issuance, determined pursuant to resolution (A), resolution (C) or resolution (D) Ceiling for (C) + (D) + (E) Included in the Combined Share Capital Ceiling	The ceiling is determined pursuant to resolution (A), resolution (C) or resolution (D) Included in the Combined Debt Ceiling	Expiring on July 22, 2027 (26 months) Not used during the year

Authorizations granted Date of Shareholders' Meeting/ delegation and resolution number	Maximum nominal amount of issue	Maximum nominal amount of debt securities	Duration of authorization/ utilization of authorizations during the year
4. AUTHORIZATION TO CARRY OUT ISSUES RESERVED FOR EMPLOYEES, WITH CANCELLATION OF PREFERENTIAL SUBSCRIPTION RIGHTS			
Delegation of authority to issue shares and/or securities giving access, immediately or in the future, to the share capital reserved for members of a savings plan (G) Shareholders' Meeting held on May 22, 2025 – 22nd resolution*	5 million euros Included in the Combined Debt Ceiling	1.5 billion euros Included in the Combined Debt Ceiling	Expiring on July 22, 2027 (26 months) Resolution used during the year for the employee share issue (Shares4U) carried out on November 13, 2025
5. ALLOTMENT OF FREE SHARES			
Authorization to allot existing or new free shares to Group employees and corporate officers Shareholders' Meeting held on May 23, 2024 – 18th resolution	Maximum number of shares (existing or to be issued) to be allotted: 8,035,000 (with a sub-ceiling of 490,000 shares for executive corporate officers); these allotments may not exceed more than 15% of the share capital at the date of the Board of Directors' decision	N/A	Expiring on July 23, 2026 (26 months) Partially used by the Board of Directors at its meeting on March 26, 2025 (maximum number of shares allotted: 4,688,521)

* *Resolution may not be used in the event of a public tender offer.*

3.3 COMPENSATION OF CORPORATE OFFICERS

In accordance with Article L. 22-10-8 of the French Commercial Code, the Shareholders' Meeting of May 21, 2026 will be asked to approve the components of the compensation policies for Valeo's corporate officers in respect of the 2026 financial year, i.e., (i) the Chairman of the Board of Directors (ii) the Chief Executive Officer and (iii) the directors, as determined by the Board of Directors on the recommendation of the Compensation Committee (twelfth to fourteenth resolutions).

3.3.1 Compensation policies for corporate officers

General principles applicable to the compensation policies for corporate officers

Valeo's corporate officers' compensation package is determined by the Board of Directors on the recommendation of the Compensation Committee[1], and in compliance with the AFEP-MEDEF Code.

Accordingly, for the preparation and determination of the compensation policy, Valeo takes into account the Company's general interest, the shareholders' interest, market practices and the performance of the executive corporate officers, as well as the other stakeholders in the Company.

Valeo assesses compensation as a whole, taking into consideration each component allocated or paid to the corporate officers.

The compensation components are complementary and meet various objectives. The structure, allocation of the various components of compensation and the related amounts are subject to comparative studies. This enables Valeo to track and align its compensation policy with market practices.

The Board of Directors considers that the compensation policies of the corporate officers are in line with the corporate interest of the Company by (i) contributing to the implementation of its strategy and long-term development and (ii) by taking into account the social and environmental impacts of its operations, thus ensuring its long-term future.

The compensation policy of the executive corporate officer includes conditions related to the Group's operational, financial and non-financial (including climate) performance, thus tying his compensation to the Group's performance and its short- and long-term value creation. When preparing, determining and, where applicable, reviewing the compensation policy, the Board of Directors particularly takes into account several indicators related to the Company's different stakeholders, thus supporting its development model. In order to encourage Valeo's long-term development, the compensation policy not only includes criteria related to Valeo's internal financial and operating performance, but also criteria related to its strategic vision, operational execution, as well as social, societal and environmental responsibility.

Compensation policies for the corporate officers in respect of the 2026 financial year

Chairman of the Board of Directors Compensation Policy in respect of the 2026 financial year

During its meeting held on February 26, 2026, the Board of Directors set, on the recommendation of the Compensation Committee, the Chairman of the Board of Directors compensation policy in respect of the 2026 financial year (the "**2026 Chairman of the Board of Directors Compensation Policy**"). This remains unchanged compared to the 2025 Chairman of the Board of Directors compensation policy, approved by 99.89% of the shareholders at the Shareholders' Meeting of May 22, 2025[2], and set out in section 3.3.1 "Chairman of the Board of Directors Compensation Policy in respect of the 2025 financial year", page 159 (the "**2026 Chairman of the Board of Directors Compensation Policy**")

In accordance with Article L. 22-10-8 of the French Commercial Code, the Shareholders' Meeting to be held on May 21, 2026 will be called upon to approve the 2026 Chairman of the Board of Directors Compensation Policy.

Fixed compensation

The annual fixed compensation of the Chairman of the Board of Directors amounts to 360,000 euros (it being specified that this amount was set by the Board of Directors on December 8, 2022 and has remained unchanged since that date).

Such amount has been set by taking into account the situation of the concerned person, including his experience, as well as benchmark studies of a specialized external advisor on the compensation of non-executive chairmen in CAC Next 20 and SBF 120 companies (excluding the luxury industry and banks).

Benefits of any kind

The Chairman of the Board of Directors is entitled to coverage of medical expenses, the applicable death and disability plan and will have the option of being provided with a company car and a driver.

No other components of compensation

The Chairman of the Board of Directors will not receive (i) annual or multi-annual variable compensation or long-term compensation and (ii) compensation or benefits on appointment, exceptional compensation, termination benefits or non-compete compensation.

He does not receive any compensation in his capacity as director. He will not be entitled to any compensation or other benefits of any kind as a result of agreements entered into with the Company or any Group company.

He is not entitled to a supplementary pension plan.

For the avoidance of doubt, it is specified that the Chairman of the Board of Directors does not have an employment contract.

Change in governance

In accordance with the applicable regulations, in the event of the appointment of a new Chairman of the Board of Directors during the financial year, the compensation structure of this new corporate officer would be in accordance with this compensation policy, which would be applied *prorata temporis*, and the Board of Directors, on the recommendation of the Compensation Committee, would adapt the various elements of compensation taking into account the situation of the person concerned, in particular his/her experience, competence, and the variety of missions entrusted to him or her, as well as market practices for similar roles.

[1] *The Board of Directors bases its decisions on the recommendations of the Compensation Committee for all matters relating to compensation of corporate officers. The composition, operation and duties of the Compensation Committee are described in section 3.2.2 "Preparation and organization of the work of the Board of Directors' in this document. To ensure that the process for determining or revising the compensation policy is fully independent, the Compensation Committee and the Board of Directors comply with the rules on managing conflicts of interest set out in the applicable legal and regulatory provisions and in the Board of Directors' Internal Procedures, which are described in sections 3.2.2 "Preparation and organization of the Board of Directors' work" and 3.2.3 "Declarations concerning the Group's corporate officers" of this document. The corporate officers concerned do not take part in the vote on their own compensation policy.*

Compensation policy of the Chief Executive Officer in respect of the 2026 financial year

During its meeting on February 26, 2026, the Board of Directors set, on the recommendation of the Compensation Committee, the compensation policy of the Chief Executive Officer in respect of the 2026 financial year (the "**2026 Chief Executive Officer Compensation Policy**").

The 2026 Chief Executive Officer Compensation Policy remains unchanged compared to the 2025 Chief Executive Officer compensation policy, which was approved by 98.41% of shareholders at the Shareholders' Meeting of May 22, 2025, is set out in the Company's 2024 Universal Registration Document, in section 3.3.1 "Chief Executive Officer Compensation Policy in respect of the 2025 financial year", pages 160 to 166 (the "**2025 Chief Executive Officer Compensation Policy**") subject to the adjustments described below.

In accordance with Article L. 22-10-8 of the French Commercial Code, the Shareholders' Meeting to be held on May 21, 2026 will be called upon to approve the elements of the 2026 Chief Executive Officer Compensation Policy.

Fixed compensation

The Chief Executive Officer's (gross) annual fixed compensation totals 1,100,000 euros.

This amount was set, on the recommendation of the Compensation Committee, by the Board of Directors on March 26, 2025 in connection with the Chief Executive Officer's reappointment, after analyzing his performance and the results of the Benchmarking Study, as described in the 2025 Chief Executive Officer Compensation Policy.

Variable compensation

[ESRS 2 § 29]

The variable portion of the compensation must be in line with the Chief Executive Officer's performance, as well as the Company's strategy and progress. Such compensation was determined according to quantifiable and qualitative criteria based on the Group's financial, non-financial and operational performance. It is specified that the quantifiable and qualitative objectives to be reached are set according to specific, predetermined, strict and ambitious criteria. These criteria are determined each year by the Board of Directors, on the recommendation of the Compensation Committee.

During its review of the 2026 Chief Executive Officer Compensation Policy, at its meeting on February 26, 2026, the Board of Directors, based on the recommendation of the Compensation Committee, decided that the criteria underlying the Chief Executive Officer's annual variable compensation would remain unchanged from the 2025 Chief Executive Officer Compensation Policy, with the following adjustments:

- for quantifiable criteria: the "criterion linked to profitable order intakes on identified strategic projects" is replaced by a broader order intake criterion in order to take account of all order intakes, considered more relevant in light of the Group's strategic priorities in terms of organic growth and in line with investors' expectations. The other quantifiable criteria, their weighting and the share of quantifiable criteria (90% of gross annual fixed compensation) in the maximum variable compensation amount remain unchanged from those mentioned in the 2025 Chief Executive Officer Compensation Policy.
- for qualitative criteria: the criterion relating to risk management is now called "operational execution" to reflect the Group's priorities in terms of managing the risks associated with its operations, with its content remaining similar. The other qualitative criteria remain the same as those set out in the 2025 Chief Executive Officer Compensation Policy, with, for all qualitative criteria, an adjustment to certain qualitative sub-criteria previously used, in order to better reflect the Group's current operational and non-financial performance objectives, including its climate strategy. Lastly, the weighting of the qualitative criteria has been modified to increase the proportion of the strategic vision criterion in the qualitative criteria, from 20% to 30% of gross annual fixed compensation, given the importance of the Group's strategic and competitive challenges in a rapidly changing market. As a result, the weighting of the other qualitative criteria has been reduced from 20% to 15% of gross annual fixed compensation, the share of qualitative criteria (60% of gross annual fixed compensation) in the maximum variable compensation amount remains unchanged from the 2025 Chief Executive Officer Compensation Policy.

The quantifiable and qualitative criteria of the annual variable compensation provided for in the 2026 Chief Executive Officer Compensation Policy are therefore as follows:

- five quantifiable criteria: (i) EBIT, (ii) free cash flow (after interests), (iii) net income, (iv) net debt/EBITDA ratio and (v) order intakes.

  The objective for each quantifiable criteria is set on the basis of Valeo's budget and the Group's published guidance for the year in question.

  The achievement of these targets is assessed by the Board of Directors, on the recommendation of the Compensation Committee, on the basis of the published consolidated financial statements for the relevant financial year.
- three qualitative criteria: (i) strategic vision, (ii) operational execution, and (iii) social, societal and environmental responsibility.

The achievement of the qualitative criteria is assessed by the Board of Directors, on the recommendation of the Compensation Committee. In this respect, the Compensation Committee relies on the elements of assessment communicated by the management, it being specified, however, that for the reduction of CO_2 emissions, the objective set is in line with those set in the CAP 50 (carbon neutrality) plan roadmap.

In accordance with the recommendations of the AFEP-MEDEF Code, the total amount of the variable portion is expressed as a percentage of the annual fixed compensation, each criterion granting entitlement to a percentage of the annual fixed compensation.

The maximum amount of the Chief Executive Officer's variable compensation portion is still 150% of his (gross) annual fixed compensation, i.e., unchanged from the 2025 Policy.

The maximum amount of annual variable compensation (150% of (gross) annual fixed compensation) is contingent on the achievement of ambitious, measurable objectives and set by the Board of Directors, on the recommendation of the Compensation Committee.

For each quantifiable and qualitative criterion, the variable portion ranges from 0% to 100% of the maximum amount of (gross) annual fixed compensation obtainable under the relevant criterion.

The following table summarizes, in a synthetic way, the quantifiable and qualitative criteria, the percentage of the (gross) annual fixed compensation related to each of the criteria as well as the maximum amount of the variable portion for 2026:

Quantifiable criteria[1][2]

Nature of the quantifiable criteria	Maximum variable portion as a % of the Chief Executive Officer's annual fixed compensation
EBIT	20%
Free cash flow (after interests)	20%
Net income	20%
Net debt/EBITDA	20%
Order intakes	10%
TOTAL QUANTIFIABLE CRITERIA	**90%**

Qualitative criteria

Nature of qualitative criterion	Maximum variable portion as a % of the Chief Executive Officer's annual fixed compensation
Strategic vision *This criterion is assessed, in particular, against the following elements:* • *quality of strategic and financial communication inside and outside the Company;* • *assessment by the Board of Directors of Valeo's progress in 2026 on the main strategic topics, notably the following: (i) strategic positioning of the three divisions, (ii) business development with Chinese customers, and (iii) reduction in development costs and Group-wide deployment of artificial intelligence solutions.*	30 %
Operational execution *This criterion is assessed, in particular, against the following elements:* • *compliance with the Group's compliance policy;* • *operational excellence in serving the Group's customers satisfaction, in terms of quality, delivery, and launch of new products;* • *management of the Group's fixed costs;* • *protecting the company against IT and cyber risks.*	15 %
Social, Societal and Environmental Responsibility *This criterion is assessed, in particular, against the following elements:* • *environmental eco-efficiency: complying with the trajectory for reducing CO_2 emissions in line with the CAP 50 plan[3];* • *employees: (i) health and safety, with an incident frequency rate (FR1) below 0.90[4] and (ii) equal pay for women and men, in line with the European directive;* • *improvement in CSR performance metrics[5].*	15 %
TOTAL QUALITATIVE CRITERIA	**60 %**
TOTAL QUANTIFIABLE AND QUALITATIVE CRITERIA	**150 %**

(1) *Excluding regulatory or tax impacts.*

(2) *In the event of additional material changes to the customs or trade restrictions in effect on February 26, 2026, significant changes in the macroeconomic environment or major disruptions to the supply chain, when assessing the extent to which the objectives of the quantifiable criteria have been achieved, the Board of Directors may, when assessing the extent to which the objectives of the quantifiable criteria have been achieved, take these elements into consideration, whose impacts on the Group could not be foreseen at the time this compensation policy is adopted.*

(3) *The target was set on the basis of a carbon neutrality target by 2050 as well as, by December 31, 2030, an ambitious plan to reduce emissions related to its operating activities (Scopes 1 and 2) by 75% and emissions related to its supply chain and to the end use of its products (Scope 3) by 15% compared to January 1, 2020, as presented in the Universal Registration Document in Chapter 4, Section 4.1.2.3.4 "CAP 50: Transition plan for climate change mitigation" This 2030 target implies an annual reduction from a 49.6 $MtCO_2$ emission at January 1, 2020, to 41.4 $MtCO_2$ at December 31, 2030. Accordingly, based on a constant annual progression until 2030, the rate of achievement of this target is set at a maximum emission of 44.35 $MtCO_2$ in 2026. It is emphasized that the level of CO_2 emissions is affected by several factors, including (i) the carbon footprint of Valeo's customers and suppliers, (ii) uncertainties relating to the evolution of the product portfolio in the light of potential regulatory changes and fluctuations in sales volumes for a given year for more energy-intensive products, (iii) sales volume in regions with higher emissions and (iv) the carbon content of the electronic components and systems used. In 2026, efforts will need to intensify, particularly in view of the possible cancellations or delays in electric vehicle launch programs, which may increase the Scope 3 related CO_2 share.*

(4) *In the event of a fatal accident involving a Valeo employee or temporary worker (excluding commuting accidents or those of a non-occupational origin), the result will be reviewed unfavorably for the safety-related part of the objective. The Board of Directors will also analyze the evolution of the most critical accidents.*

(5) *Excluding CSR performance metrics included in the sub-criteria described above.*

Long-term compensation policy – Allotment of performance shares

The aim of allotting performance shares is not only to encourage the Chief Executive Officer to take a long-term approach to his duties, but also encourage his retention and align his interests with those of Valeo and its shareholders. Under the performance share plans, performance criteria must be met over a period of three consecutive years. Valeo applies strict and ambitious performance criteria considered as particularly representative of the Company's performance. Indeed, the proposed criteria are aimed at reflecting the Group's strategy, financial, non-financial and operational performance objectives, value creation for Valeo's shareholders measured using the external performance criterion, the *Total Shareholder Return* (TSR), and performance measurement.

On the recommendation of the Compensation Committee, prior to the Board of Directors' assessment of the 2026 Compensation Policy for the Chief Executive Officer on February 26, 2026, it reviewed the composition of the Europe Automotive Equipment Suppliers Panel[1] and decided to make two adjustments, by excluding Leoni, which has been delisted, and including Aumovio, the new company created through the spin-off of Continental's automotive supplier business, which was floated on September 18, 2025. The other companies on the panel are unchanged[2].

The performance criteria underlying the performance shares were as follows:

i. two internal performance criteria, namely the EBIT rate as well as the return on capital employed rate (ROCE). The internal performance criteria represent no more than 60% of the allocated shares (30% for each criterion).

   The targets for these criteria are set on the basis of the budget and guidance published for the year in question (see table below). The achievement of these targets is assessed by the Board of Directors, on the recommendation of the Compensation Committee, on the basis of the published consolidated financial statements for the relevant financial year.

ii. an external performance criterion, Valeo's TSR, which will be measured against the CAC 40 index (10%) and the Europe Automotive Equipment Suppliers Panel (as adjusted) (10%). Thus, the external performance criterion represents no more than 20% of the allocated shares;

   The achievement of the targets of this criterion is assessed by the Board of Directors, on the recommendation of the Compensation Committee, on the basis of the assessment elements provided by the management.

iii. two corporate social responsibility (CSR)-related criteria: an environmental criterion relating to the level of CO_2 emissions and a gender diversity criterion based on the number of women within the Group's various management committees[3]. The CSR criteria represent no more than 20% of the allocated shares (10% for each criterion).

   The objectives of these criteria are set on the basis of the Group's roadmaps for carbon neutrality (CAP 50 plan) and gender diversity in the various management committees within the Group (see table below), in line with the Group's CSR strategy (including climate change). The achievement of these targets is assessed by the Board of Directors, on the recommendation of the Compensation Committee, on the basis of the elements of assessment provided by the management.

The maximum amount of performance shares allotted to the Chief Executive Officer, valued under IFRS, must not exceed 200% of his (gross) annual fixed compensation (i.e., 80% of the maximum annual combined fixed and variable compensation). This cap of 200% of (gross) annual fixed compensation corresponds to a maximum amount, and the Board of Directors reserves the right to allot a lower percentage depending on Valeo's performance.

[1] *The Europe Automotive Equipment Suppliers Panel includes the following companies: Autoliv, Continental, Forvia, Gestamp, Leoni, Michelin, OPmobility and Schaeffler.*
[2] *The Europe Automotive Equipment Suppliers Panel, as adjusted, includes the following companies: Aumovio, Autoliv, Continental, Forvia, Gestamp, Michelin, OPmobility and Schaeffler. The panel used by the Board of Directors is not intended to change, except if changes in the structure or activity of one of the companies included in the panel make it less relevant, in which case it may potentially be replaced by another company in order to maintain the best possible level of comparability between Valeo and its peers.*
[3] *Subject to the applicable laws and regulations.*

The table below summarizes in a synthetic way the criteria and methods used to assess the performance shares as part of the 2026 Chief Executive Officer Compensation Policy:

Criterion	Weight/Assessment
Internal performance criterion: ROCE rate[1] (30%) **Internal performance criterion: EBIT rate[1] (30%)**	Achievement of a performance assessed for each criterion (ROCE rate and EBIT rate) for each of the three financial years (Y, Y+1 and Y+2) of the vesting period. The relevant criterion will be satisfied if, for each financial year covered under the allotment, the rate effectively achieved for such criterion is greater than or equal to the target rate established by the Board of Directors, it being understood that (i) the target rate cannot be lower than the guidance for the financial year of reference, (ii) the selected criterion cannot be changed subsequently by the Board of Directors and (iii) the target rates cannot be changed subsequently by the Board of Directors, except by a duly justified decision in the context of exceptional circumstances beyond the beneficiaries' control. • If, for each financial year covered by the scheme, the rate of achievement of the corresponding criterion is greater than or equal to the target rate for each of those three financial years: 100%. • If, for only two of the financial years covered by the plan, the rate of achievement of the corresponding criterion is greater than or equal to the target rate for each of those two financial years: 60%. • If, for only one of the financial years covered by the plan, the rate of achievement of the corresponding criterion is greater than or equal to the target rate for that financial year: 30%. • If the target rate for the corresponding criterion is not satisfied for any of the financial years covered by the plan: 0%.
External performance criterion: TSR (20%) **Versus CAC 40 (10%)** **Versus panel (10%)**	TSR recorded over a 3-year period from January 1 of the year of allotment to December 31 of the year prior to delivery. • If Valeo's TSR recorded over the reference period is greater than the CAC 40 index's TSR recorded over the reference period: 100% (0% if lower or equal). • If Valeo's TSR recorded over the reference period is greater than the median of the TSRs of the companies in the Europe Automotive Equipment Suppliers Panel (as adjusted) over the reference period: 100% (0% if lower or equal).
Corporate social responsibility: (20%) **CO_2 emissions[2] (10%)** **Number of women within the Group's various management committees[3] (10%)**	CSR criterion recorded over a 3-year period from January 1 of the year of allotment to December 31 of the year prior to delivery and published at the time of the free share grant: • If the level of CO_2 emissions recorded over the last year of the reference period is lower than or equal to the target rate set over the reference period: 100% (0% if higher). • If the number of women within the Group's various management committees recorded at December 31 of the last year of the reference period is greater than or equal to the target rate set for the reference period: 100% (0% if lower).

(1) For 2026, the target for the ROCE rate is from 15.8% and the guidance for the EBIT rate is from 4.7%.

(2) For the 2026 plan, the achievement of this objective will be assessed on December 31, 2028. The basis for the calculation is a carbon neutrality objective in 2050 as well as, by December 31, 2030, an ambitious plan to reduce emissions related to its operating activities (Scopes 1 and 2) by 75% and emissions related to its supply chain and to the end use of its products (Scope 3) by 15% compared to January 1, 2020, as presented in the Universal Registration Document in Chapter 4, Section 4.1.2.3.4 "CAP 50: Transition plan for climate change mitigation" This 2030 target implies an annual reduction from a 49.6 $MtCO_2$ emission at January 1, 2020, to 41.4 $MtCO_2$ at December 31, 2030. Accordingly, based on a constant annual progression until 2030, the rate of achievement of this target is set at a maximum emission of 42.9 $MtCO_2$ in 2028. It should be noted that the level of CO_2 emissions is influenced by several factors, in particular, (i) changes in the Group's business and growth, with growth having a direct impact on emissions (the more the activity increases, the more the level of emissions increases) and, consequently, on the efforts required over the period to reduce emissions and to achieve them, (ii) the carbon footprint of Valeo's customers and suppliers, (iii) uncertainties related to the evolution of the product portfolio in the light of potential regulatory changes and fluctuations in sales volumes in a given year of more energy-intensive products, (iv) sales volumes in regions with higher emissions, and (v) the carbon content of the electronic components and systems used.

(3) For the 2026 plan, the achievement of this target will be assessed as of December 31, 2028. The basis for this calculation is the target of doubling the number of women within the Group's various management committees, from 16% as of January 1, 2020 to 32% as of December 31, 2030 (with an intermediate target of 27% as of December 31, 2027, see section 3.2.1 "Composition of the Board of Directors", sub-section "Diversity policy within the governance bodies" of the Universal Registration Document), subject to the applicable laws and regulations. Accordingly, in accordance with the established trajectory, the achievement rate of this objective is set at a minimum of 28.6% of women within the Group's various management committees by December 31, 2028.

In addition, a presence condition must be met at the time of the allotment. The performance shares allotted to the Chief Executive Officer will therefore only vest and be delivered at the end of the vesting period (set at three years) if he continues to serve as an executive corporate officer until the vesting date. Entitlement to the performance shares will be lost in the event of (i) dismissal due to gross negligence or willful misconduct or (ii) dismissal for reasons attributable to the Chief Executive Officer's performance, before the expiry of the vesting period.

Except for these two cases, the Board of Directors will determine whether or not the Chief Executive Officer will retain his entitlement to the performance shares before the expiry of the vesting period based on an in-depth analysis of the reasons for and circumstances surrounding his departure, it being specified that, in this case, the benefit of performance shares allotted to the Chief Executive Officer before the expiry of the vesting period will be maintained on a *prorata temporis* basis of his presence as an executive corporate officer of Valeo. In any event, the shares will only vest if the performance criteria are achieved. By way of exception to the foregoing, in the event of termination of his corporate office in connection with the liquidation of any mandatory and supplementary pension plans or death or disability, entitlement to performance shares will be maintained and the performance criteria will apply to retirement but not to death or disability.

Each time that it decides to allot performance shares, the Board of Directors ensures that performance share allotments, valued in accordance with IFRS, do not represent a disproportionate percentage of all compensation and performance shares allotted, that they have a limited impact in terms of dilution, and that the allotments are made at the same times of the year. In accordance with applicable laws and Company practices, the Group's executive managers and employees will also be entitled to performance shares.

In accordance with the recommendations of the AFEP-MEDEF Code and the provisions of the Code of Conduct, the Chief Executive Officer is not permitted to use hedging transactions to reduce his risk. He has made a formal commitment in this respect as required by the AFEP-MEDEF Code. At the end of the two-year retention period set by the Board of Directors, the Chief Executive Officer must also hold a significant number of vested performance shares in the form of registered shares until the end of his term of office. This holding obligation corresponds to 50% of the vested performance shares.

Supplementary pension

Upon the appointment of Christophe Périllat as Chief Executive Officer on January 26, 2022, his employment contract was terminated. The termination of Christophe Périllat's employment contract resulted in the loss of the benefit of the supplementary pension plans attached to his status as employee for the defined benefit pension plans to which he would have been entitled if he had remained an employee of Valeo until his retirement, except for the rights acquired under the new plan put in place as of January 1, 2020 and until the end of his employment contract (i.e., as of the date of his appointment as Chief Executive Officer on January 26, 2022).

Since January 2022, the Board of Directors decided that the Chief Executive Officer should benefit from a defined contribution pension plan, with optional membership, to replace the acquisition of rights under the defined benefit pension plans.

This plan is governed by Article 82 of the French General Tax Code and allows for the accrual of a capital sum to which Christophe Périllat is entitled at retirement. Thus, Valeo no longer guarantees reaching a certain level of pension but pays an annual contribution.

Under this mechanism, the amount paid by the Company is split between a payment to the insurance company to an individual account in Christophe Périllat's name and a payment to Christophe Périllat to take into account the social security contributions and income tax due on the payments made to the insurance company.

The gross annual amount of the payments made by the Company to the insurance company amounts to 10% of the annual fixed and variable compensation received in each year of vesting, subject to the achievement of the performance conditions described hereunder.

Given the loss of the defined benefit pension plan and the accrued rights at the end of 2019, as described above, a compensatory system was put in place as part of his compensation policy for his first term of office as Chief Executive Officer consisting of a top-up payment of a gross annual amount to the insurance company, calculated on a graduated basis between 2022 and 2030. This mechanism was designed to build up capital through defined contribution payments under Article 82 of the French General Tax Code until his retirement, corresponding to the net entitlements that he could have received under the defined benefit pension plan, assuming that he retires at the age of 65, i.e., in 2030.

However, when the Chief Executive Officer's term of office was renewed in 2025, it became apparent that this mechanism was not aligned with the duration of his renewed term of office. In order to align the balance of the top-up payments that will be made to the insurance company over the Chief Executive Officer's renewed term of office, a gross annual amount will be paid to the insurance company corresponding to:

- 24.2% for 2026;
- 29.1% for 2027 and 2028.

These rates will apply to the annual fixed and variable compensation received in each year of vesting, subject to the achievement of a performance condition.

Thus, the gross annual amount paid to the insurance company is subject to a performance condition considered to be achieved if the variable portion of the beneficiary's compensation, paid in year Y+1 in respect of year Y, reaches 70% of his fixed compensation due in respect of year Y. In the event that the variable portion does not reach 70% of the fixed compensation, the gross annual amount paid will be calculated on a prorata basis down to zero.

The plan, which was introduced in connection with the appointment of the Chief Executive Officer on January 26, 2022, was selected out of a number of alternatives, and at the time represented a total cost for the Company that was around 36% lower than previous plans. The alignment of the top-up payment system with the cycle of the Chief Executive Officer's term of office, as renewed, does not have a material impact on the total cost of the plan (estimate marginally below current cost).

Benefits of any kind

The principles and criteria relating to benefits in kind remain unchanged in the 2026 Chief Executive Officer Compensation Policy.

The Chief Executive Officer is entitled to coverage under the unemployment insurance fund for company managers (*Garantie Sociale des Chefs et Dirigeants d'entreprise*), the collective and mandatory health, death and disability plan and life insurance covering death, disability or the consequences of any accidents that may occur during business travel. He also has the option of being provided with a company car and a driver.

Non-compete clause and termination benefits

The principles and criteria relating to the Chief Executive Officer's non-compete clause and termination benefits remain unchanged in the 2026 Chief Executive Officer Compensation Policy.

Non-compete clause

In order to protect the Company's interests, a non-compete clause binding the Chief Executive Officer was put in place by the Board of Directors.

If the Company triggers the non-compete clause, the Chief Executive Officer would be prohibited from working in any way for an automotive supplier or, more generally, for any of Valeo's competitors. The clause would apply for 12 months after the end of his term of office as Chief Executive Officer of Valeo, regardless of the reason why he left office.

By way of consideration, the Chief Executive Officer would receive a non-compete indemnity equal to 12 months of his compensation (calculated based on the average compensation (fixed and variable) paid in his capacity as Chief Executive Officer for the 36 months preceding the month of departure). The indemnity would be paid in equal monthly installments over the entire period to which the non-compete clause applies.

If the Company triggers the non-compete clause, the amount owed would be taken into account to determine his termination benefits described below. As a result, the maximum amounts likely to be paid to the Chief Executive Officer in the form of non-compete compensation and/or termination benefits would be equal to twice the annual compensation (fixed and variable), in accordance with the recommendations of the AFEP-MEDEF Code.

In any event, in accordance with the recommendations of the AFEP-MEDEF Code, no non-compete compensation shall be paid beyond the age of 65 or if the Chief Executive Officer claims his retirement benefits. The Board of Directors will have to decide whether or not the non-compete agreement will be applied at the time the Chief Executive Officer leaves.

The Company reserves the right not to implement this agreement and to waive the non-compete clause (in which case no compensation would be owed).

Termination benefits

In the event of early termination of his duties following a change in control or strategy, the Chief Executive Officer shall be entitled, at the initiative of the Company and with the approval of the Board of Directors, except on the grounds of willful misconduct in the performance of his duties, to termination benefits paid by the Company for a maximum amount of his total compensation as executive corporate officer during the two years preceding the end of his term of office as Chief Executive Officer.

Those termination benefits are subject to performance criteria applicable to the annual variable compensation, in accordance with the following formula:

Total compensation paid as executive corporate officer during the two financial years preceding the end of his term of office as Chief Executive Officer

X

average (in %) of the results achieved for the annual variable compensation as executive corporate officer, applicable to the three financial years preceding the departure.

Furthermore, the amount actually paid by the Company would be reduced, as the case may be, so that any other compensation would not have an effect of awarding him with a total compensation higher than the aforementioned amount of two years of compensation, in accordance with the AFEP-MEDEF Code.

No other components of compensation

The principles detailed below regarding the absence of other compensation components remain unchanged in the 2026 Chief Executive Officer Compensation Policy.

The Chief Executive Officer will not receive any multi-annual variable compensation, compensation or benefits on appointment or exceptional compensation.

The Chief Executive Officer does not receive any compensation in his capacity as a director. He is not entitled to any compensation or other benefits as a result of agreements entered into with the Company or any Group company.

In addition, no stock purchase or subscription options or other long-term compensation component other than performance shares will be allotted to him in the 2026 financial year.

It is recalled that in accordance with the recommendations of the AFEP-MEDEF Code, since his appointment as Chief Executive Officer on January 26, 2022, his employment contract, which had been suspended since his appointment as Deputy Chief Executive Officer on May 26, 2021, was terminated.

In accordance with Articles L.22-10-8 and L.22-10-34 of the French Commercial Code, the variable compensation of the Chief Executive Officer for any given financial year will only be paid once the fixed, variable and exceptional components comprising the total compensation and benefits paid or allotted to the Chief Executive Officer for that year have been approved by the shareholders at an Ordinary Shareholders' Meeting (ex post vote).

Lastly, after consulting the Compensation Committee and, where required, the other specialized Committees, the Board of Directors will have the discretionary power, in the event of exceptional circumstances and on a temporary basis, to adjust the internal quantifiable objectives relating to the annual variable and long-term components of the 2026 Chief Executive Officer Compensation Policy. Events that could lead to this possibility being used include any event beyond Valeo's control that cannot be reasonably foreseen or quantified when the compensation components are determined and that has an impact on the automotive industry during 2026. Examples include an increase in raw materials and energy prices, a major disruption of the supply chain, geopolitical tensions and their consequences, and decisions by governments to apply tax measures or customs tariffs.

Change in governance

In accordance with the applicable regulations, in the event of the appointment of a new Chief Executive Officer during the financial year, the compensation components, principles and criteria set out in this compensation policy will also apply to them on a *prorata temporis basis*. Acting on the recommendation of the Compensation Committee, and taking into account the situation of the new Chief Executive Officer, the Board of Directors will then set the objectives, performance levels, metrics, structure and maximum percentages of their annual fixed compensation, which may not be higher than those of the current Chief Executive Officer.

Compensation policy for directors in respect of the 2026 financial year

Non-executive corporate officers receive compensation for their presence at Board of Directors' and Committee meetings[1].

In accordance with the French Commercial Code, the articles of association, the Board's Internal Procedures and the internal procedures of the Compensation Committee, the Board of Directors has authority to decide how this compensation should be allocated. As part of this decision-making, the Board considers the corporate interest and the Company's long-term future by taking into account market practices and encouraging director attendance at meetings. The Compensation Committee makes recommendations to the Board of Directors on the rules for allocating directors' compensation and the individual amounts to be paid to each director, taking into account the actual number of Board and Committee meetings attended. The variable portion linked to attendance must, other than in exceptional circumstances, have a heavier weighting than the fixed portion.

Pursuant to the requirements of Article L. 22-10-8 of the French Commercial Code, this compensation policy will be submitted for approval at the Shareholders' Meeting of May 21, 2026.

In order to ensure that the applicable rules are appropriate and to maintain the attractiveness of the compensation offered, the Compensation Committee carries out annual comparative studies of directors' compensation amongst CAC 40 and SBF 120 companies, the latest of which has been examined at the meeting held on October 23, 2025. This latest study confirmed the appropriate positioning of:

- the aggregate amount of directors' compensation, set at 1,250,000 euros;
- the individual compensation amounts allocated to directors, the allocation rules of which remain unchanged since January 25, 2016[2].

The basis for allocating directors' compensation is as follows[3]:

- each director receives:
  - fixed portion: 25,000 euros/year,
  - variable portion: 3,000 euros/meeting attended;
- each director who is a member (but not Chair) of a Board Committee[1] also receives:
  - fixed portion: 0 euros/year,
  - variable portion: 3,000 euros/meeting attended;
- the director who is also Chair of the Audit & Risks Committee also receives:
  - fixed portion: 15,000 euros/year,
  - variable portion: 3,000 euros/meeting attended;
- each director who is also Chair of a Board Committee (other than the Audit & Risks Committee)[1] also receives:
  - fixed portion: 12,000 euros/year,
  - variable portion: 3,000 euros/meeting attended.

(1) *Including any temporary committees of the Board of Directors.*
(2) *Apart from the compensation of the director in charge of CSR issues, which was set by way of a Board decision on October 28, 2021 with effect as from the 2022 financial year.*
(3) *As an exception to these rules, since the Appointments, Compensation & Governance Committee was split into two separate committees at the Board of Directors' meeting held on January 26, 2017 (the Governance, Appointments & Corporate Social Responsibility Committee and the Compensation Committee), directors who sit on both Committees do not receive double compensation unless decided otherwise by the Board of Directors on the recommendation of the Compensation Committee. Given the current composition of these Committees, this rule has been maintained since then (see section 3.2.2 "Preparation and organization of the Board of Directors' work", pages 139 to 154).*

These payments are not capped, but if the budget is exceeded, the following formula is applied:

$$\frac{\text{Compensation allotted to an individual director}}{\text{Total compensation allotted to all directors}} \times 1{,}250{,}000 \text{ euros}$$

Compensation is paid every six months, according to the following rules:

- payment of the fixed portion (where applicable, prorata to the period of the year during which the director held office, as described below);
- payment of the variable portion based on the number of meetings that the director attended during the relevant period.

The Board of Directors may also, on the recommendation of the Compensation Committee, allocate exceptional compensation to directors for assignments or mandates entrusted to the directors.

Board members (including the Chairman of the Board of Directors) may be reimbursed for reasonable travel and accommodation expenses, as well as any other expenses incurred in the interest of the Company, and in particular in connection with their participation in Board meetings, upon presentation of receipts.

On February 12, 2009, on the recommendation of the Appointments, Compensation & Governance Committee, the Board of Directors decided that no directors' compensation would be paid to corporate officers in respect of any offices held in the Group (other than those within the Company). The corporate officers do not receive any compensation for any offices held in the Group (including in their capacity as directors of the Company).

When a Lead Director is appointed, the compensation for this role shall be equal to the fixed portion and variable portion that they receive in their capacity as a director for a given year, in accordance with the Board of Directors' decision of October 21, 2015.

In addition, in view of the importance of CSR matters for Valeo, and therefore the key role played by the Board member in charge of CSR issues, on October 28, 2021, on the recommendation of the Compensation Committee, the Board of Directors decided to amend the allocation rules for directors' compensation as from the 2022 financial year by providing for annual fixed compensation of 6,000 euros per year to be allocated to the director in charge of CSR issues.

Apart from the executive corporate officers and the Chairman of the Board, no Board member was paid any other compensation or benefits during the financial year other than directors' compensation.

Apart from the executive corporate officer, the members of the Board of Directors (i) do not receive any free shares or performance shares during the financial year and (ii) do not hold any free shares or performance shares.

It is however specified that the directors representing employees and the director representing employee shareholders have an employment contract and as such receive a salary and benefit from free share allocations (including performance shares), in the same way as the other employees of the Group.

In accordance with the applicable regulations, if a new director is appointed during the year, the compensation components and principles provided for in this compensation policy will apply to the new appointee on a *prorata temporis* basis. The fixed compensation will therefore be calculated prorata to the length of time the director holds office during the year and the variable portion is based on the number of Board and Committee meetings attended during the period. These same *prorata temporis* calculation principles also apply in the event of a director's departure during the financial year.

3.3.2 Compensation of corporate officers in respect of the 2025 financial year

Compensation of the Chairman of the Board of Directors in respect of the 2025 financial year

In accordance with the provisions of Article L. 22-10-34, II of the French Commercial Code, the Shareholders' Meeting must vote on the fixed, variable and exceptional components composing the total compensation and benefits of any kind paid during or allocated in respect of the 2025 financial year to the Chairman of the Board of Directors.

The compensation paid during or awarded in respect of the 2025 financial year, as described below, complies with the 2025 Chairman of the Board of Directors Compensation Policy[1].

Fixed compensation

The (gross) annual fixed compensation paid to Gilles Michel by Valeo for 2025 was 360,000 euros.

This represents 100% of the total compensation awarded to Gilles Michel in respect of the 2025 financial year.

Benefits of any kind

For the 2025 financial year, Gilles Michel was covered for medical expenses and was a member of the Valeo death and disability benefits plan, representing a benefit of 3,727 euros. He did not make use of the option of being provided with a company car and a driver.

These items represent 1% of the total compensation awarded to Gilles Michel in 2025.

No other components of compensation

Gilles Michel did not receive any compensation other than that described above.

Gilles Michel does not have an employment contract with the Valeo Group.

Compensation policy for the Chief Executive Officer in respect of the 2025 financial year

In accordance with Article L. 22-10-34-II of the French Commercial Code, the Shareholders' Meeting is required to vote on the fixed, variable and exceptional components making up the total compensation and benefits paid during or allocated in respect of the 2025 financial year to the Chief Executive Officer. In addition, in accordance with the legal provisions, payment of the variable compensation awarded in respect of the 2025 financial year is subject to approval by the Shareholders' Meeting of May 21, 2026.

The compensation paid during or awarded in respect of the 2025 financial year, as presented below, complies with the 2025 Chief Executive Officer Compensation Policy[2].

Fixed compensation

The (gross) annual fixed compensation paid by Valeo to Christophe Périllat for the 2025 financial year totaled 975,000 euros (as the increase in his fixed compensation to 1,100,000 euros, as provided for and approved in the 2025 Chief Executive Officer Compensation Policy, only took effect from January 1, 2026). In view of the complex environment in which the Group operated in 2025, the Board of Directors and the Chief Executive Officer jointly decided to defer the application of this increase to that date.

This represents 45.25% of the total annual compensation (fixed and variable) awarded to Christophe Périllat in respect of the 2025 financial year.

Variable compensation

[*ESRS 2 § 29*]

At its meeting on February 26, 2026, on the recommendation of the Compensation Committee, the Board of Directors assessed the degree of achievement of the quantifiable and qualitative criteria underlying Christophe Périllat's annual variable compensation, and set the amount of that compensation in accordance with the method described in the 2025 Chief Executive Officer Compensation Policy.

In accordance with the 2025 Chief Executive Officer Compensation Policy:

- on the recommendation of the Compensation Committee, achievement of the quantifiable criteria is assessed by the Board of Directors on the basis of the published consolidated financial statements for the relevant financial year, except for the profitable order intake ratio with identified customers, which is assessed based on information provided by management;
- on the recommendation of the Compensation Committee, achievement of the qualitative criteria is assessed by the Board of Directors, based on information provided by management.

The assessment showed that the achievement rate for the quantifiable criteria is 61% (out of a maximum percentage of 90%) and that the achievement rate for the qualitative criteria is 60% (out of a maximum percentage of 60%) of the gross annual fixed compensation of the Chief Executive Officer. The Board of Directors therefore set the total amount of gross annual variable compensation to be awarded to Christophe Périllat for 2025 at 121% of his gross annual fixed compensation for 2025, i.e., 1,179,750 euros, out of a maximum percentage of 150% of his gross annual fixed compensation, i.e., 80.67% of the maximum allowed under the 2025 Chief Executive Officer Compensation Policy.

The variable compensation therefore represents 54.75% of the total amount of annual (fixed and variable) compensation awarded to Christophe Périllat for 2025.

[1] *The 2025 Chairman of the Board of Directors Compensation Policy, which was approved by 99.89% of the shareholders at the Shareholders' Meeting of May 22, 2025 (thirteenth resolution), is set out in the Company's 2024 Universal Registration Document, in section 3.3.1 "Compensation policy of the Chairman of the Board of Directors in respect of the 2025 financial year", page 159.*

[2] *The 2025 Chief Executive Officer Compensation Policy, which was approved by 98.41% of the shareholders at the Shareholders' Meeting of May 22, 2025, is set out in the Company's 2024 Universal Registration Document, in section 3.3.1 "Chief Executive Officer Compensation Policy in respect of the 2025 financial year", pages 160 to 166.*

The following table summarizes the applicable quantifiable and qualitative criteria, the degree of achievement of each quantifiable and qualitative criterion, the entitlement relating to each of these criteria in terms of percentage of the (gross) annual fixed compensation, and the maximum variable compensation for the 2025 financial year. The specific predetermined targets underlying the quantifiable criteria remained unchanged in the financial year ended December 31, 2025.

Quantifiable criteria[1]

Nature of the quantifiable criteria	Maximum amount of the variable portion as a % of annual fixed compensation	Amount of the variable portion obtained as a % of annual fixed compensation[4]	Percentage of achievement of criterion versus the maximum
EBIT	20%	12%[5]	60%
Free cash flow[2]	20%	20%[6]	100%
Net income	20%	10%[7]	50%
Net debt/EBITDA	20%	10%[8]	50%
Profitable order intake on identified strategic projects	10%	9%[9]	90%
TOTAL QUANTIFIABLE CRITERIA	**90%**	**61%**	**68%**

Qualitative criteria

Nature of qualitative criterion	Maximum amount of the variable portion as a % of annual fixed compensation	Amount of the variable portion obtained as a % of annual fixed compensation	Percentage of achievement of criterion versus the maximum
Strategic vision *This criterion is assessed, in particular, against the following elements:* • *validation by the Board of Directors of the strategy presented by the Chief Executive Officer, quality of communication of this strategy inside and outside the company, quality of the financial communication and quality of the Investor Day;* • *assessment by the Board of Directors of Valeo's progress in 2025 in the following strategic areas: (i) the Group's positioning in the Chinese market, (ii) the efficiency of the Research & Development function and the deployment of artificial intelligence in Research & Development, and (iii) the organization of the Group's "software" offensive.*	20%	20%[10]	100%
Risk management *This criterion is assessed, in particular, against the following elements:* • *compliance: (i) deployment of "export control" programs and (ii) strengthening the audits performed as part of the Human Rights compliance program;* • *management of operational risks;* • *management and reduction of the Group's fixed costs (in line with the budget);* • *IT risk management (IT projects and Cybersecurity).*	20%	20%[11]	100%
Social, Societal and Environmental Responsibility *This criterion is assessed in particular against the following elements:* • *environmental eco-efficiency: complying with the trajectory for reducing CO_2 emissions in line with the CAP 50 plan;* • *employees: health and safety, with an accident frequency rate (FR1) below 0.9[3]; diversity: progression of the Gender Equity Index (reaching 90 points as at December 31, 2025);* • *improvement in CSR performance metrics.*	20%	20%[12]	100%
TOTAL QUALITATIVE CRITERIA	**60%**	**60%**	**100%**
TOTAL QUANTIFIABLE AND QUALITATIVE CRITERIA	**150%**	**121%**	**80.67%**

(1) Excluding new regulatory, customs and/or tax impacts.
(2) After restructuring costs.
(3) In the event of a fatal accident involving a Valeo employee or temporary worker (excluding commuting accidents or those of a non-occupational origin), the result will be reviewed unfavorably for the safety-related part of the objective.
(4) It is understood that for each quantifiable criterion, the variable portion ranges from 0% to 100% of the maximum (gross) annual fixed compensation that may be obtained for that criterion.
(5) 2025 EBIT margin of 4.7% of sales.
(6) 2025 free cash flow generation (after restructuring costs) of 589 million euros.
(7) 2025 net income of 200 million euros.
(8) 2025 net debt/EBITDA ratio of 1.30x.
(9) Information on profitable order intake on identified strategic projects not disclosed for confidentiality reasons.
(10) The elements considered include (subject to undisclosed information for confidentiality reasons):
- *validation by the Board of Directors of the Group's medium-term plan and strategic priorities, and consistent communication both externally, notably during the Capital Markets Day held on November 20, 2025, and internally within the Group, with the implementation of numerous initiatives aimed at strengthening internal communication on strategy;*

- *(i) strengthening Valeo's position in China, in particular the increase of the Chinese OEM's share in order intakes in China compared with 2024, the development of strategic partnerships and the rationalization of the Group's industrial footprint; (ii) efforts to improve R&D productivity, resulting in a significant reduction in costs linked to the total development effort, and continued deployment of artificial intelligence in R&D; (iii) organization of the Group's "software" offensive, with the establishment of a dedicated organization within the BRAIN Division and the extension of software offerings by the other Divisions.*

(11) The elements considered include (subject to undisclosed information for confidentiality reasons):

- *deployment of specific "export control" programs in 2025 for ADAS and VCS (Vehicle Connectivity Systems) activities, as well as updating and strengthening the audit policy for partners and suppliers, particularly with regard to human rights compliance;*
- *decrease in the number of "red launch" projects and "customer line incidents" compared to 2024;*
- *continuation of the process of assessing the risk control environment of the Group mapping, initiated in 2024 and which will continue in 2026, with 12 risks analyzed at the end of 2025, i.e. 40% of the risks, and presentation of the results to the Risks Committee;*
- *management and reduction of the Group's fixed costs in line with the budget;*
- *management of IT and cybersecurity projects, including (i) strengthening governance, (ii) carrying out several audits (6 on information systems and 2 on cybersecurity by the Internal Audit and Control Department), (iii) TISAX certification of 148 sites at the end of 2025, as well as (iv) progress in the processing of critical systems in accordance with the roadmap presented to the Audit and Risks Committee.*

(12) The elements considered include (subject to undisclosed information for confidentiality reasons):

- *CO_2 emissions of 39.4 $MtCO_2$ in 2025, compared with a target set at 45.10 $MtCO_2$. It should be noted that annual targets are set linearly according to the Targets of the CAP 50 plan announced to the market. As in 2024, the reduction in greenhouse gas emissions remains better than the target set for the year in question, thanks in particular to the continuous efforts deployed since the launch of the CAP 50 Plan. However, it is noted that the slight variation in sales in 2025 has resulted in a relative stagnation, particularly in upstream and downstream Scope 3 emissions: (i) regarding the upstream Scope 3, the emission factor linked to steel smelting has increased slightly, which slightly penalized the emissions result and (ii) regarding the downstream Scope 3, particularly relating to mass, the stability of emissions can be explained by the product mix as well as the geography of the place of sale and use (countries that have experienced a slowdown in regulations in favor of electrification have had a more significant impact than in 2024);*
- *(i) improvement in employee safety: decrease in accidents resulting in lost time (FR1), with the frequency rate (0.69) below the target of 0.9, (ii) Gender Equity Index score of 90.1, above the target of 90[1];*
- *progress in all CSR performance indicators monitored between 2024 and 2025 (in particular discharges and waste, water abstraction and consumption, employee training (in number of hours), sustainable development in purchasing, local education actions and local solidarity) and achievement of all of the objectives set for 2025.*

[1] *Implemented in compliance with applicable laws and regulations.*

Long-term compensation policy – Allotment of performance shares

[ESRS 2 § 29]

In accordance with Article L. 225-197-1 of the French Commercial Code, the total number of free shares allotted (subject to vesting or retention periods) may not represent more than 15% of the Company's share capital as at the date of the Board of Directors' decision to allot the shares. The maximum amount provided for in the eighteenth resolution of the Shareholders' Meeting of May 23, 2024, which is effective for a period of 26 months, is 8,035,000 shares (i.e., approximately 3.28% of the Company's share capital at December 31, 2023), and the total number of shares that may be allotted to the executive corporate officers may not exceed 490,000 shares (corresponding to approximately 0.20% of the share capital as at December 31, 2023).

At its meeting on March 26, 2025, on the recommendation of the Compensation Committee, the Board of Directors decided to allot 245,901 performance shares to Christophe Périllat for 2025 (i.e., 0.10% of the Company's share capital at December 31, 2025), pursuant to the above-mentioned resolution. This number of shares was determined based on the share price as at the date on which the Board decided to allot the shares (average share price over the previous 20 trading days, IFRS valuation). This resulted in an IFRS-based valuation of 7.93 euros, which corresponds to the maximum permitted under the 2025 Chief Executive Officer Compensation Policy (200% of the Chief Executive Officer's (gross) annual fixed compensation).

Performance shares awarded to the Chief Executive Officer are subject to performance criteria to be met over a three-year period, as described in the table below, and the vested shares are subject to a two-year lock-up period.

In addition, for the performance shares to vest, the Chief Executive Officer must remain with the Group for a period of three years from the grant date. The terms of this requirement are described in the 2025 Chief Executive Officer Compensation Policy.

In accordance with the recommendations of the AFEP-MEDEF Code and the provisions of the Code of Conduct, Christophe Périllat is not permitted to use hedging transactions to reduce his risk. He has made a formal commitment in this respect as required by the AFEP-MEDEF Code. In addition, after the end of the two-year lock-up period, he must retain a significant number of vested performance shares in registered form for as long as he remains in office. This holding obligation corresponds to 50% of the vested performance shares.

The table below summarizes in a synthetic way the criteria and methods used to assess the performance shares as part of the 2025 Chief Executive Officer Compensation Policy:

Criterion	Weight/Assessment
Internal performance criterion: ROCE rate[1] (30%) **Internal performance criterion: EBIT rate[1] (30%)**	Achievement of a performance assessed for each criterion (ROCE rate and EBIT rate) for each of the three financial years (Y, Y+1 and Y+2) of the vesting period. The relevant criterion will be satisfied if, for each financial year covered under the allotment, the rate effectively achieved for such criterion is greater than or equal to the target rate established by the Board of Directors, it being understood that (i) the target rate cannot be lower than the guidance for the financial year of reference, (ii) the selected criterion cannot be changed subsequently by the Board of Directors and (iii) the target rates cannot be changed subsequently by the Board of Directors, except by a duly justified decision in the context of exceptional circumstances beyond the beneficiaries' control. • If, for each financial year covered by the plan, the rate of achievement of the corresponding criterion is greater than or equal to the target rate for each of those three financial years: 100%. • If, for only two of the financial years covered by the plan, the rate of achievement of the corresponding criterion is greater than or equal to the target rate for each of those two financial years: 60%. • If, for only one of the financial years covered by the plan, the rate of achievement of the corresponding criterion is greater than or equal to the target rate for that financial year: 30%. • If the target rate for the corresponding criterion is not satisfied for any of the financial years covered by the plan: 0%.
External performance criterion: TSR (20%) **Versus CAC 40 (10%)** **Versus panel (10%)**	TSR recorded over a three-year period from January 1 of the year of allotment to December 31 of the year prior to delivery. • If Valeo's TSR recorded over the reference period is greater than the CAC 40 index's TSR recorded over the reference period: 100% (0% if lower or equal). • If Valeo's TSR recorded over the reference period is greater than the median of the TSRs of the companies in the Europe Automotive Equipment Suppliers Panel over the reference period: 100% (0% if lower or equal).
Corporate social responsibility (CSR): (20%) **CO_2 emissions[2] (10%)** **Number of women within the Group's various management committees[3] (10%)**	CSR criterion recorded over a 3-year period from January 1 of the year of allotment to December 31 of the year prior to delivery and published at the time of the free share grant: • If the level of CO_2 emissions recorded over the last year of the reference period is lower than or equal to the target rate set over the reference period: 100% (0% if higher). • If the number of women within the Group's various management committees recorded at December 31 of the last year of the reference period is greater than or equal to the target rate set for the reference period: 100% (0% if lower).

(1) For 2025, the target is from 15.3% for the ROCE rate and the guidance is from 4.5% for EBIT.

(2) For the 2025 plan, the achievement of this objective will be assessed on December 31, 2027. The basis for the calculation is a carbon neutrality objective in 2050 as well as, by December 31, 2030, an ambitious plan to reduce emissions related to its operating activities (Scopes 1 and 2) by 75% and emissions related to its supply chain and to the end use of its products (Scope 3) by 15% compared to January 1, 2020, as presented in the 2024 Universal Registration Document in Chapter 4, Section 4.2.3.4 "CAP 50: Transition plan for climate change mitigation". This 2030 target implies an annual reduction from a 49.6 $MtCO_2$ emission at January 1, 2020, to 41.4 $MtCO_2$ at December 31, 2030. Accordingly, based on a constant annual progression until 2030, the rate of achievement of this target is set at a maximum emission of 43.7 $MtCO_2$ in 2027. It should be noted that the level of CO_2 emissions is influenced by several factors, in particular, (i) changes in the Group's business and growth, with growth having a direct impact on emissions (the more the activity increases, the more the level of emissions increases) and, consequently, on the efforts required over the period to reduce emissions and to achieve them, (ii) the carbon footprint of Valeo's customers and suppliers, (iii) uncertainties related to the evolution of the product portfolio in the light of potential regulatory changes and fluctuations in sales volumes in a given year of more energy-intensive products, (iv) sales volumes in regions with higher emissions, and (v) the carbon content of the electronic components and systems used.

(3) For the 2025 plan, the achievement of this objective will be assessed on December 31, 2027. The basis for the calculation is the target of doubling the number of women within the Group's various management committees from 16% of women on January 1, 2020 to 32% of women by December 31, 2030 (with intermediate targets of 23% of women by December 31, 2024 and 27% of women by December 31, 2027, see section 3.2.1 "Diversity policy within the governing bodies" of the 2024 Universal Registration Document), subject to applicable laws and regulations. Consequently, in accordance with the established trajectory, the achievement rate of this objective is set at a minimum of 27% of women within the Group's various management committees by December 31, 2027.

Supplementary pension[1]

The Chief Executive Officer receives a benefit in the form of optional membership of a defined contribution pension plan, governed by Article 82 of the French General Tax Code, replacing the accrual of entitlements under defined benefit plans.

The amount paid by the Company in respect of supplementary pension benefits for Christophe Périllat as Chief Executive Officer is split between a payment to the insurance company to an individual account in Christophe Périllat's name and a payment to Christophe Périllat to take into account the social security contributions and income tax due on the payments made to the insurance company.

The amount of payments made into the plan is subject to a performance condition.

The performance condition is considered to be satisfied if the variable portion of the Chief Executive Officer's compensation, which will be paid in Y+1 in respect of the financial year Y, reaches 70% of the (gross) fixed compensation due in respect of the financial year Y. In the event that the variable portion does not reach 70% of the fixed compensation, the gross annual amount paid will be calculated on a *prorata* basis down to zero. Given the amount of the annual variable compensation awarded in respect of the 2025 financial year, and to be paid in 2026, this condition has been fully satisfied.

In accordance with the 2025 Chief Executive Officer Compensation Policy, an amount of 605,563 euros will be payable in 2026 to the insurer that manages the personal pension plan account opened in the name of Christophe Périllat in his capacity as Chief Executive Officer. This amount represents 30.15% of the fixed and variable annual compensation received in respect of the 2025 financial year (10% for 2025, plus 20.15% to take into account the lost entitlement to participate in a defined benefit pension plan and the loss of the rights accrued up to December 31, 2019)[2]. An identical amount will be paid in 2026 to Christophe Périllat, to take into account the social security contributions and income tax payable on the payments made to the insurance company and on the aforementioned payment[3].

Benefits of any kind

For the financial year 2025, Christophe Périllat received coverage under the unemployment insurance fund for company managers (*Garantie Sociale des Chefs et Dirigeants d'entreprise*), as well as for the collective and mandatory health, death and disability plan and life insurance covering death, disability or the consequences of any accidents that may occur during business travel. He was provided with a company car and a driver, but he did not take up the option of having a driver. These benefits in kind represented 29,008 euros.

These benefits in kind represent about 1% of the total compensation awarded to Christophe Périllat in 2025.

No other components of compensation

Christophe Périllat did not receive any compensation other than that described above.

In accordance with the recommendations of the AFEP-MEDEF Code, Christophe Périllat does not have an employment contract with the Group[4].

Compensation ratios and annual changes in compensation, Valeo's performance and five-year ratios

In accordance with Article L. 22-10-9, I, 6° and 7° of the French Commercial Code, and the AFEP guidelines revised in February 2021, the following table shows:

- the ratios between the compensation of the executive corporate officers and on the one hand the average compensation of employees other than the corporate officers on a full-time equivalent basis and on the other hand the median compensation of employees other than the corporate officers on a full-time equivalent basis;
- the annual change in the compensation of the executive corporate officers, the Company's performance, the average compensation of employees other than the corporate officers on a full-time equivalent basis, as well as the ratios referred to above over the last five financial years.

The ratios below have been calculated:

- for the executive corporate officers, based on the fixed and variable short-term compensation paid and the performance shares allotted (IFRS valuation) from 2021 to 2025[5] as well as benefits in kind;
- for employees (full-time equivalent), based on the fixed and variable short-term compensation, free share awards and performance shares allotted (IFRS valuation) from 2021 to 2025, profit-sharing and incentive payments, and all components of total gross compensation. The scope includes 100% of employees of the Group's French companies. In accordance with the AFEP guidelines revised in February 2021, employees included in the scope are those with an employment contract who have been present on an uninterrupted basis over a period of two years.

(1) *When Christophe Périllat was appointed as Chief Executive Officer on January 26, 2022, his employment contract was terminated. The termination of his employment contract entailed the loss of the benefit of any defined benefit supplementary pension plans to which he would have been entitled if he had remained a Valeo employee until his retirement, except for his rights acquired under the new plan from January 1, 2020 up until his employment contract was terminated on January 26, 2022 (i.e., as of the date of his appointment as Chief Executive Officer).*

(2) *Given his lost entitlement to participate in a defined benefit pension plan and the loss of the rights accrued up to December 31, 2019, the compensation policy for Christophe Périllat for his first term as Chief Executive Officer includes a compensatory mechanism consisting of a gross annual payment to the insurer that manages the supplementary pension plan provided for in Article 82 of the French General Tax Code, which reproduces his net defined-benefit pension rights until the age of 65 (2030). To align these payments over the period covered by his renewed appointment, the gross annual amounts, expressed as a percentage of Christophe Périllat's annual fixed and variable compensation are 20.15% for 2025, 24.2% for 2026 and 29.1% for 2027 and 2028, subject to fulfillment of a performance condition.*

(3) *The amount relating to the supplementary pension granted in respect of the 2024 financial year was paid in 2025, following approval by 98.64% of the shareholders at the Shareholders' Meeting held on May 22, 2025 (ex post vote). For further information, please refer to the Company's 2024 Universal Registration Document, Section 3.3.2 "Compensation of corporate officers in respect of financial year 2024," page 170.*

(4) *When Christophe Périllat was appointed as Chief Executive Officer on January 26, 2022, his employment contract, which had been suspended since his appointment as Deputy Chief Executive Officer on May 26, 2021, was terminated.*

(5) *It being specified that as regards the 2021 allotment to the Chairman and Chief Executive Officer, the maximum number of performance shares taken into consideration has been adjusted proportionately to the period during which Jacques Aschenbroich held the combined roles of Chairman of the Board of Directors and Chief Executive Officer.*

	2021	2022	2023	2024	2025
Compensation of the Chairman and Chief Executive Officer until January 26, 2022	€3,096,822[1]	€1,488,828	-	-	-
Year-on-year change	*-4.11%*	-[2]	-	-	-
Compensation of the Chairman of the Board of Directors since January 26, 2022	-	€742,674[3]	€360,000	€363,841	€363,669
Year-on-year change	-	-[4]	*-51.53%*	*1.07%*	*-0.05%*
Compensation of the Chief Executive Officer since January 26, 2022	-	€2,382,441[5]	€3,969,385[6]	€3,880,522	€3,987,503
Year-on-year change	-	-[5]	*66.61%*[6]	*-2.24%*	*2.76%*
Compensation of the Deputy Chief Executive Officer from May 26, 2021 to January 26, 2022	€1,756,080	€440,840	-	-	-
Year-on-year change	-	-[7]	-	-	-
Average compensation of employees	€53,462	€56,837	€62,430	€64,876	€65,675
Year-on-year change	*13.71%*	6.31%	*9.84%*	3.92%	*1.23%*
Median compensation of employees	€39,062	€41,535	€45,091	€47,524	€48,177
Year-on-year change	*10.87%*	6.33%	*8.56%*	5.40%	*1.37%*
RATIO TO AVERAGE COMPENSATION					
Chairman and Chief Executive Officer until January 26, 2022	57.93	26.19	-	-	-
Year-on-year change	*-15.67%*	-[2]	-	-	-
Chairman of the Board of Directors since January 26, 2022	-	13.07[3]	5.77	5.61	5.54
Year-on-year change	-	-[4]	*-55.85%*	*-2.77%*	*-1.29%*
Chief Executive Officer since January 26, 2022	-	41.92	63.58[6]	59.81	60.72
Year-on-year change	-	-[5]	*51.67%*[6]	*-5.93%*	*1.51%*
Deputy Chief Executive Officer from May 26, 2021 to January 26, 2022	32.85	7.76	-	-	-
Year-on-year change	-	-[7]	-	-	-
RATIO TO MEDIAN COMPENSATION					
Chairman and Chief Executive Officer until January 26, 2022	79.28	35.85	-	-	-
Year-on-year change	*-13.52%*	-[2]	-	-	-
Chairman of the Board of Directors since January 26, 2022	-	17.88[3]	7.98	7.66	7.55
Year-on-year change	-	-[4]	*-55.37%*	*-4.01%*	*-1.45%*
Chief Executive Officer since January 26, 2022	-	57.36	88.03[6]	81.65	82.77
Year-on-year change	-	-[5]	*53.47%*[6]	*-7.25%*	*1.37%*
Deputy Chief Executive Officer from May 26, 2021 to January 26, 2022	44.96	10.61	-	-	-
Year-on-year change	-	-[7]	-	-	-
Group performance[8]					
Year-on-year change	0 pts	3 pts	3 pts	-1 pt	-4 pts

(1) This amount includes the application of the prorata temporis *rule to shares allotted in the period during which Jacques Aschenbroich held the combined roles of Chairman of the Board of Directors and Chief Executive Officer.*

(2) As this information concerns the position of Chairman and Chief Executive Officer held from January 1 to January 26, 2022 (as well as the annual variable compensation awarded in respect of this position for 2021, that was paid in 2022), the year-on-year change does not provide a meaningful indication of the change in the ratio.

(3) Relates to Jacques Aschenbroich from January 26, 2022 to December 31, 2022 and takes into account the variety and scope of the specific missions assigned to him in connection with his succession plan.

(4) Calculating the year-on-year change in ratio is not an appropriate way of assessing changes in the ratio as this information concerns the position of Chairman of the Board of Directors held from January 26, 2022 to December 31, 2022.

(5) As this information concerns only the position of Chief Executive Officer held by Christophe Périllat since January 26, 2022, the amount does not include the variable annual compensation awarded to him in his capacity as Deputy Chief Executive Officer in respect of the 2021 financial year and paid in the 2022 financial year. In view of these factors, calculating the year-on-year change in ratio is not an appropriate way of assessing changes in the ratio.

(6) This amount corresponds to the compensation for the position of Chief Executive Officer held by Christophe Périllat since January 26, 2022. It includes, for the first time, the amount of annual variable compensation awarded for this position in respect of the 2022 financial year and paid during the 2023 financial year, which explains in particular (i) the difference between the amounts for 2022 and 2023 and (ii) the year-on-year change in the ratio.

(7) Calculating the year-on-year change in ratio is not an appropriate way of assessing changes in the ratio as this information concerns only the position of Deputy Chief Executive Officer held from January 1, 2022 to January 26, 2022 (as well as the annual variable compensation awarded for this office in respect of the 2021 financial year and paid in the 2022 financial year).

(8) The Group's performance is measured by comparing OE sales growth on a like-for-like basis, i.e., at constant exchange rates and scope on an adjusted basis, with global automotive production growth. For information purposes, for the 2025 financial year, the OEM/production performance excluding the regional mix was -2 percentage points.

Explanations for the changes in the ratios for compensation are given below:

- the executive corporate officers' compensation reflects the variable compensation due in respect of the previous financial year and paid during the reference year;
- in 2022, the ratios reflect the separation of the roles of Chairman and Chief Executive Officer on January 26, 2022;
- in 2023, the ratios particularly reflect the inflation-related increase in compensation of employees of the Group's French companies, the change of Chairman of the Board of Directors on January 1, 2023, with Gilles Michel replacing Jacques Aschenbroich, and the fact that Christophe Périllat's position as Chief Executive Officer was taken into account for the full year (including, for the first time, components related to the Chief Executive Officer's variable compensation), which automatically resulted in changes in the ratios relating to Christophe Périllat;
- in 2024, the ratios reflect the increase in the compensation paid to employees of the Group's French companies and the stability of the executive corporate officers' compensation;
- in 2025, the ratios reflect, in particular, the increase in compensation paid for employees of the Group's French companies and the change in the compensation of the Chief Executive Officer linked to the annual variable compensation paid in 2025, which is higher than that paid in 2024.

The ratios presented below were calculated taking into account performance shares allotted and valued under IFRS, in accordance with French Ordinance No. 2019-1234 of November 27, 2019.

The table below shows the ratios calculated based on the fixed and variable short-term compensation paid in the stated financial years and the performance shares that were delivered in the same periods.

	2021	2022	2023	2024	2025
RATIO TO AVERAGE COMPENSATION					
Chairman and Chief Executive Officer until January 26, 2022	41.26[1]	40.87[2]	-	-	-
Year-on-year change	*-10.91%*	-[3]	-	-	-
Chairman of the Board of Directors since January 26, 2022	-	13.07[4]	5.77	5.61	5.54
Year-on-year change	-	-[5]	*-55.85%*	*-2.77%*	*-1.29%*
Chief Executive Officer since January 26, 2022	-	16.44[6]	32.35[6][7]	29.76[6]	43.32[10]
Year-on-year change	-	-	*96.75%*[7]	*-8.01%*	*45.57%*[10]
Deputy Chief Executive Officer from May 26, 2021 to January 26, 2022	8.44[6]	7.76[6]	- [6]	6.78[6][8]	-
Year-on-year change	-	-[9]	-	-	-
RATIO TO MEDIAN COMPENSATION					
Chairman and Chief Executive Officer until January 26, 2022	56.47[1]	55.93[2]	-	-	-
Year-on-year change	*-8.62%*	-[3]	-	-	-
Chairman of the Board of Directors since January 26, 2022	-	17.88[4]	7.98	7.66	7.55
Year-on-year change	-	-[5]	*-55.37%*	*-4.01%*	*-1.45%*
Chief Executive Officer since January 26, 2022	-	22.49[6]	44.78[6][7]	40.62[6]	59.06[10]
Year-on-year change	-	-	*99.13%*[7]	*-9.29%*	*45.39%*[10]
Deputy Chief Executive Officer from May 26, 2021 to January 26, 2022	11.55[6]	10.61[6]	- [6]	9.26[6][8]	–
Year-on-year change	-	-[9]	-	-	-

(1) None of the performance shares allotted to Jacques Aschenbroich under the 2018 plan vested in 2021.
(2) 43,561 performance shares allotted to Jacques Aschenbroich as executive corporate officer under the 2019 plan vested in 2022 (value of the share on the vesting date). The number of shares takes into account the one-sixth reduction of the shares allotted under the 2019 plan for the portion represented by the internal performance criteria (80%).
(3) Calculating the year-on-year change in ratio is not an appropriate way of assessing changes in the ratio as this information concerns only the position of Chairman and Chief Executive Officer held from January 1 to 26, 2022 (as well as the annual variable compensation awarded for this office in respect of the 2021 financial year and paid in the 2022 financial year).
(4) Relates to Jacques Aschenbroich from January 26, 2022 to December 31, 2022 and takes into account the variety and scope of the specific missions assigned to him in connection with his succession plan.
(5) Calculating the year-on-year change in ratio is not an appropriate way of assessing changes in the ratio as this information only concerns the position of Chairman of the Board of Directors held from January 26, 2022 to December 31, 2022.
(6) None of the performance shares allotted to Christophe Périllat as executive corporate officer vested in 2021, 2022 or 2023. In 2024, performance shares allotted to Christophe Périllat in his capacity as Deputy Chief Executive Officer vested. Consequently, these vested shares are included in the ratio applicable to the Deputy Chief Executive Officer.
(7) This ratio corresponds to the compensation for the position of Chief Executive Officer held by Christophe Périllat since January 26, 2022. It includes, for the first time, the amount of annual variable compensation awarded for this position in respect of the 2022 financial year and paid during the 2023 financial year, which explains its year-on-year change.
(8) 37,616 performance shares allotted to Christophe Périllat under the 2021 plan in his capacity as Deputy Chief Executive Officer vested in 2024.
(9) Calculating the year-on-year change in ratio is not an appropriate way of assessing changes in the ratio as this information concerns only the position of Deputy Chief Executive Officer held from January 1, 2022 to January 26, 2022 (as well as the annual variable compensation awarded for this office in respect of the 2021 financial year and paid in the 2022 financial year).
(10) The change in the ratio reflects the first-time delivery of vested performance shares granted to Christophe Périllat as Chief Executive Officer (80,124 shares delivered in 2025 under the 2022 plan), which explains its year-on-year change.

Historical information

Annual variable compensation

Five-year summary of the annual variable compensation allocated to the executive corporate officer in office as at December 31, 2025 (as Deputy Chief Executive Officer and then Chief Executive Officer after the separation of the roles of Chairman of the Board of Directors and Chief Executive Officer on January 26, 2022)

[*ESRS 2 § 29*]

	2021[1]		2022[2]		2023		2024		2025	
(% of fixed compensation)	**Achieved**	**Capped**	**Achieved**	**Capped**	**Achieved**	**Capped**	**Achieved**	**Capped**	**Achieved**	**Capped**
Quantifiable criteria	52.18%	80%	57.3%	70%	48.06%	70%	56%	70%	61%	90%
Qualitative criteria	37.67%	40%	47%	50%	47.07%	50%	50%	50%	60%	60%
VARIABLE COMPENSATION	**89.85%**	**120%**	**104.3%**	**120%**	**95.13%**	**120%**	**106%**	**120%**	**121%**	**150%**

(1) The amount of fixed and variable compensation allocated to the Deputy Chief Executive Officer in respect of the 2021 financial year has been calculated prorata *to the period of time he served in that capacity.*
(2) The variable compensation provided for the Chief Executive Officer is applied to Christophe Périllat for the full 2022 financial year.

A five-year summary table of the annual variable compensation awarded to Jacques Aschenbroich in his capacity as Chairman and Chief Executive Officer until the separation of these two roles on January 26, 2022, covering the financial years from 2018 to 2022, is provided on page 190 of the 2022 Universal Registration Document.

Long-term compensation

[*ESRS 2 § 29*]

The history of performance shares allotted is summarized in the tables presented in the paragraph "Compensation paid to the executive corporate officers over the last two years" of this section, on pages 176 to 182. No stock options have been awarded since March 27, 2012.

The Code of Conduct states that the executive corporate officers must not use hedging transactions to reduce their risk, it being specified that no instruments have been set up to hedge performance shares. There are also restrictions on trading in the Company's shares (including selling free shares) during black-out periods (see section 3.2.2 "Directors' rights and duties", pages 139 to 140).

Following the lock-up period set by the Board of Directors, the executive corporate officers are required to hold a significant number of vested performance shares in the form of registered shares until the end of their terms of office. This holding obligation corresponds to 50% of the vested performance shares.

Evolution of the compensation of the executive corporate officers over the last two financial years

[*ESRS 2 § 29*]

The following tables show the compensation paid and allocated to Gilles Michel and Christophe Périllat, and the performance shares allotted to Christophe Périllat, in their capacity as executive corporate officers, over the last two years.

Summary of compensation, stock purchase options and performance shares allotted to the executive corporate officers (AMF Table No. 1)

(in €)	2024	2025[1]
Gilles Michel Chairman of the Board of Directors		
Compensation allocated for the financial year (*broken down in AMF Table No. 2*)	363,669	363,727
Value of multi-annual variable compensation allocated during the financial year	-	-
Value of stock purchase options allotted during the financial year	-	-
Value of performance shares allotted during the financial year (*broken down in AMF Table No. 6*)	-	-
TOTAL	**363,669**	**363,727**

(1) The total compensation and benefits package paid or allocated to the Chairman of the Board of Directors under the 2025 Chairman of the Board of Directors Compensation Policy will be submitted to the vote of the Shareholders' Meeting of May 21, 2026 called to approve the financial statements for the financial year ended December 31, 2025 (ex post vote).

(in €)	**2024**	**2025[1]**
Christophe Périllat Chief Executive Officer		
Compensation allocated for the financial year (*broken down in AMF Table No. 2*)	2,036,173	2,183,758
Value of multi-annual variable compensation allocated during the financial year	-	-
Value of stock purchase options allotted during the financial year	-	-
Value of performance shares allotted during the financial year (*broken down in AMF Table No. 6*)[2]	1,949,999	1,949,995
TOTAL	**3,986,172**	**4,133,753**

*(1) The total compensation components and benefits of any kind paid or allocated to the Chief Executive Officer under the 2025 Chief Executive Officer Compensation Policy will be submitted to the vote of the Shareholders' Meeting of May 21, 2026 called to approve the financial statements for the financial year ended December 31, 2025 (*ex post *vote). Payment of the Chief Executive Officer's variable compensation is contingent on its approval by the shareholders.*

(2) All performance shares allotted to the Chief Executive Officer are subject to presence conditions, the achievement of performance criteria, and holding obligations. The performance criteria underlying the performance shares allotted to the Chief Executive Officer in 2025 are described in paragraph "Long-term compensation – Allotment of performance shares" of this section, page 172.

Summary of the compensation of the executive corporate officers in office during 2025 (AMF Table No. 2)

	2024		**2025**	
(in €)	**Amount allocated**	**Amount paid**	**Amount allocated**	**Amount paid**
Gilles Michel Chairman of the Board of Directors				
Fixed compensation	360,000	360,000	360,000	360,000
Annual variable compensation	-	-	-	-
Multi-annual variable compensation	-	-	-	-
Exceptional compensation	-	-	-	-
Directors' compensation	-	-	-	-
Benefits in kind	3,669	3,841	3,727	3,669
TOTAL	**363,669**	**363,841**	**363,727**	**363,669**

	2024		**2025**	
(in €)	**Amount allocated**	**Amount paid**	**Amount allocated**	**Amount paid**
Christophe Périllat				
Fixed compensation	975,000	975,000	975,000	975,000
Annual variable compensation	1,033,500	927,518	1,179,750[1]	1,033,500
Multi-annual variable compensation	-	-	-	-
Exceptional compensation	-	-	-	-
Directors' compensation	-	-	-	-
Benefits in kind	27,673[2]	27,673[2]	29,008[2]	29,008[2]
TOTAL	**2,036,173**	**1,930,191**	**2,183,758**	**2,037,508**

*(1) Variable compensation awarded in respect of 2025, to be paid in 2026 subject to the approval of the shareholders at the Shareholders' Meeting called to approve the financial statements for the year ended December 31, 2025 (*ex-post *vote).*

(2) Company car, annual contribution to the Garantie Sociale des Chefs et Dirigeants d'entreprise *severance pay scheme and annual contribution to life, death and disability insurance plans.*

Stock purchase options allotted to the executive corporate officers during the financial year by Valeo or any Group company (AMF Table No. 4)

None.

Stock purchase options exercised by the executive corporate officers during the financial year (AMF Table No. 5)

None.

Performance shares allotted to the executive corporate officers during the financial year by Valeo or any Group company (AMF Table No. 6)

	Plan no. and date	Number of shares allotted during the financial year	Value of shares according to the method used for consolidated financial statements	Vesting date	Shares available as at	Performance criteria
Gilles Michel Chairman of the Board of Directors	None	-	-	-	-	-
Christophe Périllat Chief Executive Officer	03/26/2025	245,901	7.93	03/26/2028	03/26/2030(1)	(2)

(1) Obligation to hold at least 50% of the vested shares as registered shares until the end of his term of office.
(2) The performance criteria linked to the performance shares allotted to the Chief Executive Officer during the 2025 financial year are described in this section, paragraph "Long-term compensation – Allotment of performance shares", page 172.

Performance share allotments that became available for trading for the executive corporate officers during the financial year (AMF Table No. 7)

The table below shows the performance shares allotted to the executive corporate officer that became available during the financial year.

	Plan no. and date	Number of shares that became available for trading during the financial year	Vesting requirements
Christophe Périllat Chief Executive Officer (since January 26, 2022)	03/23/2022	80,124	(1)

(1) The achievement rate for the performance criteria can be found in paragraph "Breakdown of achievement rates of performance criteria" in this section, page 181.

History of allotments of stock purchase options including to the executive corporate officers – Information concerning stock purchase options (at 12/31/2025) (AMF Table No. 8)

The table showing the history of stock purchase options allotted, including those awarded to the corporate officers, is set out in section 3.1.2 of the 2020 Universal Registration Document, page 189.

The last stock option plan in effect expired on March 26, 2020. Valeo has not been authorized to allot stock options by the Shareholders' Meeting since August 5, 2014.

History of current free share allotment plans – Information concerning free shares allotted (at 12/31/2025) (AMF Table No. 10)

The table below shows the history of ongoing free share allotments.

	2020 plan	2021 plan	2022 plan	2023 plan	2024 plan	2025 plan
DATE OF SHAREHOLDERS' MEETING	**05/23/2019**	**05/26/2021**	**05/26/2021**	**05/24/2023**	**05/23/2024**	**05/23/2024**
Date of Board of Directors' meeting	03/24/2020	05/26/2021	03/23/2022	05/24/2023	05/23/2024	03/26/2025
Total number of free shares allotted	2,342,306	2,070,829	2,308,057	2,794,057	2,925,243	4,688,521
Of which number of shares allocated on a conditional basis to Christophe Périllat, in his capacity as (i) Chief Operating Officer then Associate Chief Executive Officer (employee member of the Executive Committee) for the purpose of the 2020 plan and (ii) Deputy Chief Executive Officer (DCEO) then Chief Executive Officer (CEO) for the purpose of the 2021 and subsequent plans	83,997	57,871	100,154	124,124	203,549	245,901
Of which number of shares allotted on a conditional basis to Jacques Aschenbroich in his capacity as Chairman and CEO for the purpose of the 2020 and 2021 plans	130,000	118,536	-	-	-	-
Number of shares allotted to employees	1,598,309	1,262,422	1,677,903	1,979,041	2,721,694	3,212,620
Number of options allotted under employee share ownership plans	530,000	632,000	530,000	690,892	-	1,230,000
Number of corporate officer grantees	1	2	1	1	1	1
Number of employee grantees	40,386	44,234	40,578	40,362	12,904	45,881
VESTING DATE OF SHARES						
Christophe Périllat, as DCEO then CEO for the 2021 and subsequent plans	-	05/26/2024	03/23/2025	05/24/2026	05/23/2027	03/26/2028
Jacques Aschenbroich, as Chairman and CEO for the 2020 and 2021 plans	03/24/2023	05/26/2024	-	-	-	-
Executive Committee members (including Christophe Périllat for the 2020 plan), Liaison Committee members, and the executive population	03/24/2023	05/26/2024	03/23/2025	05/24/2026	05/23/2027	03/26/2028
Specific managers	03/24/2023	05/26/2024	03/23/2025	05/24/2026	05/23/2027	03/26/2028
All employees	06/30/2023	06/30/2024	06/30/2025	06/30/2026	06/30/2027	06/30/2028
"Employee share ownership plans"	Italy/Spain: 11/16/2023 Belgium: 11/16/2025 Other countries: 06/30/2025	Italy/Spain: 11/16/2024 Belgium: 11/16/2026 Other countries: 06/30/2026	Italy/Spain: 11/17/2025 Belgium: 11/17/2027 Other countries: 06/30/2027	11/30/2026	-	11/30/2028
SHARES AVAILABLE AS OF						
Christophe Périllat, as DCEO then CEO for the 2021 and subsequent plans	-	05/26/2026	03/23/2027	05/24/2028	05/23/2029	03/26/2030
Jacques Aschenbroich, as Chairman and CEO for the 2020 and 2021 plans	03/24/2025	05/26/2026	-	-	-	-
Executive Committee members (including Christophe Périllat for the 2020 plan), Liaison Committee members and the executive population	-	-	-	-	-	-
Specific managers	-	-	-	-	-	-
All employees	-	-	-	-	-	-

	2020 plan	2021 plan	2022 plan	2023 plan	2024 plan	2025 plan
"Employee share ownership plans"	Italy/Spain: 11/16/2026 Belgium: 11/16/2025 Other countries: 06/30/2025	Italy/Spain: 11/16/2027 Belgium: 11/16/2026 Other countries: 06/30/2026	Italy/Spain: 11/17/2028 Belgium: 11/17/2027 Other countries: 06/30/2027	Italy/Spain: 11/30/2029 Other countries: 11/30/2026	-	Italy/Spain: 11/30/2031 Other countries: 11/30/2028
PERFORMANCE CRITERIA						
Christophe Périllat, as DCEO then CEO for the 2021 and subsequent plans	-	EBITDA rate – ROCE rate – TSR – CSR	EBITDA rate – ROCE rate – TSR – CSR	EBIT rate – ROCE rate – TSR – CSR	EBIT rate – ROCE rate – TSR – CSR	EBIT rate – ROCE rate – TSR – CSR
Jacques Aschenbroich, as Chairman and CEO for the 2020 and 2021 plans	Operating margin rate – ROA rate – TSR	EBITDA rate – ROCE rate – TSR – CSR	-	-	-	-
Executive Committee members (including Christophe Périllat for the 2020 plan)	Operating margin rate – ROA rate – TSR	EBITDA rate – ROCE rate – TSR – CSR	EBITDA rate – ROCE rate – TSR – CSR	EBIT rate – ROCE rate – TSR – CSR	EBIT rate – ROCE rate – TSR – CSR	EBIT rate – ROCE rate – TSR – CSR
Liaison Committee	Operating margin rate – ROA rate	EBITDA rate – ROCE rate – TSR – CSR	EBITDA rate – ROCE rate – TSR – CSR	EBIT rate – ROCE rate – TSR – CSR	EBIT rate – ROCE rate – TSR – CSR	EBIT rate – ROCE rate – TSR – CSR
Executive population	Operating margin rate – ROA rate	EBITDA rate – ROCE rate – CSR	EBITDA rate – ROCE rate – CSR	EBIT rate – ROCE rate – CSR	EBIT rate – ROCE rate – CSR	EBIT rate – ROCE rate – CSR
ACHIEVEMENT RATES OF PERFORMANCE CRITERIA AND VESTING OF SHARES						
Christophe Périllat, as DCEO then CEO for the 2021 and subsequent plans	-	65%	80%	80%	-	-
Jacques Aschenbroich, as Chairman and CEO for the 2020 and 2021 plans	80%	65%	-	-	-	-
Executive Committee members (including Christophe Périllat for the 2020 plan)	80%	65%	80%	80%	-	-
Liaison Committee	100%	65%	80%	80%	-	-
Executive population	100%	90%	100%	100%	-	-
Total number of shares vested	1,736,635	1,000,557	1,386,185	14,656	15	15
Of which total number of shares vested for Christophe Périllat (since he was appointed as executive corporate officer)	67,198	37,616	80,124	99,300	-	-
Of which total number of shares vested for Jacques Aschenbroich	62,147[1]	27,442[2]	-	-	-	-
Total number of shares canceled or forfeited (aggregate)	395,491	543,730	489,433	354,371	150,818	1,080,517
Allotted free shares remaining at year-end	0	327,461	432,439	2,425,030	2,774,410	3,607,989
Number of grantees at Dec. 31, 2024	0	12,858	15,398	34,962	11,877	28,637

(1) The number of shares takes into account (i) the one-sixth reduction in the number of performance shares initially allocated under the 2020 plan for the portion represented by the internal performance criteria (i.e., 80%), decided by the Board of Directors on March 24, 2021 on the recommendation of the Compensation Committee, and (ii) the reduction in the number of shares allotted on a prorata temporis basis for the period during which Jacques Aschenbroich was both Chairman and Chief Executive Officer.

(2) The number of shares takes into account the reduction in the number of shares allotted proportionately to the period during which Jacques Aschenbroich held the combined roles of Chairman of the Board of Directors and Chief Executive Officer.

BREAKDOWN OF ACHIEVEMENT RATES OF PERFORMANCE CRITERIA

2020 plan

The performance criteria underlying the 2020 performance share plan (relating to the 2020, 2021 and 2022 financial years), together with the achievement rates and the percentages of shares due for each criterion are set out in the table below for (i) Jacques Aschenbroich (in his capacity as Chairman and Chief Executive Officer for the purpose of the share allotments) and (ii) the Executive Committee (including Christophe Périllat in his capacity as Chief Operating Officer):

			2020 plan	
Performance criteria	**Weighting of criterion**	**Description of the assessment of the achievement rates for the criteria**	**Percentage achievement of the criterion**	**Percentage of shares due for the criterion (% achievement/ criterion weighting)**
Operating margin	40%	If criterion achievement rate ≥ target rate over: 3 years = 100%; 2 years = 50%; 1 year = 20%; no years = 0%	100%	40% (/40%)
ROA	40%		100%	40% (/40%)
TSR[1]	20% Versus CAC 40 (10%) Versus Panel (10%)	• If Valeo's TSR > TSR of the CAC 40 index = 100%; if Valeo's TSR ≤ TSR of the CAC 40 index = 0% • If Valeo's TSR > median of the TSR of the Europe Automotive Panel = 100%; if Valeo's TSR ≤ median of the TSR of the Europe Automotive Panel = 0	0% 0%	0% (/10%) 0% (/10%)
TOTAL				**80%**

(1) 3-year period from January 1 of the year of allotment to December 31 of the year prior to delivery.

2021 and 2022 plans

The performance criteria underlying the 2021 performance share plan (relating to the 2021, 2022 and 2023 financial years) and the 2022 performance share plan (relating to the 2022, 2023 and 2024 financial years), together with the achievement rates and percentages of shares due for each criterion are set out in the table below for (i) Jacques Aschenbroich (in his capacity as Chairman and Chief Executive Officer for the purpose of the 2021 plan), Christophe Périllat (in his capacity as Deputy Chief Executive Officer for the purpose of the 2021 plan and as Chief Executive Officer for the purpose of the 2022 plan) and (ii) the members of the Executive Committee:

			2021		2022	
Performance criteria	**Weighting of criterion**	**Description of the assessment of the achievement rates for the criteria**	**Percentage achievement**	**Percentage of shares due for the criterion (% achievement/ criterion weighting)**	**Percentage achievement**	**Percentage of shares due for the criterion (% achievement/ criterion weighting)**
EBITDA	30%	If criterion achievement rate ≥ target rate over: 3 years = 100%; 2 years = 50%; 1 year = 20%; no years = 0	100%	30% (/30%)	100%	30% (/30%)
ROCE	30%		50%	15% (/30%)	100%	30% (/30%)
TSR[1]	20% Versus CAC 40 (10%) Versus Panel (10%)	• If Valeo's TSR > TSR of the CAC 40 index = 100%; if Valeo's TSR ≤ TSR of the CAC 40 index = 0% • If Valeo's TSR > median TSR of the Europe Automotive Panel = 100%; if Valeo's TSR ≤ median TSR of the Europe Automotive Panel = 0	0% 0%	0% (/10%) 0% (/10%)	0% 0%	0% (/10%) 0% (/10%)
CSR CO_2 emissions Number of women within the Group's various management committees	20% 10% 10%	• If achievement rate ≤ target rate = 100%; if achievement rate > target rate = 0% • If achievement rate ≥ target rate = 100%; if achievement rate < target rate = 0	100% 100%	10% (/10%) 10% (/10%)	100% 100%	10% (/10%) 10% (/10%)
TOTAL				**65%**		**80%**

(1) 3-year period from January 1 of the year of allotment to December 31 of the year prior to delivery.

2023 plan

The performance criteria underlying the 2023 performance share plan (relating to the 2023, 2024 and 2025 financial years), together with the achievement rates and the percentages of shares due for each criterion are set out in the table below for (i) Christophe Périllat (in his capacity as Chief Operating Officer) and (ii) the members of the Executive Committee:

			2023	
Performance criteria	**Weighting of criterion**	**Description of the assessment of the achievement rates for the criteria**	**Percentage achievement**	**Percentage of shares due for the criterion (% achievement/ criterion weighting)**
EBIT	30%	If criterion achievement rate ≥ target rate over: 3 years = 100%; 2 years = 60%; 1 year = 30%; no years = 0	100%	30% (/ 30%)
ROCE	30%		100%	30% (/ 30%)
TSR[1]	20% Versus CAC 40 (10%) Versus Panel (10%)	• If Valeo's TSR > TSR of the CAC 40 index = 100%; if Valeo's TSR ≤ TSR of the CAC 40 index = 0% • If Valeo's TSR > median of the TSR of the Europe Automotive Equipment Suppliers Panel = 100%; if Valeo's TSR ≤ median of the TSR of the Europe Automotive Equipment Suppliers Panel = 0	 0% 0%	 0% (/10%) 0% (/10%)
CSR CO_2 emissions Number of women within the Group's various management committees	20% 10% 10%	• If achievement rate ≤ target rate = 100%; if achievement rate > target rate = 0% • If achievement rate ≥ target rate = 100%; if achievement rate < target rate = 0	 100% 100%	 10% (/10%) 10% (/10%)
TOTAL				**80%**

(1) 3-year period from January 1 of the year of allotment to December 31 of the year prior to delivery.

EMPLOYMENT CONTRACT, SUPPLEMENTARY PENSION PLANS AND BENEFITS (AMF TABLE NO. 11)

	Employment contract	Supplementary pension plans	Indemnities or benefits due or likely to become due as a result of termination or retirement or a change of function	Compensation relating to a non-compete clause
Gilles Michel Chairman of the Board of Directors First appointed as a director: 05/23/2018 Lead independent director from 10/24/2019 to 01/26/2022[1] Appointed as Chairman of the Board of Directors: 01/01/2023 Last renewal of the current term of office as a director: 05/24/2022 End of term of office as Chairman of the Board of Directors and Director: Shareholders' Meeting called to approve the financial statements for the year ended 12/31/2025	No	No	No	No
Christophe Périllat Chief Executive Officer First appointed as a director: 05/26/2021 Deputy Chief Executive Officer from 05/26/2021 to 01/26/2022 Appointment as Chief Executive Officer: 01/26/2022 Last renewal of the current term of office as a director: 05/22/2025 Last reappointment as Chief Executive Officer: 05/22/2025 End of term of office as Chief Executive Officer and Director: Shareholders' Meeting called to approve the financial statements for the year ended 12/31/2028	No, since January 26, 2022[2]	Yes. A description of this supplementary pension is provided in the paragraph "Supplementary pension" of this section, page 166[3].	Yes. For a description of this benefit, see paragraph "Termination benefits" of this section, pages 166 to 167.	Yes. For a description of this benefit, see paragraph "Non-compete clause" of this section, page 166.

(1) In accordance with Article 1.7 (a) of the Internal Procedures, Gilles Michel's duties as Lead Director ended on January 26, 2022, the date on which the roles of Chairman of the Board of Directors and Chief Executive Officer were separated.

(2) Christophe Périllat's employment contract was suspended during his term of office as Deputy Chief Executive Officer and was terminated as of the date of his appointment as Chief Executive Officer. His employment contract was terminated upon his appointment as Chief Executive Officer.

(3) The termination of Christophe Périllat's employment contract resulted in him losing the benefit of the defined benefit pension plans that he would have been a member of if he continued to hold an employment contract with Valeo until his retirement, except for the amount that accrued to him under the new plan as from January 1, 2020 (the date on which the plan was set up) until his employment contract was terminated. In accordance with the 2025 Chief Executive Officer Compensation Policy, in his capacity as Chief Executive Officer, Christophe Périllat, receives a benefit in the form of optional membership of a defined contribution pension plan, which replaces the previous defined benefit plans.

Directors' compensation in respect of the 2025 financial year

The 2025 Directors' Compensation Policy, which was approved by 99.48% of shareholders at the Shareholders' Meeting of May 22, 2025 (twelfth resolution), is set out in the Company's 2024 Universal Registration Document, section 3.3.1 "Compensation policy of directors in respect of the 2025 financial year", pages 166 and 167 (the "**2025 Directors' Compensation Policy**").

The 2025 Directors' Compensation Policy includes the following elements:

- Non-executive directors receive compensation for their presence at Board of Directors' and Committee meetings[1];
- the total amount allocated to directors' compensation is 1,250,000 euros.
- The rules for distributing the sums allocated to directors' compensation have been unchanged since January 25, 2016[2] and are as follows[3]:
  - each director receives a fixed amount of 25,000 euros/year and a variable amount of 3,000 euros/session;
  - each director who is a member of one or more committees[1] but who is not a committee chairman also receives a fixed amount of 0 euros/year and a variable amount of 3,000 euros/session;
  - the director who chairs the Audit and Risks Committee also receives a fixed amount of 15,000 euros/year and a variable amount of 3,000 euros/session;
  - each director who chairs a Committee (other than the Audit and Risks Committee)[1] also receives a fixed amount of 12,000 euros/year and a variable amount of 3,000 euros/meeting attended.

(1) Including any temporary committees of the Board of Directors.

(2) Apart from the compensation of the director in charge of CSR issues, which was set by way of a Board decision on October 28, 2021 with effect from the 2022 financial year.

(3) As an exception to these rules, since the Appointments, Compensation & Governance Committee was split into two separate committees at the Board of Directors' meeting held on January 26, 2017 (the Governance, Appointments & Corporate Social Responsibility Committee and the Compensation Committee), directors who sit on both Committees do not receive double compensation unless decided otherwise by the Board of Directors on the recommendation of the Compensation Committee. Given the current composition of these Committees, this rule has been maintained since then (see section 3.2.2 "Preparation and organization of the Board of Directors' work", pages 139 to 154).

(Gross) compensation allocated and paid to Board members amounted to 842,513.81 euros for the 2025 financial year compared with 1,023,406.59 euros for the 2024 financial year. The breakdown of these compensation amounts, in accordance with the 2025 Directors' Compensation Policy, is shown in the table below:

SUMMARY OF DIRECTORS' COMPENSATION PROVIDED FOR IN ARTICLES L. 22-10-14 AND L. 225-45 OF THE FRENCH COMMERCIAL CODE AND OTHER COMPENSATION RECEIVED BY THE CORPORATE OFFICERS (AMF TABLE NO. 3)

	Compensation			Other compensation (fixed, variable or exceptional compensation, benefits in kind)	
(in €)	**2024**	**2025**	**Ratio between the 2025 fixed and variable portions**	**2024**	**2025**
EXECUTIVE CORPORATE OFFICERS					
Gilles Michel	-	-	-	363,669	363,727
Christophe Périllat	-	-	-	2,036,173	2,183,758
NON-EXECUTIVE CORPORATE OFFICERS					
Julie Avrane[1]	82,642.86	82,000	fixed portion: 31,000 (37.80%) variable portion: 51,000 (62.20%)	-	-
Bruno Bézard	73,000	64,000	fixed portion: 25,000 (39.06%) variable portion: 39,000 (60.94%)	-	-
Bpifrance Participations	79,000	73,000	fixed portion: 25,000 (34.25%) variable portion: 48,000 (65.75%)	-	-
Éric Chauvirey[2]	39,178.57	64,000	fixed portion: 25,000 (39.06%) variable portion: 39,000 (60.94%)	-	-
Alexandre Dayon[3]	86,285.71	35,513.81	fixed portion: 14,513.81 (40.87%) variable portion: 21,000 (59.13%)	-	-
Stéphanie Frachet	88,000	67,000	fixed portion: 25,000 (37.31%) variable portion: 42,000 (62.69%)	-	-
Mari-Noëlle Jégo-Laveissière	73,000	58,000	fixed portion: 25,000 (43.10%) variable portion: 33,000 (56.90%)	-	-
Thierry Moulonguet[4]	48,824.18	-		-	-
Éric Poton	67,000	61,000	fixed portion: 25,000 (40.98%) variable portion: 36,000 (59.02%)	-	-
Beatriz Puente[5]	39,178.57	61,000	fixed portion: 25,000 (40.98%) variable portion: 36,000 (59.02%)	-	-
Patrick Sayer	91,000	76,000	fixed portion: 37,000 (48.68%) variable portion: 39,000 (51.32%)	-	-
Ulrike Steinhorst[4]	51,263.74	-		-	-
Grzegorz Szelag	73,000	61,000	fixed portion: 25,000 (40.98%) variable portion: 36,000 (59.02%)	-	-
Véronique Weill	98,854.39	79,000	fixed portion: 40,000 (50.63%) variable portion: 39,000 (49.37%)	-	-
Sascha Zahnd[5]	33,178.57	61,000	fixed portion: 25,000 (40.98%) variable portion: 36,000 (59.02%)	-	-
TOTAL	**1,023,406.59**	**842,513.81**	**fixed portion: 347,513.81 (41.21%)** **variable portion: 495,000 (58.79%)**		

(1) Julie Avrane is the permanent representative of Fonds Stratégique de Participations and has been in charge of CSR issues since May 23, 2024.
(2) In accordance with the amendments to the Company's articles of association adopted at the May 24, 2023 Shareholders' Meeting, and following the internal election process carried out pursuant to the provisions of the articles of association and the procedures set by the Board of Directors, the shareholders approved at the May 23, 2024 Shareholders' Meeting, the appointment of Éric Chauvirey as the principal director representing employee shareholders and the appointment of Yann Le Pêcheur as his substitute.
(3) Until the end of his term of office as a director on May 22, 2025.
(4) Until the end of his/her term of office as a director on May 23, 2024.
(5) Appointed as a director at the May 23, 2024 Shareholders' Meeting.

3.3.3 Overall compensation of other Group senior executives

The Group's other senior executives correspond to the members of the Executive Committee, which at December 31, 2025 comprised 12 members including the Chief Executive Officer. The total gross amount paid directly and indirectly to the members of the Executive Committee (excluding the Chief Executive Officer) was 11,729,687 euros in 2025 (compared with 14,191,588 euros in 2024), of which a fixed portion of 5,903,051 euros, a variable portion of 5,686,757 euros, and benefits in kind of 139,879 euros.

At its meeting on March 26, 2025, on the recommendation of the Compensation Committee, the Board of Directors decided to allot free shares or performance shares to employees and corporate officers under the conditions provided for in the applicable legal provisions and pursuant to the 18th resolution of the Shareholders' Meeting of May 23, 2024, including:

- 786,478 performance shares to the Executive Committee members (excluding Christophe Périllat);
- 402,484 performance shares to the Liaison Committee members (other than the Executive Committee members);
- 1,594,450 free shares/performance shares to members of the executive population (the main direct reports of the Liaison Committee members and other Group management);
- 1,659,208 free shares (maximum), not subject to performance criteria, including (i) 1,315,000 free shares allotted (a) among all the Group's employees in France and in countries not participating in the Shares4U employee share ownership plan, and (b) for the remainder of these shares, to the top-up for non-French Shares4U beneficiaries, under the terms and conditions of allotment set out in the various plan regulations, and (ii) 344,208 free shares (targeted allotments) to a select number of managers.

The main characteristics of the performance shares allotted to the members of the Executive Committee and the Liaison Committee, as well as the members of executive management are as follows:

- The performance shares allotted to the members of the Executive Committee (excluding Christophe Périllat) and the Liaison Committee are subject to the same performance criteria, target rates and performance assessment methods as the performance shares allotted by the Board of Directors on the same date to the Chief Executive Officer ;
- 50% of the performance shares allotted to members of executive management are contingent on (i) the achievement of performance measured based on internal performance criteria for each of the three financial years covered by the vesting period, i.e., EBIT rate (20% weighting) and ROCE rate (20% weighting), and (ii) two CSR criteria, i.e., an environmental criterion based on the level of CO_2 emissions (5% weighting) and a gender diversity criterion based on the number of women on the Group's management committees (5% weighting). The target rates and procedures used to measure the achievement rates for these criteria are the same as those used for the performance shares allotted on the same day by the Board of Directors to the Chief Executive Officer[1], and the members of the Executive Committee as well as the Liaison Committee;
- the performance shares will vest after a three-year vesting period; there is no minimum retention period for the shares obtained;
- the free shares allotted to specific managers and to employees in France are not subject to any performance criteria;
- all free shares or performance shares will be allotted provided, in particular, that (i) the beneficiary's employment contract is still valid, and (ii) the share vesting date does not fall during the notice period following the beneficiary's resignation, dismissal or contract termination, unless provided otherwise (such as in the case of death, total and permanent disability, retirement, early retirement, the sale of the entity of which the beneficiary forms part, or a decision taken at the discretion of the Board of Directors). Furthermore, the Board of Directors reserves the right to maintain the rights to shares in the specific cases it deems fit;
- in accordance with the Group's Code of Conduct, the Chief Executive Officer, the members of the Executive Committee and the Liaison Committee must not hedge their risks related to Valeo securities (including performance and/or free shares).

The free shares or performance shares allotted to employees and corporate officers (including the Chief Executive Officer) in 2025 represented 1.91% of the Company's share capital at December 31, 2025 (it being specified that the Company's practice is to deliver existing shares rather than issuing new shares, which therefore has no dilutive impact on the Company's share capital). All of the free shares and performance shares allotted since 2010 to employees and corporate officers (including to the executive corporate officer in respect of the 2025 financial year) represent 11.61% of the Company's share capital at December 31, 2025.

Further to the Board of Directors' decision on July 20, 2017, the defined benefit pension plan covering the Group's senior executives, which came into effect on January 1, 2010, has been closed to new members since July 1, 2017, and in accordance with the provisions of the plan, no further pension benefits have accrued under this plan since January 1, 2020. A new "Article 83" defined contribution supplementary pension plan was introduced on January 1, 2019 and is open to all employees in France whose compensation is more than four times the social security ceiling. Since January 1, 2020, members of the previous defined benefit pension plan have been covered by a new defined benefit plan governed by Article L. 137-11-2 of the French Social Security Code.

3.3.4 Information about the performance shares

[*ESRS 2 § 29*]

The policy for granting performance shares is described in section 3.3.1 “Compensation policy of the Chief Executive Officer in respect of the 2026 financial year”, pages 164 to 166, in the case of shares granted to Christophe Périllat, and in section 3.3.3, "Overall compensation of other Group senior executives", page 185 in relation to grants to other beneficiaries.

Stock purchase options allotted and exercised in the 2024 financial year (AMF Table No. 9)

Stock purchase options allotted to the ten employees receiving the greatest number of options and options exercised by the ten employees exercising the greatest number of options, excluding corporate officers	Number of options allotted/ exercised	Weighted average strike price	Expiration date	Date of Board of Directors’ meeting
Options allotted during the financial year by Valeo and/or other Group companies to the ten employees of the issuer or other Group companies receiving the greatest number of options	-	-	-	-
Options held on Valeo and/or other Group companies, and exercised during the financial year by the ten employees of the issuer or other Group companies with the greatest number of options exercised	-	-	-	-

Performance shares allotted during the 2025 financial year

Performance shares allotted to the ten employees receiving the greatest number of performance shares, excluding corporate officers	Number of performance shares allotted	Date of Board of Directors’ meeting
Performance shares allotted by Valeo to the ten employees of Valeo or related entities, as defined in Article L. 225-197-2 of the French Commercial Code, who received the greatest number of such shares[1]	792,375	03/26/2025

(1) Valued at 8.23 euros under IFRS.

Pensions and other post-employment benefits and related provisions

As at December 31, 2025, the total amount of provisions set aside by Valeo and/or its subsidiaries for the payment of pensions or other post-employment benefits to members of the Board of Directors and other senior executives of the Group came to 10 million euros (compared with 8 million euros in 2024).

As at December 31, 2025, the total amount of provisions set aside and the total amounts paid by Valeo and/or its subsidiaries for these benefits to former Board members or other senior executives of the Group came to, respectively, 3 million euros (unchanged from 2024) and 49,467 euros (compared with 48,698 euros as at December 31, 2024).

4

SUSTAINABILITY

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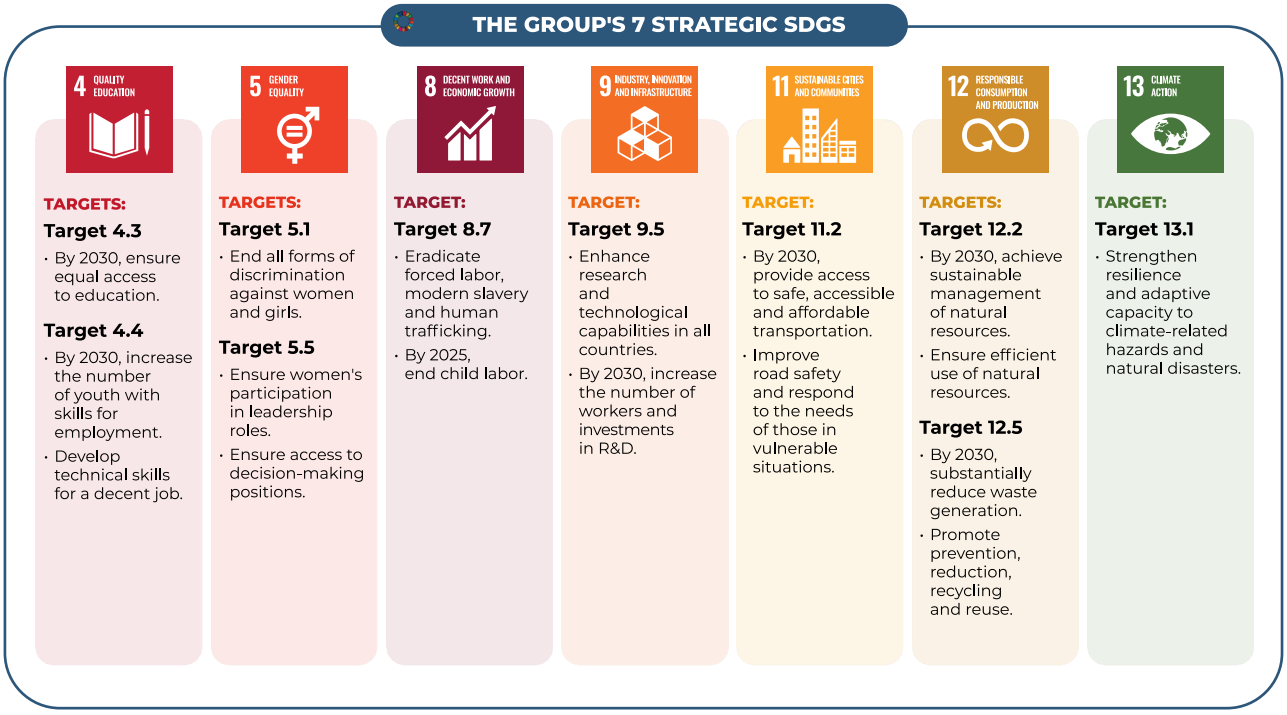
4.1 SUSTAINABILITY REPORT

4.1.1 General disclosures

4.1.1.1 General basis for preparation of the Sustainability Report

Contribution of Valeo's strategy to the Sustainable Development Goals

The Group's sustainable development initiatives are in line with the United Nations Sustainable Development Goals (SDGs), which include eradicating poverty, promoting development and protecting the planet. Depending on the countries in which Valeo operates, the Group undertakes to contribute to the following SDGs and targets:



Valeo is recognized by leading ESG rating agencies as one of the best performing groups in terms of sustainability:

4.1.1.1.1 Principles (DR BP-1)

4.1.1.1.1.1 General principles

As part of the application of the European Corporate Sustainability Reporting Directive (CSRD[1]), Valeo's Sustainability Report has been prepared in accordance with the European Sustainability Reporting Standards (ESRS) published by the European Financial Reporting Advisory Group (EFRAG[2]). These standards provide a comprehensive framework for the disclosure of non-financial information and the consideration of ESG matters.

In accordance with the regulations, the Group's Sustainability Report is based on a double materiality approach, taking into account both Valeo's impact on the environment and society, and the influence of environmental and social issues on the Group's performance. This approach ensures that the Sustainability Report is relevant to all stakeholders, including employees, investors, customers, suppliers and the communities in which the Group operates.

It also includes an analysis of the Group's sustainability-related risks and opportunities.

To prepare this report, Valeo collected and consolidated data from all its activities and its entire value chain. This Sustainability Report has been subject to a limited assurance review in accordance with the regulations, as described in the section on the review below (see section 4.1.8 "Report on the certification of Sustainability and Taxonomy information", page 358).

Valeo also reports on the progress of its duty of care plan (see section 4.1.1.2.4 "Statement on due diligence", page 196), in accordance with the French framework in force, and publishes information relating to the EU Green Taxonomy (see section 4.1.2.2 "EU Green Taxonomy", page 214).

(1) *Directive (EU) 2022/2464 of the European Parliament and of the Council of December 14, 2022 as regards corporate sustainability reporting, transposed into French law by Government order No. 2023-1142 of December 6, 2023 on the publication and certification of sustainability reporting and the environmental, social and corporate governance obligations of commercial companies. This Directive was amended by Directive (EU) 2025/794 of the European Parliament and of the Council of April 14, 2025 concerning the dates of application of certain obligations relating to the publication of sustainability information by companies, known as* Stop the clock, *and amended by Delegated Act* Quick Fix *revising Delegated Regulation (EU) 2023/2772, as well as by Law no. 2025-391 of April 30, 2025 containing various provisions for adapting to European Union law in the fields of economics, finance, the environment, energy, transport, health and the movement of persons, known as DDADUE.*

(2) *Responsible for developing European sustainability reporting standards.*

4.1.1.1.1.2 Introductory remarks regarding the application of the CSRD

The Group declares that this sustainability information, which is an integral part of the Group Management Report as required by Article L. 233-28-4 of the French Commercial Code (hereinafter "Sustainability Report"), has been prepared in accordance with the requirements of ESRS and Article 8 of Regulation (EU) 2020/852 on Taxonomy-related information applicable on the date of preparation of this Sustainability Report.

This Sustainability Report was prepared based on the information and knowledge available at the time of writing, and bearing in mind that this is the second year of application of the provisions relating to the CSRD, and that the regulatory environment remains unstable. One of the aims of the Omnibus package is to simplify the applicable ESRS standards, with a revision expected to be adopted by the European Commission in 2026. In addition, the *Quick Fix* delegated regulation, in force since mid-November 2025, extends the transitional provisions for "wave 1" companies like Valeo.

In particular, this Group Sustainability Report is characterized by contextual specificities related to the first years of application of CSRD requirements, such as certain information required by ESRS that was not available at December 31, 2025 due to the lack of common and shared guidelines within the industry or insufficient maturity of reporting tools to isolate and process the information. Dedicated sections covering unavailable or partially available datapoints specify the main sources of uncertainty, text interpretation or scope limitations.

As market practices and recommendations evolve and a better understanding of the new regulations and standards is achieved, the Group may need to revise certain reporting and communication practices in future versions of its Sustainability Report.

Similarly, certain estimates may be refined in future reporting years as more pertinent information becomes available. Certain estimation methods may also be modified or adjusted to reflect changes in generally accepted practices.

In addition, the robustness of the data collection process will continue to improve with each report and as data collection and analysis tool(s) become more powerful.

The Group's internal control systems related to the preparation of sustainability information especially for newly prepared and published information will be progressively improved based on the experience gained in the first reporting periods.

The Group also plans to periodically review and refine its processes for assessing the materiality of the impacts, risks and opportunities associated with its activities.

As such, the Group is committed to the continuous improvement of this reporting and communication, taking into account peer disclosure best practices, new guidance published by EFRAG and new standards implemented.

4.1.1.1.2 Scope (DR BP-1)

[ESRS 2 § 3] - [ESRS 2 § 5]

Sustainability data are consolidated on the same basis as the financial statements. The quantitative sustainability information includes the parent company, Valeo SE, and all subsidiaries over which it exercises control, directly or indirectly, in accordance with the financial consolidation methods described in Chapter 5, section 5.4.6, Note 3 of the notes to the consolidated financial statements "Scope of consolidation", page 365. The CSRD also requires the integration of quantitative data from non-consolidated entities over which the Group exercises operational control. After analysis, Valeo does not exercise operational control over any such entities. Associates and joint ventures are therefore excluded from the consolidated sustainability data, except for their GHG[1] emissions, which are included in Valeo's Scope 3, category 15 "Investments" (see section 4.1.1.1.2.1 "Reporting of environmental data", paragraph "Changes in scope", page 191).

Changes in estimates are recognized in the period in which the estimate is revised.

Different reporting tools are used to calculate environmental, social and governance metrics. Each of them covers a large majority of the consolidated financial entities. To ensure consistency between the consolidated financial scope and the sustainability scope, the Group may use extrapolation. This method provides consistent coverage of the consolidated Group entities that are not directly included in dedicated reporting tools.

Detailed rules for each set of metrics are presented below. Where applicable, exceptions or deviations from these principles are indicated in the description of each metric or in the footnotes in the following sections of this chapter: 4.1.2 "Environmental information", page 212, 4.1.3 "Social information", page 265, and 4.1.4 "Governance information – Business conduct", page 297.

4.1.1.1.2.1 Reporting of environmental data

Reporting scope

Environmental data excluding Scope 3 GHG emissions

In 2025, the scope of environmental data excluding Scope 3 GHG emissions covers all consolidated production sites and Valeo's main R&D centers, representing 98% of the Group's employees and 98% of the adjusted sales of outsourced distribution activities. Data for missing entities are estimated based on actual data reported by other sites. The environmental metrics therefore cover the same scope as the financial statements.

The Group's environmental data are collected through the Valeo Environmental Indicators (VEI) internal reporting tool.

Environmental data related to Scope 3 GHG emissions

Scope 3 GHG emissions cover 100% of the Group's consolidated entities.

[1] *See section 4.1.7 "Sustainable development glossary", page 357.*

Consolidation period

Environmental data excluding Scope 3 GHG emissions

Valeo collects its environmental data, excluding Scope 3 GHG emissions, from October 1 of the prior year to September 30 of the year under review. This three-month lag in relation to the calendar year allows a thorough verification of all data and a high level of confidence. In addition, the Group's business does not present any particular seasonality with respect to the final quarter or significant events that could call into question the use of such an approach.

The sales used in the environmental metrics, notably for the calculation of intensity indicators, are the Group's 2025 sales as presented in the financial statements.

Environmental data related to Scope 3 GHG emissions

Scope 3 GHG emissions data are consolidated over a calendar year, i.e., from January 1 to December 31 of the year under review.

Consolidation rules

Environmental data excluding Scope 3 GHG emissions

Sites that are consolidated during the reporting year, either through the creation of new sites or through the transition from minority ownership or control to majority ownership, are included in the environmental reporting tool in the subsequent year (Y+1). In the meantime, data for these sites are extrapolated.

Sites that are sold or closed during the year under review are accounted for over their period of activity in line with financial reporting. Where environmental data are available and reliable, consolidation is based on the reported data. Where data are not available, an estimate is made based on the previous year's data.

Environmental data are therefore consolidated using the same rules as financial data.

Environmental data related to Scope 3 GHG emissions

Scope 3 GHG emissions from entities that are consolidated during the reporting year, either through the creation of new entities or through the transition from minority ownership or control to majority ownership, are consolidated from the reporting year onwards.

Sites that are sold or closed during the year under review are accounted for over their period of activity in line with financial reporting.

Scope 3 GHG emissions are therefore consolidated according to the same rules as financial data.

Changes in scope

Environmental data excluding Scope 3 GHG emissions

In 2025, the scope of environmental indicators was increased by three new sites, after taking into account scope withdrawals.

Environmental data related to Scope 3 GHG emissions

Since 2024, Scope 3 GHG emissions have included emissions from equity-accounted entities (joint ventures and associates), over which Valeo does not exercise operational control, in Category 15 “Investments”, in proportion to Valeo’s ownership interest.

4.1.1.1.2.2 Reporting of social data

Reporting scope

The scope of social metrics includes all legal entities consolidated in the financial statements. Workforce data are collected and managed through the Human Resources Information System, or manually consolidated for certain Korean joint ventures.

Consolidation period

For information over a period of time, such as the average number of employees, Valeo reports its social data on a calendar year basis, i.e., from January 1 to December 31. For information at a given moment, such as the number of employees, data are calculated as at December 31 of the year in question.

Consolidation rules

The social metrics of entities that are consolidated during the year, either through the creation of new entities or the change from minority to majority ownership or control, are consolidated from the reporting year onwards.

Sites that are sold or closed during the year under review are accounted for over their period of activity in line with financial reporting.

Social data are therefore consolidated using the same rules as financial data.

4.1.1.1.2.3 Reporting of governance data

Reporting scope

The reporting scope of governance data includes all legal entities consolidated in the Group's financial statements.

Governance metrics related to payment practices are collected through the financial network, which ensures symmetry with the scope of the financial metrics.

Consolidation period

Valeo collects its governance metrics for the calendar year, i.e., January 1 to December 31 of the year in question.

Consolidation rules

Governance data are subject to the same consolidation rules as financial data.

4.1.1.1.3 Specific circumstances (DR BP-2)

4.1.1.1.3.1 Time horizons

[ESRS 2 § 9]

The time horizon considered in the double materiality assessment is an essential element of the assessment. The time horizons used by the Group are defined in accordance with ESRS 1[1], namely:

- short-term: 1 year/financial statement reporting period;
- medium-term: more than 1 year and less than 5 years;
- long-term: more than 5 years;

except for the time horizons for climate matters:

- short-term: less than 5 years;
- medium-term: 5 to 10 years;
- long-term: more than 10 years.

The time horizon is assessed for each of the sustainability matters identified in the description of the impacts, risks and opportunities.

The Group does not deviate from the time horizons defined above.

[1] *ESRS 1 – General requirements.*

4.1.1.1.3.2 Value chain estimation

[ESRS 2 § 10]

Certain data points have been evaluated and estimated, such as metrics related to Scope 3 emissions (see section 4.1.1.1.3.3 "Sources of estimation and outcome uncertainty", page 192) or quantitative data related to incoming resources. The use of estimates and judgments is regularly evaluated based on experience, developments in the requirements of the standards on the disclosure of non-financial information and a number of other factors, with the aim of continuously improving the accuracy of the data reported.

Changes in estimates are recognized in the period in which the estimate is revised. In addition, judgments are made in the application of accounting standards.

4.1.1.1.3.3 Sources of estimation and outcome uncertainty

[ESRS 2 § 11]

Consolidation rules are described in section 4.1.1.1.2.1 "Reporting of environmental data", page 190.

Energy

For energy-related data, the reporting methodology developed by the Group and the data sources used to calculate the associated metrics (invoices for energy consumption, data reported by suppliers and country-specific data for emissions factors) guarantee a high level of reliability. The verification work carried out by the HSE (Health, Safety and Environment) Department, with the assistance of an external firm, confirms this level of confidence.

As energy suppliers' energy mixes are generally only available after the publication of Valeo's Sustainability Report, the energy mix values used to calculate data points are the most recent data available.

The various conversion factors used in the environmental data reporting tool are generic, as they are derived from the scientific literature and may differ slightly from the actual parameters.

Scope 1 and 2 emissions

For Scope 1 and 2 emissions, the Group uses IEA (International Energy Agency) factors, AIB (Association of Issuing Bodies) residual factors in Europe and GHG emission factors[1] provided by energy suppliers based on their energy mix. They are generally verified and published, but their latest values may not be available until after the date of publication of Valeo's Sustainability Report. In this case, the previous year's emission factor is used to ensure data consistency over time.

Scope 3 emissions

Information on Scope 3 emissions is subject to estimates and significant uncertainty, notably due to the lack of a sector-specific methodology for automotive suppliers. Therefore, a qualitative analysis of margins of error is presented below for the three main categories: incoming resources, transportation and reporting scope.

In accordance with the recommendations on identifying and reporting the volumes of indirect CO_2 emissions related to Valeo's operations, the Group undertook extensive work in 2017 to lay down a methodology for calculating emissions relating to the use of its products, in the absence of existing methodology in the industry. This methodology is updated on a regular basis.

For more information on the key estimates, judgments and assumptions used, see the quantitative sustainability data tables.

4.1.1.1.3.4 Changes in preparation or presentation of sustainability information

[ESRS 2 § 13]

Valeo is committed to continuously improving the quality and comparability of its sustainability data, as well as their alignment with external reporting standards and frameworks, in this case ESRS.

For the second edition of its Sustainability Report, Valeo has complied with EFRAG's ESRS. There were no changes to the scope of the report in 2025, except for changes related to the variation in the number of sites owned and controlled by Valeo. Comparative 2024 data are unchanged from the previous edition. Any exceptions are specified in the description of each metric or in the footnotes to the relevant sections of this chapter.

4.1.1.1.3.5 Disclosures stemming from other legislation or generally accepted sustainability reporting pronouncements

[ESRS 2 § 15]

For further information on references to other European legislation, see section 4.1.6, "Appendix 1 – Cross-reference table (DR related to ESRS 2 § 15 and § 56)", page 311.

4.1.1.1.3.6 Incorporation by reference

[ESRS 2 § 16]

Information incorporated by reference is provided in section 4.1.6, Appendix 3 "Table of information incorporated by reference", page 308.

[1] *See section 4.1.7 "Sustainable development glossary", page 357.*

4.1.1.2 Governance

4.1.1.2.1 Composition and role of the Board of Directors (DR GOV-1)

Composition of administrative and management bodies

[ESRS 2 § 21]

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

At December 31, 2025, Valeo's Board of Directors had 14 members, of which five women and nine men, including (i) the Chief Executive Officer (executive director), (ii) two directors representing employees appointed respectively by the Group Works Council and the European Company and (iii) the director representing employee shareholders appointed by the Shareholders' Meeting following an election organized among employee shareholders. It has (i) a female representation rate of 45.45% and (ii) an independence rate of 90.91%[1]. These rates do not include directors representing employees and employee shareholders, in accordance with Articles L. 225-23 and L. 225-27-1 of the French Commercial Code[2] and recommendation 10.3 of the AFEP-MEDEF Code.

The key Board of Directors figures, together with detailed information on the rules governing the composition of the Board of Directors, the gender balance policy within the Board of Directors and the independence of the members of the Board of Directors at December 31, 2025, and at January 1, 2026 are provided in Chapter 3 "Corporate governance", section 3.2 "Composition of the Board of Directors, and preparation and organization of its work", page 109.

The general management of the Company is the responsibility of its Chief Executive Officer, Christophe Périllat, assisted by an Executive Committee, which he chairs. The composition of the Executive Committee is presented in Chapter 3 "Corporate governance", section 3.1 "Executive bodies", page 108.

Roles and responsibilities of administrative and management bodies

[ESRS 2 § 22]

As a technology company committed to achieving cleaner, safer and smarter mobility through innovation, Valeo considers sustainability to be a strategic priority and has established a robust governance structure, present at all levels of the Group's organization, to ensure overall consistency and effectiveness in sustainability-related decision-making, as described below.

Board of Directors

The primary role of the Board of Directors is to determine the direction of the Company's business strategies, with particular consideration for the social and environmental impacts of its operations. Within this framework, the Group's strategy and its implementation take sustainability matters into account through the Group's corporate social and environmental responsibility (CSR) policy.

The role, responsibilities and tasks of the Board of Directors with regard to sustainability matters are described in Chapter 3 "Corporate Governance", section 3.2.2 "Preparation and organization of the Board of Directors' work", page 139.

Specialized Board Committees

To facilitate its proper functioning and contribute effectively to the preparation of its sustainability-related decisions, the Board of Directors has established two specialized committees with specific tasks in this area: the Governance, Appointments & Corporate Social Responsibility Committee and the Audit & Risks Committee.

Governance, Appointments & Corporate Social Responsibility Committee

The Governance, Appointments & Corporate Social Responsibility Committee monitors sustainability matters within the Group. It is notably responsible for:

- reviewing the main thrusts of the Company's and the Group's CSR policy;
- identifying sustainability matters and objectives, and ensuring that previously defined objectives are met;
- overseeing the gradual and increasing implementation of Valeo's CSR policy and assessing the Group's contribution to sustainable development;
- in conjunction with the Audit & Risks Committee, gaining an understanding of the sustainability risks and issues involved, and obtaining information about the resources the Group can call on to pursue its strategy in this area.

Given the importance of CSR (including climate change) in the Group's strategy, the Governance, Appointments & Corporate Social Responsibility Committee decided on October 27, 2020 to designate a member responsible for sustainability matters. Without prejudice to the powers of the Board or the Committee, this member is responsible notably for the Group's CSR strategy, commitments and policies, as well as the action plan for projects related to those policies, and/or for monitoring the implementation of the Group's actions.

Audit & Risks Committee

In addition to matters related to non-financial risks, the Audit & Risks Committee is tasked with overseeing sustainability reporting and the implementation of the CSRD (including sustainability-related impacts, risks and opportunities). It is notably responsible for:

- monitoring the effectiveness of the risk management and internal control systems and, where applicable, internal audits of procedures related to the preparation and processing of non-financial information (including sustainability disclosures) within the Group; to this end, the Committee ensures that there are risk management and internal control systems in place to identify, analyze, manage, and continuously improve the prevention and management of all types of risks that the Group may face in the course of its business, particularly those likely to have an impact on accounting, financial and non-financial information;
- regularly reviewing the risk mapping of the main risks identified (including financial, legal, operational, social and environmental risks) by General Management, the results of the operation of the risk management and internal control systems and the relevance of the risk monitoring procedure and ensuring that appropriate action plans have been implemented to mitigate the problems and weaknesses identified;
- monitoring any issues related to the control and the process for the preparation of accounting, financial and non-financial information;
- checking that internal procedures for compiling and verifying non-financial information are defined to ensure the information is reliable and reported in a timely manner; reviewing the Sustainability Auditor's work plan;

[1] *As of January 1, 2026 – the date on which Gilles Le Borgne's term as director begins, in accordance with the eighth resolution of the Annual General Meeting of May 22, 2025 – the Board of Directors will comprise 15 directors, including 5 women and 10 men. It has (i) a female representation rate of 41.67% and (ii) an independence rate of 91.67%.*

[2] *Valeo will be subject to the provisions of Ordinance No. 2024-934 of October 15, 2024, which transposes Directive (EU) 2022/2381 of the European Parliament and of the Council of November 23, 2022 on improving the gender balance among directors of listed companies and related measures ("Women on Boards" Directive) from January 1, 2027.*

- overseeing the selection or reappointment process of the Sustainability Auditor and making a recommendation to the Board; evaluating compliance with the rules, principles and recommendations that guarantee the independence of the Sustainability Auditor and monitoring its independence; and monitoring the topic of fees;
- keeping itself informed via General Management about the Group's policy on non-financial reporting.

Enhanced cooperation between these Committees has been established to ensure that they have comprehensive and consistent information to allow effective and coordinated oversight of sustainability matters. It is expected that:

- the member of the Governance, Appointments & Corporate Social Responsibility Committee responsible for sustainability matters will report to the Audit & Risks Committee at least once a year on the sustainability work of the Governance, Appointments & Corporate Social Responsibility Committee, in particular on the monitoring of the Group's related key performance metrics;
- the Chairman of the Audit & Risks Committee reports to the Governance, Appointments & Corporate Social Responsibility Committee at least once a year on the Audit & Risks Committee's work on non-financial matters, in particular on the internal control and processing of sustainability information.

Seamless communication between the two committees is also facilitated by the presence of the member of the Governance, Appointments & Corporate Social Responsibility Committee responsible for sustainability issues on the Audit & Risks Committee.

The composition, role and sustainability-related work of the Governance, Appointments & Corporate Social Responsibility Committee and the Audit & Risks Committee are described in Chapter 3 "Corporate governance", section 3.2.2 "Preparation and organization of the Board of Directors' work", page 139.

Chief Executive Officer and Executive Committee

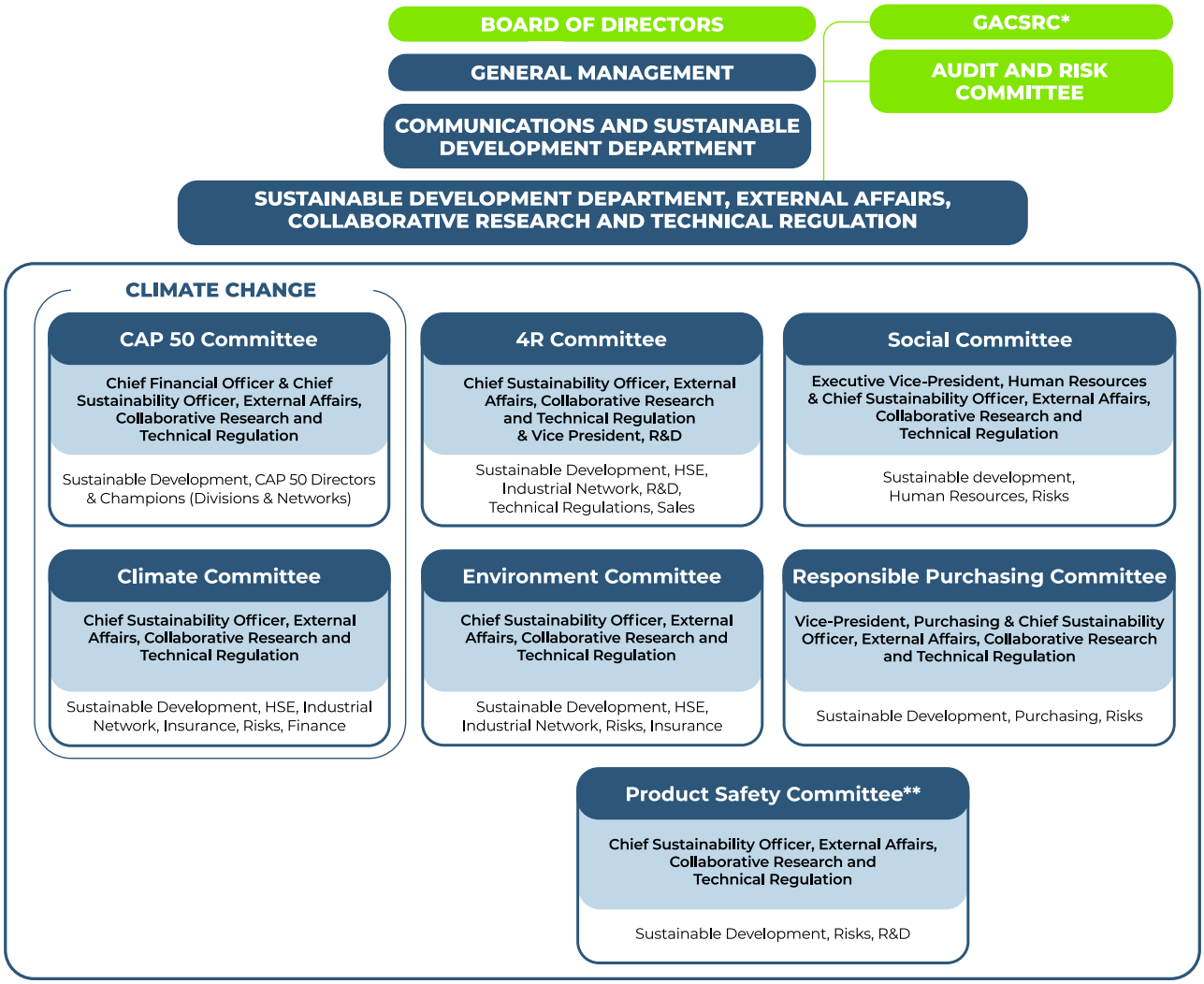
In addition, the Chief Executive Officer has the broadest powers to act in all circumstances in the Company's name, within the limits of the corporate purpose and subject to the law, the Company's articles of association or the Internal Procedures. He represents the Company in its relations with third parties and implements the Group's sustainability strategy.

The Chief Executive Officer is assisted in his duties by Valeo's Executive Committee, of which he is Chairman. The Executive Committee is responsible for reviewing the operational management of the Divisions, coordinating project management and contributing to the implementation of the Group's strategy. Sustainability matters are examined by the Executive Committee and, more specifically, by the Group Senior Vice-President Communications and Sustainable Development, who oversees the sustainability approach. The Group's objectives and targets, together with the related action plans, are submitted to and validated by General Management and, where applicable, by the Board of Directors and its committees in accordance with the procedures described above.

The composition of the Executive Committee is described in Chapter 3 "Corporate governance", section 3.1 "Executive bodies", page 108.

Sustainable Development, External Affairs, Collaborative Research and Technical Regulation Department

The Sustainable Development, External Affairs, Collaborative Research and Technical Regulation Department, which reports to the Chief Sustainability Officer, External Affairs, Collaborative Research and Technical Regulation, develops and implements strategies, roadmaps and action plans in response to sustainability matters. Valeo's sustainability strategy is thus implemented within the Group through operational committees which address each sustainability matter.



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

- The CAP 50 Committee monitors the decarbonization plan on a quarterly basis, under the joint responsibility of the Chief Financial Officer and the Chief Sustainability Officer, External Affairs, Collaborative Research and Technical Regulation.
- The 4R Committee is responsible for the quarterly monitoring of the preserving natural resources and circular economy plan, under the joint responsibility of the Vice-President, Research and Development and the Chief Sustainability Officer, External Affairs, Collaborative Research and Technical Regulation.
- The Climate Committee oversees matters related to climate change adaptation under the responsibility of the Vice-President, Sustainable Development, External Affairs, Collaborative Research and Technical Regulation Department.
- The Environment Committee oversees environmental matters, including pollution, water and waste, under the responsibility of the Chief Sustainability Officer, External Affairs, Collaborative Research and Technical Regulation.
- The Social Committee oversees social matters under the joint responsibility of the Vice-President, Human Resources and the Chief Sustainability Officer, External Affairs, Collaborative Research and Technical Regulation.
- The Responsible Purchasing Committee monitors sustainability matters in the upstream value chain, under the joint responsibility of the Chief Purchasing Officer, the Chief Ethics, Compliance and Data Protection Officer and the Chief Sustainability Officer, External Affairs, Collaborative Research and Technical Regulation.
- The Product Safety Committee monitors issues and indicators related to product safety matters under the responsibility of the Chief Sustainability Officer, External Affairs, Collaborative Research and Technical Regulation.

The operational implementation of action plans is carried out in the Group Divisions under the responsibility of the relevant departments.

[ESRS 2 § 23]

Skills and expertise

The skills and expertise of the members of the Board of Directors (including the Chief Executive Officer), particularly on sustainability matters, as well as their previous experience in the sector, are described in Chapter 3 "Corporate governance", section 3.2.1 "Composition of the Board of Directors", paragraph "Presentation of directors at December 31, 2025 and at January 1, 2026", page 104. Directors also receive training, including on sustainability matters. The training policy for directors is described in Chapter 3 "Corporate governance", section 3.2.2 "Preparation and organization of the Board of Directors' work", paragraph "Directors' onboarding and training", page 141.

4.1.1.2.2 Sustainability information addressed by governance bodies (DR GOV-2)

[ESRS 2 § 26]

Board of Directors

Sustainability matters are regularly addressed by the Board of Directors, either on the basis of a report from its committees responsible for sustainability and/or directly in the presence of the people responsible for sustainability matters within the Group's Management, as described below.

Following the publication of Valeo's first sustainability report in 2025 for 2024, and ongoing European discussions about changes to sustainability regulations, the Board of Directors continued to pay particular attention to sustainability matters in 2025.

The sustainability activities of the Board of Directors in 2025 are described in detail in Chapter 3 "Corporate governance", section 3.2.2 "Preparation and organization of the Board of Directors' work", paragraph "Role of the Board of Directors", page 142.

Specialized Board Committees

Governance, Appointments & Corporate Social Responsibility Committee

Sustainability matters are presented to the Governance, Appointments & Corporate Social Responsibility Committee several times a year at meetings attended by the Chief Sustainability Officer, External Affairs, Collaborative Research and Technical Regulation, the Vice-President, Health, Safety and Environment, and the Group Chief Human Resources Officer, depending on the topic. These presentations notably cover the sustainability policy (environmental, health, safety, social and societal aspects of the Group) and the monitoring of the Group's sustainability-related key performance metrics.

These presentations provide an opportunity to discuss and validate the year's areas of action and sustainability outcomes.

They are supplemented by interventions from the member responsible for sustainability matters as well as by the intervention, at least once a year, of the Chair of the Audit & Risks Committee to present the work of this committee on non-financial matters and notably on internal control and the processing of sustainability-related information.

The activity of the Governance, Appointments & Corporate Social Responsibility Committee in respect of CSR in 2025 is described in detail in Chapter 3 "Corporate governance", section 3.2.2 "Preparation and organization of the Board of Directors' work", paragraph "Committee activity during the year", page 147. In addition to reviewing outcomes, action plans and sustainability objectives, the Governance, Appointments & Corporate Social Responsibility Committee focused its work in 2025 on (i) reviewing the Group's first sustainability report for 2024, published in 2025, (ii) continuing the effective collaboration with the Audit & Risks Committee on sustainability matters and (iii) monitoring the Group's sustainability-related key performance metrics to enable close and precise tracking of the Group's progress across all areas covered by this dashboard (environmental eco-efficiency, employees and commitment to corporate citizenship).

Audit & Risks Committee

Sustainability matters are presented to the Audit & Risks Committee several times a year at meetings attended by the Chief Financial Officer, who oversees the implementation of the sustainability strategy, and depending on the matters discussed, the Chief Sustainability Officer, External Affairs, Collaborative Research and Technical Regulation, the Group Internal Audit and Control Director and the Chief Ethics, Compliance and Data Protection Officer.

These presentations provide an opportunity to discuss and validate the year's sustainability-related areas of action and outcomes, with a specific focus on the matters arising from the CSRD, as transposed.

They are complemented by the intervention of the member of the Governance, Appointments & Corporate Social Responsibility Committee responsible for sustainability matters, who presents the Committee's work on sustainability, in particular the monitoring of the Group's key performance indicators in this area.

The sustainability-related activity of the Audit & Risks Committee in 2025 is described in detail in Chapter 3 "Corporate governance", section 3.2.2 "Preparation and organization of the Board of Directors' work", paragraph "Committee activity during the year", page 147. In 2025, the Audit & Risks Committee focused specifically on (i) the publication of Valeo's first sustainability report, (ii) monitoring the implementation of sustainability reporting procedures and the related control environment, (iii) updating the double materiality assessment, and (iv) monitoring European discussions on changes to sustainability regulations.

Executive Committee

The Group Chief Sustainability Officer, External Affairs, Collaborative Research and Technical Regulation, reports to the Group Senior Vice-President, Communications & Sustainable Development on the work carried out by the Sustainable Development, External Affairs, Collaborative Research and Technical Regulation Department related to sustainability as part of the implementation of the Group's CSR strategy.

During its meetings, the Executive Committee addresses several sustainability-related matters, including the CAP 50 carbon neutrality contribution plan, safety at Group sites, items related to the Group's compliance policy, and diversity and gender balance.

4.1.1.2.3 Integration of sustainability-related performance in incentive schemes (DR GOV-3)

[ESRS 2 § 29]

Information on the integration of sustainability-related performance in incentive schemes is provided in Chapter 3 "Corporate Governance", section 3.3.2 "Compensation of corporate officers in respect of the 2025 financial year", page 169, and section 3.3.3 "Overall compensation of other Group senior executives", page 186.

4.1.1.2.4 Statement on due diligence (DR GOV-4)

[ESRS 2 § 30]

The mapping of due diligence information included in the sustainability statement is presented in section 4.1.6, Appendix 2 "Mapping of information provided on the due diligence process", page 320.

[ESRS 2 § 32]

In accordance with the provisions of the law on the duty of care of ordering companies[1], Valeo drew up a duty of care plan in 2017, covering the subsidiaries, subcontractors and suppliers with which the Group has business relations. The duty of care plan is the fruit of joint work by the various departments concerned (Strategy Department, Internal Audit and Control Department, Legal Department, Ethics, Compliance and Personal Data Protection Department, Purchasing Department, Health, Safety and Environment Department and Human Resources Department), coordinated by the Sustainable Development, External Affairs, Collaborative Research and Technical Regulation Department. In compliance with the French legal framework, Valeo's 2025 reporting sets out the measures in its duty of care plan[2]:

- the Group's risk mapping and the double materiality assessment (see Chapter 2 "Risks and risk management", pages 83 to 106, section 4.1.1.4 "Impact, risk and opportunity management", page 206, and section 4.1.1.3.3 "Material impacts, risks and opportunities and their relationship to strategy and business model", page 203) include the provisions of the duty of care law (human rights and fundamental freedoms, personal health and safety and environmental breaches);
- the procedure for evaluating the situation of subsidiaries, subcontractors and suppliers;
- measures to mitigate risks or prevent serious breaches;
- whistleblowing and reporting mechanisms concerning the existence or occurrence of risks;
- mechanisms for monitoring the measures implemented and assessing their effectiveness. The follow-up report on the measures implemented and the assessment of their effectiveness are presented below, with references to the corresponding sections of this chapter giving access to a more detailed presentation.

Identification and definition of risks

Issues bearing on the duty of care were the focus of particular attention during interviews and reviews of various items conducted as part of Valeo's work to map non-financial risks that started in 2017. This work was carried out to satisfy the provisions relating to the transposition of the 2014 European Directive[3] on the publication of non-financial information and has since been continued by the double materiality analysis as part of the application of the CSRD Directive. Gathering information served to improve the identification and definition of risks, classified based on their criticality and their possible existence prior to the introduction of the duty of care law, in the risk map. On the basis of this analysis, Valeo provides a condensed review of its provisions relating to:

- fundamental rights and freedoms: harassment and discrimination, child labor, forced labor (see section 4.1.3.1.10 "Other work-related rights", page 286);
- health and safety (see section 4.1.3.1.7 "Health and safety", page 277);
- severe environmental breaches (see section 4.1.2.4 "Pollution", page 245).

Regular assessment of the situation of subsidiaries and suppliers

For Valeo sites, the practice of identifying non-financial risks confirmed the existence of risk factors that the Group had already identified and brought under control. This work confirmed earlier findings obtained from existing tools or assessment criteria used by the Group's subsidiaries:

- regarding fundamental rights and freedoms, the fight against harassment and discrimination, child labor and forced labor: these issues are part of the protocols for the various sites' internal audit campaigns (see Chapter 2 "Risks and Risk Management", pages 83 to 106);
- in the field of workplace health and safety, particularly as regards compliance with minimum conditions governing the safety of individuals and facilities, the exposure of Valeo's sites to these risks is measured through annual "5 Axes" audits;
- in terms of severe environmental breaches, particularly risks related to hazardous waste management and risks of emissions into the air, soil and water, the environmental risk management tools used by the sites ensure that information is regularly reported to the Group (see section 4.1.2.4 "Pollution", page 245, and section 4.2.1.1 "Pollution", page 362).

The situation of the Group's activities is assessed regularly by measuring the extent to which the various roadmaps have been rolled out, in particular the "5 Axes" roadmaps and regular internal audits. The results of the monitoring indicators are reported annually in this document, and certain indicators are subject to annual review.

For its suppliers, the Group has had sustainability performance assessment tools since 2012, including criteria related to fundamental rights and freedoms, workplace health and safety, and severe environmental breaches. These tools provide a regular assessment of suppliers' practices, initiatives and policies regarding duty-of-care challenges, covering a growing proportion of Valeo's supplier panel (in 2025, it covered suppliers representing 92% of the amount of direct production purchases). Supplier practices and the tools for measuring and monitoring them are described in this chapter of the Universal Registration Document (see section 4.1.3.2 "Suppliers' sustainable development practices", page 290).

Initiatives to prevent serious breaches and mitigate risks

In addition to assessments and audits of the Group's sites and its tier-one suppliers, Valeo has implemented support and prevention tools addressing serious breaches:

- for fundamental rights and freedoms, prevention tools have been rolled out. They include training in the Code of Business Ethics, and risk mitigation measures, notably through the existence of a whistleblowing system (see Chapter 2 "Risks and risk management", section 2.4 "Ethics, Compliance and Personal Data Protection", page 104);
- for health and safety, new prevention tools are launched every year, along the lines of the Safety First campaign. Methodologies defining appropriate actions are in place on all sites in the event of serious breaches. They include rapid risk management solutions such as QRQC Safety (Quick Response to Quality Control Safety), an in-house analysis approach designed to identify and limit the causes of a health and safety risk (see section 4.1.3.1.7 "Health and safety", page 277);

(1) *Law No. 2017-399 of March 27, 2017 on the duty of care of parent companies and ordering companies.*
(2) *Pursuant to the provisions of Article 1 of the aforementioned law.*
(3) *Directive 2014/95/EU of the European Parliament and of the Council of October 22, 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups.*

- for environmental risks, the Group has in particular an environmental management system with prevention and mitigation tools. To strengthen the monitoring of incidents that may have an environmental impact, the Group has an internal tool, "Valeo Incident Management – Environment", allowing sites to issue real-time alerts when a spill occurs and thereby inform the highest level of the Group's organization of the severity of the incident, monitor it and validate the resources used to minimize the impacts of the event (see section 4.2.1.1 "Pollution", page 362).

Similarly, support has been provided to help the Group's suppliers control risks relating to fundamental rights, workplace health and safety and the environment (and more generally sustainable development), with their cooperation. This work was based on the exposure of their segment to certain risks and/or their respective sustainable development performance, measured through specific evaluations and audits.

In accordance with the policies in place within the Group, non-compliance with a standard set by Valeo triggers an on-site audit to confirm the situation before the implementation of appropriate action plans (see section 4.1.3.2 "Suppliers' sustainable development practices", page 290, and section 4.1.4.4 "Responsible purchasing", page 301).

Campaigns to raise awareness about risk prevention and mitigation are conducted each year, providing a reminder of Valeo's policies and requirements in this area. Dedicated Purchasing and Health, Safety and Environment (HSE) teams are regularly mobilized to help suppliers improve their performance. At the supplier conventions held twice a year by country grouping, the Chief Sustainability Officer, External Affairs, Collaborative Research and Technical Regulation, sets out the Group's requirements, and shares sustainable development recommendations and best practices with the suppliers in attendance. Since 2021, specific attention has been paid to the risks linked to suppliers' carbon challenges, as Valeo would like to be able to assess maturity across all emissions scopes (1, 2 and 3). During these conventions, workshops dedicated to sustainable development education are held for the suppliers present. Depending on the convention, these meetings bring together 200 to 300 suppliers. In addition, the Chief Sustainability Officer, External Affairs, Collaborative Research and Technical Regulation, meets with the Purchasing Executive Committee to review the assessment of suppliers at risk and those who fail to meet our sustainability criteria. During these meetings, decisions are taken to assess, reduce and control risks, and to implement a corrective plan with the suppliers concerned.

As in previous years, Valeo continued its in-depth assessment of its suppliers' practices in the field of sustainable development, based on its annual self-assessment questionnaire on sustainable development, with a representative sample of suppliers covering 92% of the Group's production purchases in 2025.

A whistleblowing system

Since November 2013, Valeo has had an anonymous multilingual whistleblowing system, free of charge and open to all employees. At the end of 2017, Valeo improved and extended the whistleblowing mechanism to external third parties to submit reports (see section 4.1.3.1.4 "Processes to remediate negative impacts and channels for own workforce to raise concerns", page 271).

Mechanisms for monitoring the measures implemented and assessing their effectiveness

The mechanisms used to monitor implemented measures and assess their effectiveness are used as regards the Group's own activities and those of its suppliers.

For Valeo's own activities, the Group has implemented monitoring actions:

- for fundamental rights and freedoms, internal tools for monitoring the rollout of prevention action plans and regular monitoring tools (rolled out with the V5000 internal tools) are used across all Group sites;
- for health and safety, deployment tools, regular monitoring of alerts and alert mechanisms have been rolled out across all Group sites;
- for environmental issues, similar tools have been rolled out and are monitored as part of the regular evaluation of Valeo sites via the so-called V5000 evaluation tool.

Likewise, for Group suppliers, Valeo's expectations in terms of sustainable development and the monitoring of their action plans are reviewed annually through a system blending self-assessments of suppliers' practices and targeted audits, depending on the country, specific aspects and needs involved (see section 4.1.3.2 "Suppliers' sustainable development practices", page 290, and section 4.1.4.4 "Responsible purchasing", page 301).

Cross-references between the essential elements of due diligence for impacts on people and the environment and the corresponding disclosures in this Sustainability Report are presented in section 4.1.6, Appendix 2 "Mapping of information provided on the due diligence process", page 320.

Since 2024, in anticipation of the transposition of the European Corporate Sustainability Due Diligence Directive (CS3D[1]), Valeo extended audits to its largest and most at-risk suppliers, with a particular focus on the following topics: climate, water, waste, circularity, human rights, labor law and child labor. When risks are identified, corrective actions are defined with the supplier and their application is monitored through regular reviews.

4.1.1.2.5 Risk management and internal controls over sustainability reporting (DR GOV-5)

[ESRS 2 § 36]

The Group's internal control and risk management system is described in Chapter 2 "Risks and Risk Management", section 2.3 "Internal control and risk management", page 97, and covers this Sustainability Report. However, the specific features of this system in relation to sustainability information are also mentioned below.

The Group's approach to risk management and internal control over sustainability reporting is based on the five components and 17 principles of the COSO ICSR (Internal Control over Sustainability Reporting) international internal control framework, namely: control environment, risk assessment, control activities, information and communication, and monitoring activities.

As the CSRD increases the amount of sustainability data collected, verified and reported, specific data controls must be created or adapted. These controls must be monitored to ensure the collection, validation, accuracy, security and confidentiality of data before their inclusion in the Sustainability Report.

[1] *Directive 2024/1760 of the European Parliament and of the Council of June 13, 2024 on corporate sustainability due diligence and amending Directive (EU) 2019/1937 and Regulation (EU) 2023/2859.*

First, a methodology note described the process for developing and validating the double materiality assessment.

Quantitative and qualitative data reporting protocols were then developed by the various internal stakeholders. The purpose of these protocols is to communicate and disseminate within the Group the definitions and methodologies used to calculate the quantitative indicators, the policies related to material sustainability matters, and the different levels of associated controls. In 2025, reporting guides for the sites were introduced to supplement these protocols.

In addition, starting in 2024, a confidence index was established for each key data point in order to identify the data most at risk, prioritize control work and draft a multi-year action plan. This confidence index is based on various criteria such as the complexity of the data, their source (manual or computerized), the associated fraud risk, the maturity of the data reporting, etc.

In 2025, various control actions were carried out by the Internal Control teams, in coordination with the controls of the Sustainability Auditor, using a risk-based approach:

- audits on the metrics identified as most critically at risk in terms of environmental and social data at 17 sites representative of the Group's environmental and social data. Nine of these sites had not been audited in 2024. This work was carried out in close collaboration with the HSE and Human Resources networks;
- audit of environmental and social data on a reduced number of metrics for all sites inspected by Internal Control teams. In 2025, this represented over 90 sites.

The Group continues to rely on existing information systems. IT Internal Control teams evaluated these systems in 2024.

Finally, the Sustainability Auditor performed due diligence on the controls over the sustainability data. The results of this work are shared with the Group and are the subject of a report (see section 4.1.8 "Report on the certification of Sustainability and Taxonomy information", page 358)

The Group's approach to the control environment for sustainability information and the results of the control actions were presented to the Audit & Risk Committee in 2025. Based on these findings, specific action plans were defined, focusing on the most acute risk areas.

Scope of the Sustainability Report

The scope of the internal control of sustainability reporting covers the scope of the Sustainability Report.

4.1.1.3 Strategy and business model

4.1.1.3.1 Strategy, business model and value chain (DR SBM-1)

[ESRS 2 § 40]

Under the authority of the Chief Executive Officer, the Divisions (BRAIN, POWER and LIGHT) and the Valeo Service activity are responsible for the business growth and operating performance of the Product Groups, Product Lines and Regional Operations they manage worldwide. They propose technology roadmaps to the Group's General Management. They coordinate between Product Groups and Product Lines, with support from the National Directorates, in particular concerning the pooling of resources, the allocation of Research and Development efforts and the optimization of production resources at the plants.

Products and services are detailed in Chapter 1, section 1.4 "Operational organization", page 63.

Valeo's business model is presented in the Integrated Report, page 46.

The Group strategy is detailed in Chapter 1, section 1.3 “Strategy and objectives”, page 59.

The number of employees by geographic area is given in section 4.1.3.1.11 "Change in Valeo's headcount", page 288.

The Group's value chain is analyzed in section 4.1.1.4.1 "Processes to identify and assess material impacts, risks and opportunities", paragraph "Value chain and dependency analysis", page 207.

[ESRS 2 § 41]

The Group’s largest business sector, under the ESRS classification, is: C29.3 – Manufacture of parts and accessories for motor vehicles.

For further details on segment reporting, see Chapter 5, section 5.4.6, note 4, “Segment reporting”, page 393.

4.1.1.3.2 Strong stakeholder relationships (DR SBM 2)

[ESRS 2 § 45]

Relationships between Valeo and its stakeholders span the entire product life cycle, from design (research centers, universities and engineers) to production (suppliers and employees) and sales (automakers and distribution networks). Valeo offers a comprehensive picture of its sustainable development policy based on an analysis of its relationships with stakeholders. The analysis states the type of stakeholder, the objectives and the form of dialogue. The table underscores the Group's responsible approach, taking into account changes in the automotive industry, stakeholders' demands and the Group's determination to meet the highest international standards in sustainable development.

Stakeholders	ESRSs addressed	Valeo commitments	Matters	Key players	Dialogue and communication	Examples
End-users	E1, E2, E5, S4	Valeo is committed to greener, safer and more diverse mobility contributing to the well-being and safety of people and consumers	• Development of technologies compliant with privacy regulations • Limiting of potential risks to consumers/end-users in terms of physical safety • Development of innovative and affordable technological solutions dedicated to electric mobility for all	• Road users • Associations • Specifiers	• Certifications • Valeo website • Market research	• ISO 26262(1) • Valeo.com • Market trend studies

Customers	ALL	Valeo has set up a sales and development organization to better meet its customers' expectations, listen to their needs and support them in their own sustainability efforts	• GHG emissions (Scope 3 for automakers)
			• Electrification solutions for passenger vehicles
			• New forms of mobility and new uses
			• Emissions avoided thanks to Valeo products
			• Restriction of the use of substances of very high concern in Valeo products
			• Circular economy opportunities
			• Guaranteed safety of Valeo products
			• Avoidance of supply disruptions to ensure the continuity of automakers' operations
			• Human rights due diligence throughout the value chain
			• Financial and governance transparency
				• Automakers
				• Distributors (Valeo Service)
				• Associations
					• Questionnaires
					• Communication of certifications
					• Participation in customer ESG audits and training
					• Adoption of Business Partner Codes of Conduct
					• Calls for tender
					• Customer meetings
					• Technology steering committees
					• Exchanges within trade bodies
					• Trade fairs and shows
						• Questionnaires:
						  • Sustainability/ CSR Assessment Questionnaire for Automotive Suppliers (SAQ 5.0),
						  • EcoVadis, OpenES, etc.
						• Communication ISO 14001/45001/50001, IATF 16949(1)
						• RSCI (Responsible Supply Chain Initiative) and RBA (Responsible Business Alliance) audits
						• Regular business alignment reviews of partner strategy
						• PFA (Plateforme de la filière automobile) Automotive Industry Platform, Catena-X
						• Paris Motor Show, Hannover Messe

Employees	S1, E1, E2, G1	Valeo contributes to a sustainable working environment and professional life, taking into account employees' perceptions and experiences	• Ongoing dialogue with employees and the leaders of various labor unions and professional bodies • Training • Guarantee of decent working hours and adequate wages • Defense of diversity, equal treatment and freedom of association • Protection of workplace health and safety • Corporate culture, whistleblowing and protection against harassment	• Valeo employees • Independent contractors • Temporary employees • Subcontractors • Employee representative bodies	• Engagement of site managers • General dissemination of sustainability policies and manuals • Training • Social dialogue • Internal communication • Events	• Annual interviews, annual employee engagement survey • Online human resources portal • Collective bargaining and dialogue with labor unions • Group agreement on corporate social responsibility and sustainable development • "MY SMART HUB", news centers • Diversity and Well-Being at Work program

Stakeholders	ESRSs addressed	Valeo commitments	Matters	Key players	Dialogue and communication	Examples
Business partners	ALL	Valeo is committed to ensuring that partnerships with all stakeholders are legal, ethical and mutually beneficial	Integration of business partners into Valeo's overall ESG approach: • Decarbonization of Valeo activities and products, and supply chain activities • Responsible sourcing • Protection of human rights and labor rights • Adherence to the Valeo Business Partners Code of Conduct • Fair payment terms	• Valeo • Tier-one and other suppliers • Customers • Subcontractors • Innovative SMEs	• Business Partners Code of Conduct (mandatory) • Sustainable purchasing policy, selection committees • Self-assessment questionnaires • Audits of at-risk suppliers • Conflict minerals sourcing policy • Training • Trade shows and conventions • Business partnerships	• Business Partners Code of Conduct updated in 2024 • Code of Business Ethics updated in 2023 • Supplier sustainability practices self-assessment questionnaire • Supplier audits in all areas in 2025 • Inclusion of suppliers beyond Tier 1 in the Conflict Mineral Reporting Template (CMRT) developed by the CFSI (Conflict Free Sourcing Initiative) • GHG mitigation training implemented
Investors and shareholders	ALL	Valeo has adopted a dialogue-based approach building on the relevance, rigor and transparency of information relating to the Group's results and performance on financial and non-financial matters	• Corporate culture, anti-corruption and bribery policies, financial and non-financial transparency • Climate transition plan • Sustainable development commitments and monitoring, due diligence	• Investors • Financial institutions • Insurers • Shareholders • Rating agencies	• Investor and shareholder meetings • Interviews with analysts • Financial and non-financial communication • Valeo website	• 2025 interviews and questionnaires: S&P, Moody's, MSCI and various sustainability-linked financing organizations • Capital Markets Day 2025 • Post-results roadshows • Thematic and general conferences • Universal Registration Document • Valeo website • Annual Shareholders' Meetings and dedicated call line
Governments, policymakers and regulators	ALL	Valeo engages in economic, industrial and labor dialogue in compliance with national, European and international laws and regulations	• Defense of the interests of the profession • Regulatory monitoring and compliance • Establishment of cooperative and industry-oriented Research and Development	• International and national organizations • Universities, independent public bodies	• Direct dialogue • Participation in conferences, workshops and studies • Contribution to research • Governance of dedicated organizations	• Collaborative research programs • Participation in Conferences of the Parties (COPs) • Participation in or membership of organizations: FAA[2] ERTRAC[3], NHTSA[4], *INSIDE*, CORAM[5], etc. • SBTi[1]

Stakeholders	ESRSs addressed	Valeo commitments	Matters	Key players	Dialogue and communication	Examples
Non-profit organizations	ALL	Valeo takes into account the concerns of non-governmental organizations (NGOs) in its areas of activity and influence	Promotion of common interests and Valeo's sustainability commitments	• NGOs • United Nations • Organisation for Economic Co-operation and Development (OECD)	• Participation in NGO dialogues • NGO media relations	• La Fabrique Écologique, T&E (European Federation for Transport and Environment), Ecological Awakening • COP 27/28/30, World Economic Forum, etc.
Industry and trade bodies	ALL	Valeo promotes common interests and develops relationships based on trust and collaboration	• Activities to promote common interests and Valeo's sustainability commitments • Regulatory monitoring • Research commitments	• Business partners • Professional organizations • Industrial companies and startups	• Exchanges within international trade bodies • Development projects and collaborations	• Professional organizations: CLEPA, PFA, VDA, ANFIA, JAPIA, AFEP, Catena-X, SERNAUTO • Open innovation initiatives and collaborative research • Participation in the Consumer Electronics Show (CES) and other scientific conferences • Reviews of innovative startups and collaborations • Partnerships with competitiveness clusters
Local communities	E1, E2, E5, S1, S4	Valeo addresses the concerns of local communities by building trust and cooperation beyond short-term considerations	• Sites' local commitments • Participation in local research and education networks	• Associations and local authorities • Civil society • Educational institutions (primary, secondary, university and other higher education)	• Local partnerships and sponsorship • Regular site events • Relationships with local media • Research partnerships with schools and universities • Dialogue with employment agencies	• "One Site, One Cause" programs at all Group sites • Involvement in local environmental initiatives • Partnership with Colori since 2023 (helping young children understand digital technology without the use of screens) • Open days at Valeo sites • Partnerships with engineering schools, universities and research centers (CNRS) • Leadership program for talented students from disadvantaged backgrounds

(1) See section 4.1.7 "Sustainable development glossary", page 357.
(2) FAA: Fonds Avenir Automobile.
(3) ERTRAC: European Road Transport Research Advisory Council.
(4) NHTSA: National Highway Traffic Safety Administration (USA).
(5) CORAM: Comité d'Orientation pour la Recherche Automobile et Mobilité (Steering Committee for Automobile and Mobility Research).

In accordance with ESRS 2 – SBM-2[1], stakeholder perceptions were considered during the double materiality assessment. First, the stakeholders to be considered were identified, then the methods for consulting them were defined.

Stakeholder mapping takes into account relationships between Valeo and its stakeholders throughout the product life cycle, from design (research centers, universities and engineers) to production (suppliers and employees), distribution (automaker and distribution networks) and use (consumers and end users).

Two types of stakeholders have been identified:

- stakeholders interested as users of the information provided in the Sustainability Report;
- stakeholders impacted by the Company's activities and its business relationships, including its value chain.

As part of its double materiality assessment, Valeo identified the relevant stakeholders for each sustainability matter rather than consulting all stakeholders on all matters.

The Group then defined the terms of consultation of stakeholders using existing, continuous and dynamic dialogue mechanisms that have been in place for several years. An analysis of existing practices was therefore carried out to identify potential gaps and shortcomings. Consultation methods can be direct (interviews, workshops, questionnaires, etc.) or indirect (document review, in-house expertise, etc.). Consultation methods were thus adapted to the different concerns, influence or interests of the stakeholders identified.

The stakeholders consulted on the Group's sustainability matters in 2025 included Valeo employees, automaker customers, academic partners, industry bodies, investors, NGOs and regulators.

MULTI-STAKEHOLDER DIALOGUE

On April 24, 2025, the Group organized a multi-stakeholder dialogue session dedicated to integrating sustainability matters into the value chain, at its Chennai site in India. The event provided an opportunity to communicate and engage with customers, suppliers, academic partners, automotive industry bodies and elected officials, in order to share insights and align efforts regarding the Net Zero transition and responsible sourcing. The discussions were guided by the changing regulatory environment within the European Union, adherence to the United Nations Sustainable Development Goals (SDGs) and achievement of Valeo's own sustainability targets. Valeo's Chief Executive Officer took part in the day's events, demonstrating the Company's commitment to these strategic challenges. He emphasized the importance of integrating the value chain into the Group's sustainability strategy.

A second multi-stakeholder dialogue session was held on December 12, 2025. This session focused on accountability regarding CO_2 emissions. The discussions mobilized a diverse panel of major players (think tanks specializing in CO_2 assessment, the automotive industry, insurance, regulatory bodies, methodological consultants), each contributing specific perspectives to enrich the discussions. In presentations to representatives of key initiatives in the field, as well as to automotive and cross-industry companies, trade bodies and elected officials, Valeo presented its accounting approach to emissions by third parties.

4.1.1.3.3 Material impacts, risks and opportunities and their interaction with strategy and business model (DR SBM-3)

[ESRS 2 § 48]

The first double materiality assessment carried out in 2024 complemented the non-financial risk assessments and other previous analyses to identify and assess these impacts, risks and opportunities, taking into account both internal operations and the external environment. In 2025, the double materiality assessment was updated to reflect the best practices observed during the first year of sustainability reporting and the recommendations of the sustainability auditors.

Valeo's strategy and business model (see section 4.1.1.3 "Strategy and business model", page 199) are designed to take into account material matters for the Group (see section 4.1.1.4 "Impact, risk and opportunity management", page 206). Valeo continuously monitors and evaluates its performance in relation to these impacts and risks, and seizes opportunities that are in line with its strategic objectives. The Group's sustainable development strategy ensures the resilience and sustainability of its business model, taking into account the interests of stakeholders while mitigating potential risks, with the aim of creating long-term value (see section 4.1.1.3 "Strategy and business model", page 199).

[ESRS 2 § 49]

Impacts, risks and opportunities are presented in each thematic section of the Sustainability Report.

Outcomes

The double materiality assessment conducted in 2025 identified 28 sustainability matters, of which 16 were potentially material in terms of impact and/or financial materiality. Certain matters assessed as material in 2024 were re-assessed as non-material in the 2025 assessment (see the "Sustainability matters re-assessed as non-material in 2025" below), and a new matter dedicated to innovation was integrated (see section 4.1.1.4.1 "Processes to identify and assess material impacts, risks and opportunities", page 206).

[1] *ESRS 2 – SBM-2: Interests and views of stakeholders.*

MATERIAL SUSTAINABILITY MATTERS

Sustainability matters assessed as potentially material in terms of impact and/or financial materiality are summarized in the table below.

Pillars	Topics	IRO
Environment	**ESRS E1 – CLIMATE CHANGE**	
	Physical risks	R
	Climate transition	O
	GHG emission reduction	I+
	Energy	R
	ESRS E2 – POLLUTION	
	Substances of concern and very high concern	R I-
	ESRS E3 – WATER AND MARINE RESOURCES	
	Water resources	R
	ESRS E5 – CIRCULAR ECONOMY	
	Circular economy and waste	I+ O R
Social	**ESRS S1 – OWN WORKFORCE**	
	Working conditions	R I-
	Health and safety	R I-
	Equal treatment	R I-
	Training and skills development	R I-
	Human rights	R I-
	ESRS S2 – WORKERS IN THE VALUE CHAIN	
	Human rights	I+ R
	ESRS S4 – CONSUMERS AND END-USERS	
	Personal safety	I+ O
Governance	**ESRS G1 – BUSINESS CONDUCT**	
	Corporate culture	I+ O
	Supplier relationships	R I-
Specific	**SPECIFIC INFORMATION**	
	Innovation	I+ O

I- *Negative impact* I+ *Positive impact* R *Risk* O *Opportunity*

SUSTAINABILITY MATTERS RE-ASSESSED AS NON-MATERIAL IN 2025

During the update of the double materiality assessment in 2025, the sustainability matters listed below were re-assessed as non-material:

Biodiversity

Given the Group's low dependence on ecosystem services linked to living organisms, the "Biodiversity" matter was re-assessed as non-material. See section 4.2.1.2, "Biodiversity", page 366, for further details.

Pollution (air/soil/water)

The "Pollution of air, water and soil" matter was re-assessed as non-material for Valeo insofar as:

- air pollution results mainly from GHGs (see section 4.1.2.3.9, "Reduction of greenhouse gas emissions within the framework of the Carbon Neutrality Contribution Plan for 2050", page 242); other emissions relating to volatile organic compounds and other gases impacting the ozone layer are non-material;
- the Group's production activities do not generate water or soil pollution.

See section 4.2.1.1, "Pollution", page 362, for further details.

Consumer and end-user information and inclusion

The "Consumer and end-user information and inclusion" matter was re-assessed as non-material for the Group, as its activity is business-to-business (B2B) rather than business-to-consumer (B2C).

See section 4.2.2.2 "Policies related to consumer and end-user information and social inclusion", page 368, for further details.

Whistleblower protection

The "Whistleblower protection" matter was re-assessed as non-material for the Group in view of the confidentiality systems implemented to ensure whistleblower protection. For further details, see section 4.1.3.1.4 "Remediation of negative impacts and channels for workers to raise concerns", page 271, and section 2.4 "Ethics, Compliance and Personal Data Protection", page 104.

Corruption

The "Corruption" matter was re-assessed as non-material for Valeo. The combined results of the latest corruption and influence peddling risk mapping and internal control campaigns attest to a high level of maturity across the various countries and functions mapped and audited. Nevertheless, the Anti-corruption Program remains of great importance to Valeo. Training for new employees and exposed populations continues, and controls are periodically renewed. See section 2.4 "Ethics, Compliance and Personal Data Protection", page 104, for further details.

4.1.1.4 Impact, risk and opportunity management

4.1.1.4.1 Processes to identify and assess material impacts, risks and opportunities (DR IRO-1)

[ESRS 2 § 53]

Starting in 2023 and ending in 2024, the Group conducted a double materiality assessment in accordance with the CSRD requirements to assess sustainability-related impacts, risks and opportunities from two complementary perspectives: the impact of the Company's activities on the environment and society, and the influence of those matters on the Company's financial position and performance.

This initial analysis was updated in 2025 (see section 4.1.1.3.3 “Material impacts, risks and opportunities and their interaction with strategy and business model”, page 203).

Governance and organization

The governance of this analysis was established in May 2023 for the first double materiality assessment and subsequently renewed in 2025 for its review, under the responsibility of the Sustainable Development, External Affairs, Collaborative Research and Technical Regulation Department, in collaboration with the Risk Management Department. Teams from these two departments defined the methodology, identified internal and external contributors, and coordinated the various stages, including the interviews and workshops required to identify and assess sustainability matters. This approach is integrated into the Group's risk management system. The results were presented to the Chief Executive Officer, Chief Financial Officer and the Audit & Risks Committee for validation.

Methodology

The double materiality assessment methodology breaks down into five steps, as shown in the table below.

STEP 1	STEP 2	STEP 3	STEP 4	STEP 5
Construction of a universe of sustainability matters	**Characterization of IROs**	**IRO scoring**	**Validation of the double materiality assessment**	**Update of the double materiality assessment**
Establishment of a universe of sustainability matters based on: 1. the sustainability matters listed in ESRS 2. the single materiality assessment 3. the non-financial risk map	1. Value chain and dependency analysis 2. Time horizon analysis 3. Consideration of stakeholder perceptions 4. Characterization of matters as impacts, risks and opportunities in a collective workshop	1. Definition of IRO scoring methodologies: i. impact materiality ii. financial materiality 2. Impact, risk and opportunity scoring workshop	1. Validation by the Chief Financial Officer 2. Presentation to the Chief Executive Officer 3. Presentation to the Audit & Risks Committee	Update in the event of significant changes (change in scope, external event impacting the Group's results, etc.)

Step 1: Universe of sustainability matters

A universe of sustainability matters has been constructed, based on:

- the matters resulting from the (simple) materiality assessment carried out by the Group in 2016. The purpose of this assessment was to identify the main sustainability matters and to reinforce actions towards stakeholders. The assessment was based on a series of interviews conducted with various Group departments, an analysis of documents and specific requests from the Group's sustainability stakeholders (automakers, civil society, specialist press, non-financial analysts, etc.) and interviews conducted with them;
- the risks identified during non-financial risk mapping since 2017. The Group analyzes its non-financial risks in compliance with the French legal framework[1]. This analysis is the result of joint work between the Risk Management Department and the Sustainable Development, External Affairs, Collaborative Research and Technical Regulation Department, based on the Group's risk identification, assessment and management methodology (see section 2.1 "Risk factors", page 84). In this context, Valeo has developed monitoring and measurement tools integrated into internal methodologies for evaluating operations and the value chain;
- the risks and opportunities identified as part of the climate change risk analysis undertaken in 2020. This work, carried out in accordance with the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures), involved a number of internal contributors and was published in Valeo's 2021 Climate Report;
- the matters listed in ESRS 1 – AR 16.

Step 2: Characterization of impacts, risks and opportunities

To clarify and rationalize the assessment of impacts, risks and opportunities, the scenario approach was adopted: for each matter, scenarios were written, and characterization and assessment workshops were organized with internal stakeholders.

[1] *Decree No. 2017-1265 of August 9, 2017 issued for the application of Government order No. 2017-1180 of July 19, 2017 on the disclosure of non-financial information by certain large corporations and groups of corporations.*

Step 3: Scoring of impacts, risks and opportunities

Double materiality has two dimensions:

- impact materiality, which covers the positive and negative impacts of the Company's activities, products or services on people and/or the environment; and
- financial materiality, which covers the impact of risks and opportunities on the Company's financial position.

The assessment of these two materialities is based on various criteria listed in the scoring scale below. Note that this assessment is gross, meaning that it does not take into account control and mitigation activities, or other procedures and action plans implemented by the Group.

	Impact materiality				Financial materiality			
	Positive impact		Negative impact		Risk		Opportunity	
	Actual	Potential	Actual	Potential	Actual	Potential	Actual	Potential
Likelihood of occurrence	**Likelihood of occurrence**				**Likelihood of occurrence**			
Severity	Scope				Financial			
	Scale				Reputational			
	Irremediable character				Continuity of access to resources			
					Dependence on relationships (financial, industrial, human, etc.)			

Impact materiality is assessed by considering two criteria, namely likelihood of occurrence and severity. Impact materiality severity is based on the scale, scope and the irremediable character of the impacts.

Financial materiality is also assessed by considering the two criteria of likelihood of occurrence and severity. Some of the criteria for assessing the severity of financial materiality are derived directly from the risk assessment scale used for the Group's risk mapping (financial criterion and image and reputation criterion). Two other criteria are also used: continuity of access to resources and dependence on relationships (financial, industrial, human, etc.).

Step 4: Validation of the double materiality assessment

The results of the double materiality assessment are presented to the Chief Executive Officer and the Chief Financial Officer, as well as the Audit & Risks Committee for validation.

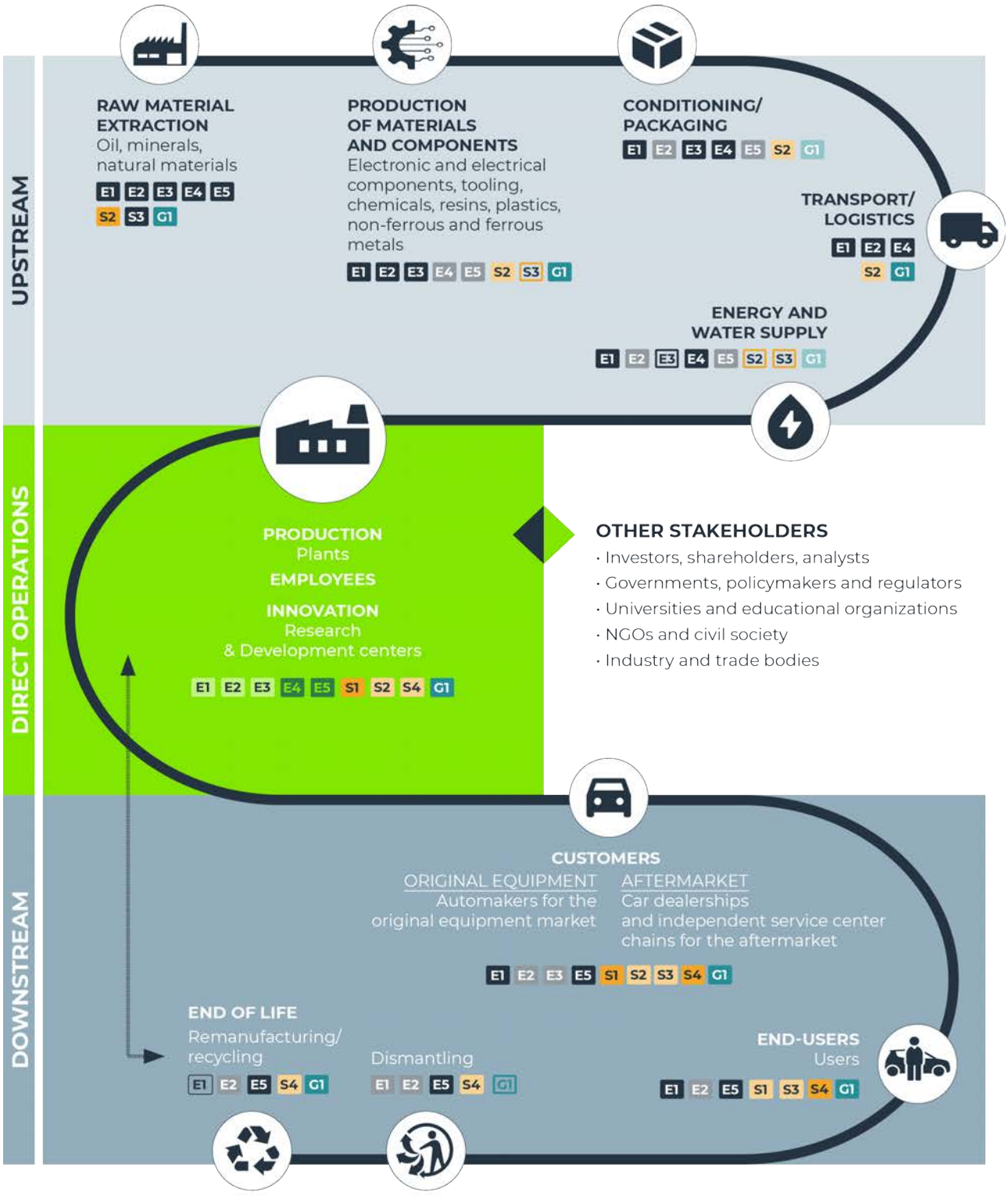
Step 5: Update of the double materiality assessment

The double materiality assessment is a dynamic process. An update is required in the event of significant changes for Valeo, such as a change in scope or external events impacting the Group's results.

Value chain and dependency analysis

Valeo has mapped its value chain to show the breakdown of its activities and sub-activities across all operations (own, upstream and downstream). For each key element of the value chain, the relevant ESRS topics were identified. Impact materiality was determined based on (i) the ESG materiality maps of the financial services company MSCI, which show the most important ESG matters by industrial sector, (ii) the Sustainability Accounting Standards Board's (SASB) materiality finders, and (iii) the ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) database, which shows, sector by sector and company by company, how biodiversity contributes to a given activity and what threats it faces.

VALEO'S VALUE CHAIN



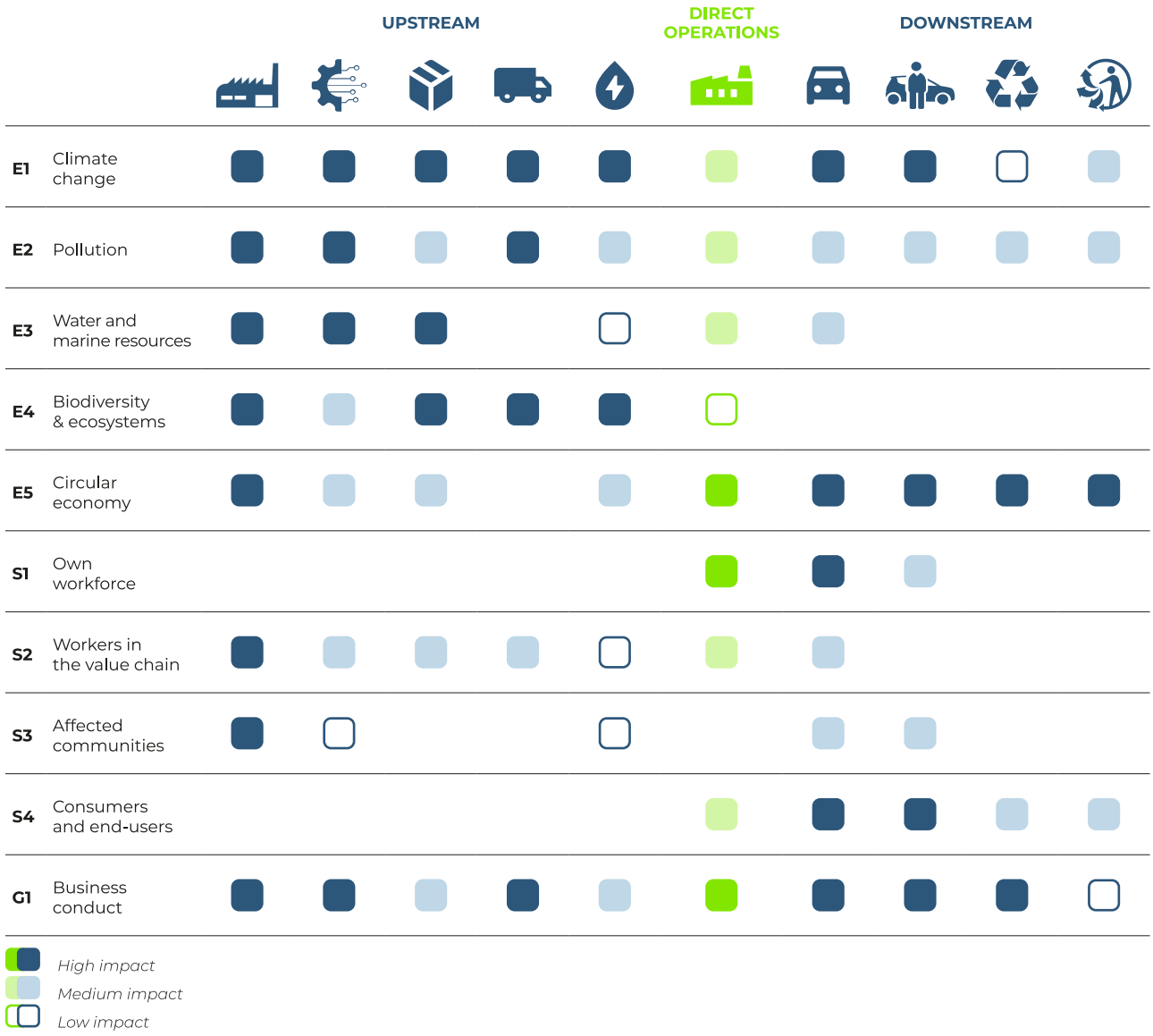
ENVIRONMENT	High impact	Medium impact	Low impact
E1 *Climate change*	■	■	□
E2 *Pollution*	■	■ ■	
E3 *Water & marine resources*	■ ■		□
E4 *Biodiversity & ecosystems*	■	■	□
E5 *Circular economy*	■ ■	■	

SOCIAL	High impact	Medium impact	Low impact
S1 *Own workforce*	■	■	
S2 *Workers in the value chain*		■	□
S3 *Affected communities*		■	□
S4 *Consumers and end-users*	■	■	

GOVERNANCE			
G1 *Business conduct*	■	■	□

Value chain impacts can be mapped as follows.

VALUE CHAIN IMPACT MAPPING



The Group's dependencies were taken into account in terms of the availability of natural, human and social resources at appropriate prices and quality levels, regardless of the potential impacts on these resources. The main dependency, namely supply chain disruption, was considered in the scenario categorization and assessment process.

4.1.1.4.2 Disclosure requirements in ESRS covered by the undertaking's sustainability statements (DR IRO-2)

[ESRS 2 § 56]

The list of disclosure requirements that the Group complied with in preparing the Sustainability Report is presented in section 4.1.6, Appendix 1 "Cross-reference table (DR related to ESRS 2 § 15 and § 56)", page 311.

[ESRS 2 § 59]

The methodology and process for assessing impacts, risks and opportunities is detailed in section 4.1.1.4.1 “Processes to identify and assess material impacts, risks and opportunities”, paragraph “Methodology”, page 206.

CROSS-REFERENCE TABLE BETWEEN ESRS AND IMPACTS, RISKS AND OPPORTUNITIES

Pillars	Topics	IRO	Sections
Environment	**ESRS E1 – CLIMATE CHANGE**		
	Physical risks	R	Section 4.1.2.3.2 "Material impacts, risks and opportunities and their interaction with strategy and business model", page 223
	Climate transition	O	
	GHG emission reduction	I+	
	Energy	R	
	ESRS E2 – POLLUTION		
	Substances of concern and very high concern[1]	R	Section 4.1.2.4.1 "Identification and assessment of material pollution-related impacts, risks and opportunities", page 245
	Substances of concern and very high concern[1]	I-	
	ESRS E3 – WATER AND MARINE RESOURCES		
	Water resources	R	Section 4.1.2.5.1 "Identification and assessment of material water-related impacts, risks and opportunities", page 250
	ESRS E5 – CIRCULAR ECONOMY		
	Resource inflows/resource use	I+	Section 4.1.2.6.1 "Identification and assessment of material impacts, risks and opportunities related to resource use and circular economy", page 255
	Resource outflows/Circular economy (4R program)	O	
	Waste[1]	O	
	Waste[1]	R	

Social	**ESRS S1 – OWN WORKFORCE**		
	Working conditions[1]	R	Section 4.1.3.1.2 "Material impacts, risks and opportunities and their interaction with strategy and business model", page 269
	Working conditions[1]	I-	
	Health and safety[1]	R	
	Health and safety[1]	I-	
	Gender equality and equal pay[1]	R	
	Gender equality and equal pay[1]	I-	
	Training and skills development[1]	R	
	Training and skills development[1]	I-	
	Other work-related/human rights[1]	R	
	Other work-related/human rights[1]	I-	
	ESRS S2 – WORKERS IN THE VALUE CHAIN		
	Other work-related/human rights[1]	R	Section 4.1.3.2.2 "Material impacts, risks and opportunities and their interaction with strategy and business model", page 290
	Other work-related/human rights[1]	I+	
	ESRS S4 – CONSUMERS AND END-USERS		
	Personal safety of consumers and end-users[1]	I+	Section 4.1.3.3.2 "Material impacts, risks and opportunities and their interaction with strategy and business model", page 294
	Personal safety of consumers and end-users[1]	O	
Governance	**ESRS G1 – BUSINESS CONDUCT**		
	Corporate culture[1]	O	Section 4.1.4.2 "Identification and assessment of material impacts, risks and opportunities related to business conduct", page 299
	Corporate culture[1]	I+	
	Supplier relationships[1]	I-	
	Supplier relationships[1]	R	
Specific	**SPECIFIC INFORMATION**		
	Innovation[1]	O	Section 4.1.5.1. "Identification and assessment of material innovation-related impacts, risks and opportunities", page 304
	Innovation[1]	I+	

I- *Negative impact* I+ *Positive impact* R *Risk* O *Opportunity*

(1) For a detailed description of the different scenarios, see the corresponding sections.

Impacts, risks and opportunities are described in each section of this Sustainability Report.

4.1.2 Environmental information

Interview with Jean-Luc di Paola-Galloni, Chief Sustainability Officer, External Affairs, Collaborative Research and Technical Regulation

How would you describe Valeo's specific approach to sustainable development?

Valeo's approach is "Sustainable by Design", which means we are committed to leading the way in sustainable development and consistently going beyond mere regulatory compliance, or simply meeting current customer demand. Valeo's sustainable development policy is promoted among all employees and across the Group's value chain, particularly along its upstream supply chain (with an approach covering all supplier categories and addressing challenges related to critical materials and minerals).

The circular economy is central to our sustainability policy and is embodied in the "4Rs" principle of robust design, remanufacturing, repair and recyclability (as a last option).

What impact does the CSRD have on Valeo's sustainable development strategy and governance?

The CSRD (Corporate Sustainability Reporting Directive) reinforces the cross-functional nature of responsibility for sustainable development, extending it to all levels of the Group and the entire value chain, particularly purchasing. It emphasizes third-party verification, which means we were able to reach out to suppliers representing 92% of the production purchasing volumes. Additionally, the CSRD has played a pivotal role in establishing more cross-functional governance committees that address environmental issues affecting products, industrial operations, climate adaptation and sustainable purchasing. The CSRD also represents an opportunity to showcase all that the Group has already achieved in terms of sustainable development.

"A determination to be a pioneer in sustainable development, consistently going beyond mere regulatory compliance or current customer expectations."

What were the key achievements of 2025 and what are your priorities for the coming years?

Key achievements in 2025 include:

- The harmonization of project management in product design through the rollout of the Carbon Reduction Implementation Plan (CRIP) to reduce the product carbon footprint (PCF) of our solutions.
- Major progress in reducing water consumption, notably through a plan to reduce water usage by 75% at the Martos site, which is Valeo's largest plant in the world.
- Maintaining our leadership positions in ESG ratings (CDP, MSCI), which requires continuous improvement on our part.

The key priorities for the coming years are:

- Resubmission to the Science Based Targets initiative (SBTi) in 2026 of the carbon trajectory within a more stringent framework (1.5°C alignment). This major project aims to recalibrate the 2030 pathway and introduce the concept of carbon offsets (10%) for Net Zero post-2030, accompanied by a projected purchasing budget starting in the coming years.
- Advance circular economy practices (management, product lines and mindset) and working to raise awareness among suppliers beyond mere cost reduction.

Contribution of Valeo's strategy to the Sustainable Development Goals

ENVIRONMENTAL MATTERS

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

COMMITMENTS AND TARGETS:

The Group is committed to a circular economy approach aimed at reducing the consumption of natural resources stemming from its growth and its waste-related environmental impact, and at building a more eco-friendly and economically viable development model (see section 4.1.2.6.2).

Reduction of non-recycled landfilled waste as part of a clearly structured environmental plan (see section 4.1.2.6.4).

13 CLIMATE ACTION

COMMITMENTS AND TARGETS:

Valeo is committed to contributing to carbon neutrality by 2050 and expects to achieve 45% of this objective by 2030. The Group also aims to have 70% of its sites certified for energy management (ISO 50001) by 2030.

4.1.2.1 Environmental policies and commitments

The Group's commitments

The environment is one of the pillars of Valeo's sustainability commitments.

The Group is committed to limiting the environmental impact of its activities and products, from design to use. This includes matters related to climate transition, greenhouse gas (GHG) emission reduction, climate change, energy, substances of concern, water resources, and the circular economy and waste.

Group organization in response to environmental challenges

The management of environmental challenges and policy development are coordinated by the Sustainable Development, External Affairs, Collaborative Research and Technical Regulation Department, in collaboration with the various departments concerned and the managers of the relevant programs (HSE, CAP 50, 4R, etc.).

Action plans are implemented operationally within the Group Divisions under the responsibility of these departments.

Stakeholder integration

The main stakeholders in policies relating to environmental matters:

Internal:

- Managers of the relevant networks (HSE, Sustainable Development, Research and Development, etc.);
- Site, regional and Division HSE managers;
- Maintenance managers responsible for the upkeep and maintenance of facilities;
- Site managers as guarantors of site compliance with the overall policy;
- R&D and industrial managers involved in the development of new products and production resources.

External:

- Local regulatory and environmental authorities in the countries where sites are located;
- Customers through tenders and CSR questionnaires;
- CSR rating and performance assessment agencies (CDP[1], S&P, Sustainalytics, Moody's, EcoVadis).

Water consumption and waste reduction program methodology

Water

The methodology involves:

- a focus on protecting aquifers by avoiding withdrawals for industrial use;
- the reduction of water withdrawals;
- a reduction in consumption, particularly in water-stressed regions and high-consumption sites;
- quality control of discharges (widespread installation of treatment stations where necessary).

Waste

The methodology involves reducing:

- waste production from the product design stage (R&D network);
- upstream and downstream *packaging* (supply chain network);
- waste production and on-site recovery (industrial network/ operations).

Note that the Group prohibits landfilling when alternative solutions exist, and works with its suppliers to develop new waste recovery processes.

(1) *See section 4.1.7 "Sustainable development glossary", page 357.*

Setting environmental targets and metrics

Environmental metrics under the responsibility of HSE teams[1]

Targets are set over a five-year period from a base year, based on achievable estimates. These targets are set by the Group Health, Safety and Environment (HSE) Director and submitted to the Group Executive Committee for review and validation at the beginning of each five-year period. They are then broken down on a straight-line basis for each year of the period. Metrics are reviewed annually.

Other environmental metrics[2]

Targets and metrics related to the Group's other environmental challenges, particularly in terms of circular economy, contribution to carbon neutrality, climate change adaptation and mitigation, are the responsibility of the 4R, CAP 50, R&D and Purchasing networks, in coordination with Sustainable Development.

4.1.2.2 European Green Taxonomy

4.1.2.2.1 Context

Measuring sustainability

The national and European legal frameworks and growing number of initiatives geared toward measuring business sustainability (TCFD, EFRAG, Platform on Sustainable Finance, etc.) are increasing the transparency of companies as they measure the sustainability of their business models and report on related indicators.

A key component of the European Commission's action plan on sustainable finance aimed at redirecting capital flows toward a more sustainable economy, the European Taxonomy Regulation[3] is part of this process. The European Taxonomy, a classification system for environmentally "sustainable" economic activities, is a major step toward the European Union's objective of achieving carbon neutrality by 2050.

As part of the Omnibus package, the European Commission adopted a Delegated Act[4] on July 4, 2025, amending the provisions of the EU Taxonomy. The final text was published in the Official Journal of the European Union on January 8, 2026. Valeo is applying these new provisions to its 2025 disclosures.

4.1.2.2.2 Summary of KPIs

In the following section, Valeo, as a non-financial undertaking, presents the share of the Group's sales (turnover), capital expenditure (CapEx) and operating expenditure (OpEx) in 2025 related to economic activities that are eligible for the European Taxonomy under the six objectives, in accordance with Article 8 of the Taxonomy Regulation.

To meet the regulatory alignment requirements, Valeo analyzed its compliance with the substantial contribution criteria, the generic criteria of the "do no significant harm" principle as regards climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, protection and restoration of biodiversity and ecosystems, and the minimum safeguards in respect of human rights.

This analysis showed that Valeo's eligible activities are aligned with these generic criteria.

The regulatory tables respecting the format required by the Annexes to the Taxonomy Regulation, are presented in the dedicated section below. They were updated in 2025 in line with the new Taxonomy Delegated Act.

Eligibility

Based on Valeo's analyses, as set out below, the Taxonomy-eligible KPIs in 2025 are as follows:

		Turnover		CapEx		OpEx	
		2025	2024	2025	2024	2025	2024
	PROPORTION ELIGIBLE FOR THE TAXONOMY	**23.0%**	**17.5%**	**8.7%**	**15.0%**	**21.8%**	**20.6%**
Climate change mitigation	3.4 Manufacture of batteries	6.5%	2.7%	2.1%	5.9%	4.6%	4.1%
	3.18 Manufacture of automotive and mobility components	5.4%	4.6%	6.1%	6.8%	14.6%	14.1%
	3.6 Manufacture of other low carbon technologies	9.2%	8.1%	0.4%	1.4%	2.6%	2.4%
	6.5 Transport by motorbikes, passenger cars and light commercial vehicles	—%	—%	—%	0.9%	—%	—%
Transition to a circular economy	5.1 Repair, refurbishment and remanufacturing	0.3%	0.3%	0.1%	—%	—%	—%
	5.2 Sale of spare parts	1.7%	1.8%	—%	—%	—%	—%
	PROPORTION NOT ELIGIBLE FOR THE TAXONOMY	**77.0%**	**82.5%**	**91.3%**	**85.0%**	**78.2%**	**79.4%**

(1) Metrics related to the following ESRS: E1 – Scope 1 & 2 emissions, E2, E3 and E5 – including waste.
(2) Metrics related to the following ESRS: E1 – Scope 3 emissions, E4 and E5 – excluding waste.
(3) Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088.
(4) Regulation (EU) 2026/74 simplifying the content and presentation of information to be disclosed concerning environmentally sustainable activities, and simplifying certain technical screening criteria for determining whether economic activities cause no significant harm to environmental objectives.

In 2025, the scope of Valeo products included in economic activity 3.4 evolved with the integration of new references.

The proportion of sales (turnover) from Taxonomy-eligible activities was up 5.5 percentage points in 2025 compared to the previous year. Part of this increase (2.7 percentage points) is due to growth in sales of products included in the three eligible activities contributing to the climate change mitigation objective. The remainder (2.8 percentage points) is due to the broader scope of Taxonomy-eligible products.

The proportion of sales from eligible activities contributing to the transition to a circular economy objective remains fairly stable, in line with the Group's circular economy strategy. However, these sales continue to represent a minor proportion of total sales.

The proportion of eligible CapEx is down sharply on 2024 (6.3 percentage points lower). This is consistent with the fall in capitalized R&D and capital expenditure (machinery, etc.) across the Group. This decline is particularly noticeable in thermal solutions for batteries (economic activity category 3.4), which was 3.8 percentage points lower. Additionally, in 2025, Valeo no longer disclosed eligible CapEx for activity 6.5 “Transport by motorbikes, passenger cars and light commercial vehicles” under the climate change mitigation objective. This follows the application of the materiality threshold introduced by the July 4, 2025 Delegated Act. The impact is a decrease of 0.9 percentage points.

The slight increase in the proportion of Taxonomy-eligible OpEx (up 1.2 percentage points) is divided evenly between the three Taxonomy-eligible activities.

Alignment

Based on Valeo's analyses, as set out below, the Taxonomy-aligned KPIs in 2025 are as follows:

		Turnover		CapEx		OpEx	
		2025	2024	2025	2024	2025	2024
	PROPORTION ALIGNED WITH THE TAXONOMY	**23.0%**	**17.5%**	**8.7%**	**14.1%**	**21.8%**	**20.6%**
Climate change mitigation	3.4 Manufacture of batteries	6.5%	2.7%	2.1%	5.9%	4.6%	4.1%
	3.18 Manufacture of automotive and mobility components	5.4%	4.6%	6.1%	6.8%	14.6%	14.1%
	3.6 Manufacture of other low carbon technologies	9.2%	8.1%	0.4%	1.4%	2.6%	2.4%
	6.5 Transport by motorbikes, passenger cars and light commercial vehicles	—%	—%	—%	—%	—%	—%
Transition to a circular economy	5.1 Repair, refurbishment and remanufacturing	0.3%	0.3%	0.1%	—%	—%	—%
	5.2 Sale of spare parts	1.7%	1.9%	—%	—%	—%	—%
	PROPORTION NOT ALIGNED WITH THE TAXONOMY	**77.0%**	**82.5%**	**91.3%**	**85.9%**	**78.2%**	**79.4%**

In 2025, for the three financial indicators, the proportion of eligible activities is exactly equal to the proportion of aligned activities.

4.1.2.2.3 Analysis of Valeo's economic activities eligible for the European Taxonomy

For 2025, Valeo is reporting its economic activities eligible for the European Taxonomy:

- for the climate change mitigation objective, according to the conditions described within activities 3.4 “Manufacture of batteries”, 3.18 “Manufacture of automotive and mobility components” and 3.6 “Manufacture of other low carbon technologies”;
- for the transition to a circular economy, according to the conditions described within activities 5.1 "Repair, refurbishment and remanufacturing", and 5.2 "Sale of spare parts".

Valeo does not report sales (turnover), CapEx, or OpEx for activity 1.2 "Manufacture of electrical and electronic equipment" within the transition to a circular economy objective, considering it not applicable to its products for the following reasons:

- It references Directives 2011/65 and 2012/19, which exclude automotive industry equipment. Automotive equipment falls under the End-of-Life Vehicles Directive (2000/53), which is not referenced in either the activity description or the draft FAQ published by the European Commission on November 29, 2024;
- The technical substantial contribution criteria are based on regulatory frameworks and technical standards that are mostly not applicable to the automotive industry. As currently drafted, the technical criteria cannot be applied or transposed to automotive electronic equipment.

In the event of further clarification, the Group may revise this position.

In addition, in 2025, Valeo no longer reported on activity 6.5 “Transport by motorbikes, passenger cars and light commercial vehicles” under the climate change mitigation objective. This follows the application of the materiality threshold introduced by the July 4, 2025 Delegated Act. Until 2024, Valeo disclosed the amounts for new lease contracts related to company vehicles made available to certain Group employees under the CapEx indicator for this activity. In 2025, these expenses represented 0.6% of total CapEx.

The table below summarizes the activities considered by Valeo to be eligible in 2025:

	Eligible activity under the Climate Delegated Act	Corresponding Valeo Group activity	Relevant KPIs		
			Turnover	CapEx	OpEx
Climate change mitigation	3.4 Manufacture of batteries	Manufacture of batteries and parts necessary for the operation of batteries	✘	✘	✘
	3.18 Manufacture of automotive and mobility components	Manufacture of components essential for delivering and improving the environmental performance of electric vehicles	✘	✘	✘
	3.6 Manufacture of other low carbon technologies	Technologies that provide substantial CO_2 emissions reductions at the vehicle level and demonstrate a superior level of carbon performance compared to the best known market benchmark	✘	✘	✘

	Eligible activity under the Environment Delegated Act	Corresponding Valeo Group activity	Relevant KPIs		
			Turnover	CapEx	OpEx
Transition to a circular economy	5.1 Repair, refurbishment and remanufacturing	Remanufacturing of parts, i.e., their reconditioning via an industrial manufacturing process (alternators, starters and compressors)	✘	✘	✘
	5.2 Sale of spare parts	Lighting business aftermarket	✘	✘	✘

Application to Valeo's activities

Valeo has performed a detailed analysis of all activities within the Group's consolidated entities (see Chapter 5, section 5.4.6, Note 14 "List of consolidated companies", page 450). Companies over which the Group exercises joint control or significant influence are therefore excluded from the scope of analysis and from the calculation of the ratios defined by the Delegated Act supplementing Article 8 of the Taxonomy Regulation published on July 6, 2021.

This analysis is based on the Regulation as available at December 31, 2025.

Climate change mitigation objective

Activity 3.4 "Manufacture of batteries"

Products developed and sold by Valeo that are eligible for the Taxonomy under activity 3.4 include sales of all components intended for the operation of the battery in an electric or hybrid vehicle (battery thermal management module, packaging and casing, voltage converters, charging connector).

Activity 3.18 "Manufacture of automotive and mobility components"

Valeo products eligible for this category are those essential to the environmental performance of electric vehicles (i.e., with zero direct CO_2 emissions):

- either essential to the vehicle's electrification (engine-related components);
- or essential to improving its environmental performance (thanks to substantial weight reduction, improved aerodynamics or optimized energy efficiency).

Valeo products eligible under both activity 3.4 and activity 3.18 are assigned to activity 3.4, in accordance with the Taxonomy Regulation.

Activity 3.6. "Manufacture of other low carbon technologies"

Since 2022, given the multi-sectoral nature of the alignment criteria for activity 3.6, Valeo has elected to include this activity in its disclosures with a view to structuring a methodological proposal aimed at applying the Taxonomy in the context of its automotive products and methodologies.

Valeo includes in this activity technologies for which it is possible to demonstrate a substantial contribution to CO_2 emissions savings at vehicle level, including work to reduce upstream and downstream Scope 3 emissions. The factors allowing a carbon impact reduction of that nature (taking into account all stages of a product's life cycle) are mainly, but not exclusively, a reduction in mass, a reduction in the carbon footprint of the materials used, and an improvement in the energy performance of the component in the use. This work is an integral part of Valeo's Carbon Neutrality Contribution Plan (see section 4.1.2.3.4 "CAP 50: Transition plan for climate change mitigation", section 4.1.2.3.6 "Actions and resources in relation to climate change policies", section 4.1.2.3.7 "A clear vision for contributing to carbon neutrality by 2050 with an ambitious intermediate target for 2030", section 4.1.2.3.9 "Reduction of greenhouse gas emissions within the framework of the Carbon Neutrality Contribution Plan for 2050", pages 229, 236, 238 and 242).

To assess the eligibility of products for this activity, Valeo referred to multiple criteria including substantial contribution to vehicle weight reduction or to energy performance, reduction in CO_2 emissions assessed on a full life cycle basis or the existence of substantial gains associated with products recognized as eco-innovations by the European Commission.

Taxonomy-eligible products developed and sold by Valeo under activity 3.6 include propulsion and lighting technologies.

Valeo products eligible under both activity 3.18 and activity 3.6 are assigned to activity 3.18, in accordance with the Taxonomy Regulation.

Activity 6.5 "Transport by motorbikes, passenger cars and light commercial vehicles"

In 2025, Valeo no longer reported on activity 6.5 “Transport by motorbikes, passenger cars and light commercial vehicles” under the climate change mitigation objective. This follows the application of the materiality threshold introduced by the July 4, 2025 Delegated Act.

Up until 2024, in this activity under the CapEx indicator, Valeo disclosed the amount of new leases for company vehicles made available to certain Group employees.

Transition to a circular economy objective

Activity 5.1 "Repair, refurbishment and remanufacturing"

Valeo has a longstanding business in remanufacturing (or renovating) automobile parts with a view to giving them a new life. These parts, collected from a network of garages and repair shops, undergo a comprehensive industrial remanufacturing process that gives them the same quality and performance as new parts. The range of remanufactured parts mainly includes alternators, starters and compressors, and was expanded to include new products (cameras, bicycle batteries, headlamps, etc.), thus covering all of the Group’s divisions.

Activity 5.2 "Sale of spare parts"

Valeo sells spare parts to automakers and independent aftermarket operators. The eligibility criteria for this Taxonomy activity specify the associated NACE codes. Based on a prescriptive reading of these NACE codes, the aftermarket of Valeo's lighting activity is the only one to fall under the Taxonomy sale of spare parts activity.

4.1.2.2.4 Methodology note

Analysis of European Taxonomy financial KPIs

Based on the Group's management and consolidation data, Valeo can extract data relating to sales (turnover), investments (CapEx), as well as non-capitalized Research and Development expenditure, maintenance costs and short-term leases (OpEx), in accordance with the definitions in Article 8 of the Delegated Act, Annex I, Section 1.1.

Intra-Group operations are not taken into account in the Taxonomy KPIs. Valeo's allocation of turnover (sales), CapEx and OpEx to the various Taxonomy-eligible activities avoids double counting.

Turnover

Assumptions used to calculate eligibility

The KPI's numerator comprises the sales generated by the Group's eligible activities. Reported sales figures are taken from Valeo's accounting and consolidation systems. The Group also uses allocation keys derived from the sales database to estimate the allocation of sales of a product family based on the engine of the vehicles equipped.

The denominator corresponds to the consolidated sales of the Valeo Group for the year ended December 31, 2025 (see Chapter 5, section 5.4.6 “Notes to the consolidated financial statements”, Note 5.1 "Sales", page 396).

Assumptions used to calculate alignment

For the three activities of the climate change mitigation objective for which eligible turnover is reported, Valeo reports the same amounts for alignment, as the substantial contribution criteria, the generic criteria of the "do no significant harm" principle and compliance with the minimum safeguards are met (see below).

With regard to the transition to a circular economy objective, Valeo has performed an analysis of the substantial contribution criteria, the generic criteria relating to the "do no significant harm" principle, and the minimum safeguards for the two activities for which eligible turnover is declared. This analysis showed that Valeo's eligible activities are aligned with the transition to a circular economy objective.

Capital expenditure (CapEx)

Assumptions used to calculate eligibility

The KPI's numerator comprises the Group's capital expenditure, corresponding to purchases of property, plant and equipment and intangible assets, including right-of-use assets (IFRS 16), recorded in 2025, before depreciation and amortization, that can be allocated to a Taxonomy activity.

First, the Group analyzed capital expenditure related directly to eligible turnover-generating activities as detailed above.

Second, the analysis of the new long-term leased assets recognized under IFRS 16 made it possible to identify the new right-of-use assets associated with company vehicles. Until 2024, Valeo reported these expenses in activity 6.5, “Transport by motorbikes, passenger cars and light commercial vehicles”, of the climate change mitigation objective. In 2025, the Group no longer reports this activity due to the application of the materiality threshold introduced by the delegated act of July 4, 2025. Indeed, in 2025, these expenditures represent 0.6% of total CapEx.

The denominator of the Group’s capital expenditure KPI corresponds to the Group’s total capital expenditure relating to purchases of property, plant and equipment, and intangible assets, including right-of-use assets (IFRS 16), recorded in 2025, before depreciation and amortization. The denominator in 2025 represents 2,034 million euros and comprises total acquisitions of intangible assets of 963 million euros (see Chapter 5, section 5.4.6, Note 7.2 "Other intangible assets" of the notes to the consolidated financial statements, page 414) and total acquisitions of property, plant and equipment of 1,071 million euros (see Chapter 5, section 5.4.6, Note 7.3 "Property, plant and equipment" of the notes to the consolidated financial statements, page 416).

Assumptions used to calculate alignment

As with turnover, all CapEx eligible for Taxonomy activities 3.4, 3.18, 3.6, 5.1 and 5.2 has been reported as aligned.

Operating expenditure (OpEx)

Assumptions used to calculate eligibility

Operating expenditure (OpEx) consists of:

- non-capitalized Research and Development expenditure, i.e., gross R&D expenditure less capitalized development expenditure (see Chapter 5, section 5.4.6, Note 7.2 "Other intangible assets" of the notes to the consolidated financial statements, page 414);
- maintenance, upkeep and repair expenses;
- short-term leases.

The sum of these expenses represents the denominator of the OpEx KPI.

The KPI's numerator comprises operating expenses related to the Taxonomy activities set out above, whose turnover is eligible.

Assumptions used to calculate alignment

As with turnover, all OpEx eligible for taxonomy activities 3.4, 3.18, 3.6, 5.1 and 5.2 has been reported as aligned.

Analysis of the generic criteria relating to the "do no significant harm" principle and minimum safeguards

The analysis of the generic criteria relating to the "do no significant harm" principle and minimum safeguards covers Valeo's entire product portfolio. Under the Regulation, these criteria only apply to Valeo's Taxonomy-eligible activities.

The analysis of the other criteria and the minimum safeguards is common to Valeo's Taxonomy-eligible activities under the climate change mitigation and transition to a circular economy objectives.

Details are provided below.

Generic criteria relating to the "do no significant harm" principle

Climate change mitigation

Most of Valeo's activities do not involve on-site production of heat or cold. Where this is the case (mainly furnaces), the use of gas results in GHG emissions below the limit of 270 $gCO_2eq./kWh$ (global emission factor: 239 $gCO_2eq./kWh$).

In addition, the Group's CAP 50 strategy (see section 4.1.2.3 "Climate strategy", page 221) covers transportation-related emissions, including for remanufacturing activities.

Climate change adaptation

To strengthen its understanding of the impacts of climate change on the Group's physical assets (physical risks), Valeo has carried out an analysis of its exposure to the impacts of climate change across its entire scope of consolidation, including the risks linked to changes in temperature and in the management of water, wind and soil resources in the SSP2-4.5 and SSP5-8.5 Representative Concentration Pathway scenarios for 2030 and 2050.

This analysis, carried out using climate modeling tools developed by leading players in the field, served to characterize and assess the nature and likely intensity of the risk. It was carried out at the level of a plant or office, which at this stage is the most granular and relevant level available for a manufacturing company.

The analysis is part of broader efforts to gain a better understanding of Valeo's exposure to the risks associated with the consequences of climate change. To date, this effort has been complemented by seven dedicated site audits and initiatives to strengthen on-site tools and preventive measures (see section 4.1.2.3.3.1, “Analysis of physical and transition risks”, page 224).

Transition to a circular economy

Valeo adopted a circular economy strategy in 2021. It is based on a 4R approach aimed at remanufacturing parts, i.e., reconditioning them via an industrial manufacturing process, repairing and recycling them, and ensuring that they remain robust over time.

This approach draws on careful resource consumption, eco-design policies, and the management of waste and hazardous materials (see section 4.1.2.1 "Environmental policies and commitments", page 213).

Sustainable use and protection of water and marine resources

Valeo has a longstanding policy on water management, which includes reducing water withdrawals and consumption, minimizing industrial effluents and gradually phasing out the use of water from natural sources where possible. Valeo has installed various equipment to limit the risk of pollution (non-return valves, retention zones, etc.) and to better understand the impact of its water consumption based on the geographic location of its sites. Some of these analyses are disclosed transparently via CDP *Water* and are available on the dedicated website.

Pollution prevention and control regarding use and presence of chemicals

Valeo has policies and tools designed to ensure that its products and those of its suppliers comply with the requirements of European regulations on the use of regulated chemicals. All its products accordingly comply with applicable regulations, notably those governing the use of persistent organic pollutants (POPs), mercury and mercury compounds, fluorochemicals, substances covered by Regulation 1907/2006 (REACH[1]) and the End-of-Life Vehicle (ELV[1]) Directive. In accordance with the requirements of Appendix C of the Taxonomy Regulation, as revised on June 27, 2023, the use of substances characterized under Articles 57 and 59 of the REACH Regulation is conditional on their use under controlled conditions and the non-availability of suitable substitutes. The Group systematically evaluates and documents these exemption conditions based on the use of the chemical substances concerned. The Group ensures this through the International Material Data System (IMDS[1]), which allows it to ensure that its suppliers meet the same requirements. In the remanufacturing and spare parts distribution activities, the few products intended for the independent aftermarket that are not tracked in this system are subject to systematic verification with suppliers and through REACH compliance declarations for all purchased components in accordance with the Group's purchasing and aftermarket policies and procedures.

Based on a representative sample of its platforms and products, Valeo implemented a complementary verification methodology for the information reported in IMDS. This methodology confirmed that the policies and tools in place ensure regulatory compliance and the traceability of materials and substances, as well as compliance with the framework established by the European Taxonomy for the use of regulated substances and authorized thresholds.

Protection and restoration of biodiversity and ecosystems

In line with local regulations in the countries where the Group operates, Valeo has implemented policies aimed at preserving and protecting flora and fauna near its sites (such as natural areas of ecological, fauna and flora interest (ZNIEFF) in France, see section 4.2.1.2.1 "Policies related to biodiversity", page 366). Valeo's commitment to protect biodiversity is further demonstrated by the environmental compliance analyses carried out at its sites and specifically on the Group's new acquisitions. In the event of proven damage to biodiversity and ecosystems, Valeo has implemented appropriate restoration measures.

Minimum safeguards

With regard to the minimum safeguards set out in the Taxonomy Regulation, Valeo has longstanding policies and tools that enable it to meet requirements in respect of:

- human rights, through the existence of adequate policies and risk management, supported by dedicated tools, such as internal and external whistleblowing procedures for its employees and suppliers, together with a package of sanctions. In 2025, Valeo was not subject to any convictions relating to a breach of its duty of care policies in terms of human rights;
- corruption, through the existence of policies and a risk management approach;
- taxation, through the existence of a tax policy based on taxation in the country of production;
- compliance with competition laws, through the existence of a set of anti-fraud and anti-corruption training programs that are updated annually and mandatory for the entire population exposed to this risk.

Thanks to its internal procedures, risk management policy and the absence of disputes relating to the minimum safeguards, Valeo can declare its products meet the minimum safeguards provision of the Taxonomy.

[1] *See section 4.1.7 “Sustainable development glossary”, page 357.*

4.1.2.2.5 Taxonomy KPI tables

The tables on the following pages (pages 219 to 220) set out the figures for the three Taxonomy KPIs – turnover, CapEx and OpEx – for 2025.

2025					Breakdown of Taxonomy-aligned activities by environmental objective										
KPI	Total	Proportion of Taxonomy-eligible activities	Taxonomy-aligned activities	Proportion of Taxonomy-aligned activities	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Proportion of enabling activities	Proportion of transitional activities	Activities not assessed, not considered material	Taxonomy-aligned activities in the previous fiscal year (Y-1)	Proportion of Taxonomy-aligned activities in the previous fiscal year (Y-1)
	EUR	*%*	*EUR*	*%*	*%*	*%*	*%*	*%*	*%*	*%*	*%*	*%*	*%*	*EUR*	*%*
Turnover	20,903	23%	4,812	23%	21%				2%		21%			3,755	17%
CapEx	2,034	9%	177	9%	9%				—%		9%		1%	330	14%
OpEx	1,828	22%	399	22%	22%				—%		22%			401	21%

Turnover

2025					Taxonomy-aligned activities by environmental objective								
Economic activities	Code	Taxonomy-eligible sales (turnover)	Taxonomy-aligned sales (turnover)	Taxonomy-aligned sales (turnover)	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Enabling activity	Transitional activity	Proportion of Taxonomy-aligned versus Taxonomy-eligible
		%	*EUR*	*%*	*%*	*%*	*%*	*%*	*%*	*%*	*(E)*	*(T)*	*%*
Manufacture of batteries	CCM 3.4	7%	1,360	7%	7%						7%		100%
Manufacture of other low carbon technologies	CCM 3.6	9%	1,913	9%	9%						9%		100%
Manufacture of automotive and mobility components	CCM 3.18	5%	1,129	5%	5%						5%		100%
Repair, refurbishment and remanufacturing	CE 5.1	0.3%	55	0.3%					0.3%				100%
Sale of spare parts	CE 5.2	2%	355	2%					2%				100%
Aggregate alignment by objective					21%				2%				
Total turnover		23%	4,812	23%	21%				2%		21%		100%

CapEx

2025

Economic activities	Code	Taxonomy-eligible CapEx	Taxonomy-aligned CapEx	Taxonomy-aligned CapEx	Taxonomy-aligned activities by environmental objective: Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Enabling activity	Transitional activity	Proportion of Taxonomy-aligned versus Taxonomy-eligible
		%	EUR	%	%	%	%	%	%	%	(E)	(T)	%
Manufacture of batteries	CCM 3.4	2%	42	2%	2%						2%		100%
Manufacture of other low carbon technologies	CCM 3.6	0.4%	8	0.4%	0.4%						0.4%		100%
Manufacture of automotive and mobility components	CCM 3.18	6%	125	6%	6%						6%		100%
Repair, refurbishment and remanufacturing	CE 5.1	0.1%	1	0.1%					0.1%				100%
Aggregate alignment by objective					9%				0.1%				
Total CapEx		9%	177	9%	9%				0.1%		9%		100%

OpEx

2025

Economic activities	Code	Taxonomy-eligible OpEx	Taxonomy-aligned OpEx	Taxonomy-aligned OpEx	Taxonomy-aligned activities by environmental objective: Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Enabling activity	Transitional activity	Proportion of Taxonomy-aligned versus Taxonomy-eligible
		%	EUR	%	%	%	%	%	%	%	(E)	(T)	%
Manufacture of batteries	CCM 3.4	5%	84	5%	5%						5%		100%
Manufacture of other low carbon technologies	CCM 3.6	3%	48	3%	3%						3%		100%
Manufacture of automotive and mobility components	CCM 3.18	15%	267	15%	15%						15%		100%
Aggregate alignment by objective													
Total OpEx		22%	399	22%	22%						22%		100%

4.1.2.2.6 Adjusted key performance indicators in the event of a sustainable bond issue

Taxonomy reporting requires the disclosure of adjusted key performance indicators in the event of a sustainable bond issue. In accordance with the requirements specified in the October 20, 2023 FAQ, and in order to avoid double-counting by investors, Valeo reports its Taxonomy-aligned turnover, CapEx and OpEx adjusted for projects benefiting from a sustainable bond issue.

The Group issued an inaugural 600 million euro green bond in October 2023, followed by a second 850 million euro issue in April 2024 and a further two 650 million euro and 500 million euro issues in May and September 2025 respectively (see section 4.1.2.3.4 "CAP 50: Transition plan for climate change mitigation", paragraph "Financing", page 234). According to the Green Financing Framework, the fund allocation period covers two calendar years before the issue and two years after the issue of the bonds, whereas the Taxonomy reporting only covers the period from January 1 to December 31, 2025.

The methodology for identifying Taxonomy-aligned projects financed by green bonds is detailed in the Green Allocation Report (available on Valeo.com). To date, only projects in economic activities aligned with the climate change mitigation objective are concerned, and exclusively for electric vehicles.

Adjusted Taxonomy-aligned key performance indicators

	A.1. Environmentally sustainable activities (Taxonomy-aligned)	
2025	**Reported alignment**	**Adjusted alignment**
Turnover	23%	20%
CapEx	9%	3%
OpEx	22%	7%

4.1.2.3 Climate strategy (ESRS E1)

MATTERS	POLICIES & ACTIONS	METRICS*
CLIMATE CHANGE ADAPTATION *(1 risk)*	• Climate change adaptation policy • Analysis of the Group's exposure • Rollout of an adaptation framework for operational sites	**7** Sites audited for vulnerability and adaptation
CLIMATE CHANGE MITIGATION *(1 opportunity & 1 positive impact)*	• CAP 50 Plan, Carbon Neutrality Contribution Plan	**39.4 $MtCO_2eq.$** total GHG emissions under the CAP 50 plan
ENERGY *(1 risk)*	• Energy efficiency policy • ISO 50001 certification	**64%** low-carbon electricity purchased **111** ISO 50001-certified sites ***69%** certified sites*

* *2025 data.*

A long-term commitment

The Group first embraced the challenges of sustainable development with a remanufacturing business in 1982, before gradually stepping up its sustainable development activities. Since 2010, it has placed the reduction of GHG emissions at the heart of its development strategy. In 2021, Valeo launched its Carbon Neutrality Contribution Plan, followed by the implementation of a circular economy program (4R program) and the launch of a climate change adaptation plan.

VALEO'S LONGSTANDING COMMITMENT

1982 — Valeo launches its remanufacturing activity

2004 — Valeo invents Stop-Start technology

2005 — Signing of the United Nations Global Compact (UNGC)

2010 — Jacques Aschenbroich then CEO of Valeo, defines the reduction of CO_2 emissions as a strategic priority and creates the Sustainable Development Department

2011 — Valeo publishes its first Sustainable Development Report

2016 — Valeo joins the Dow Jones World Sustainability Index (DJSI). This recognition underlines its strategy, performance and transparency in terms of sustainable development

2019 — Valeo is rated AAA by the non-financial rating agency MSCI, and ranks first in the automotive part manufacturers group

2021 — Valeo unveils its CAP 50 plan, defining the Group's commitments to contribute to carbon neutrality

2022 — Valeo becomes one of the first leading automotive suppliers to publish a climate report

Valeo attends COP27

Launch of the first circular electronics laboratory in Nevers, France

2023 — Launch of Canopy, Valeo's first eco-designed product to reduce CO_2 emissions

Valeo attends COP28

2024 — Rollout of the 4R program

Stakeholder Day

Invitation to participate in the Global Task Force on Circularity and Sustainability 50

2025 — Publication of the first CSRD-compliant sustainability statement

A rating received for CDP Climate and CDP Water

Carbon Neutrality Contribution Plan

In 2021, Valeo launched a plan to reduce its carbon footprint according to SBTi criteria[1] (see section 4.1.2.3.4 "CAP 50: Transition plan for climate change mitigation", page 229), aiming by 2030 at:

- reducing its emissions by 17% across all scopes, resulting from a 75% reduction across all of its own operations (Scopes 1 and 2) and a 15% reduction on its upstream (Scope 3, category 1) and downstream (Scope 3, category 11) scope compared with 2019. Scope 3, categories 1 and 11 accounted for 92% of all Scope 3 emissions in 2019, the baseline year;
- achieving 13.6 Mt in greenhouse gas emissions avoided by third parties thanks to Group technologies.

Valeo also accounts for the reduction of its emissions in terms of intensity relative to its sales. The intensity target relative to sales was set at 2.06 $ktCO_2/€m$ in 2025.

This plan is based on annual greenhouse gas reductions and action plans within each functional network. Not all emission items have the same impact on achieving the 2030 target. In 2019, Valeo emitted nearly 50 $MtCO_2eq.$, of which 39 $MtCO_2eq.$ from the product use phase and 9 $MtCO_2eq.$ from the use of materials in the manufacture of Valeo products.

4.1.2.3.1 Integration of sustainability-related performance in incentive schemes (DR related to ESRS 2 GOV-3)

[ESRS E1 § 13]

Climate-related considerations are factored into the compensation of Valeo's senior executives and a large proportion of its managers, notably in the part linked to the Carbon Neutrality Contribution Plan. The integration of sustainability-related performance in incentive schemes is described in section 4.1.1.2.3 "Integration of sustainability-related performance in incentive schemes", page 196.

[1] *See section 4.1.7 "Sustainable development glossary", page 357.*

4.1.2.3.2 Material impacts, risks and opportunities and their interaction with strategy and business model (DR related to ESRS 2 SBM-3)

[ESRS E1 § 18]

Pillar	Description of matter	IRO	Position in the value chain	Time horizon
	ESRS E1 – CLIMATE CHANGE			
Environment	**Physical risk** An increase in the frequency of extreme or chronic weather events (e.g., water stress, heat waves, floods, extreme precipitation, wind) could disrupt or even interrupt certain operations at various levels of the production and logistics chains and adversely impact the Group's financial position (loss of sales, financial penalties).	R	— — —	**MT**
	Climate transition The climate transition represents a growth opportunity for the Group, driven by the development of a broad range of electrification solutions and the emergence of new forms of mobility and new uses, despite a slowdown in the transition to electric vehicles.	O	— — —	**MT**
	GHG emission reduction Positive impact on the environment linked to: (i) the reduction of the Group's emissions resulting from its own activities; (ii) avoided emissions for automakers and end-users thanks to Valeo's products; and (iii) the reduction of emissions among suppliers, which, like Valeo, must improve their own carbon footprint to satisfy their customers' requirements.	I+	— — —	**MT**
	Energy Risk for the Group of failing to achieve energy efficiency and to reorient the energy mix towards less carbon-intensive resources. Rising energy costs could have a material impact on the Group's financial position.	R	— — —	**MT**

I- *Negative impact* I+ *Positive impact* R *Risk* O *Opportunities*

Upstream *Own activities* *Downstream*

ST Short term **MT** Medium term **LT** Long term

[ESRS E1 § 19]

Valeo's resilience analysis covers the entire Group scope.

In 2021, Valeo was one of the first automotive suppliers to publish a climate report based on the TCFD framework (available on the Valeo.com website). The report included two scenarios for resilience and the evolution of global mobility through 2030.

In 2025, the Group repeated this process, for publication in 2026, in line with the TCFD recommendations for regular publications. By doing this, the Group will be able to provide mid-term outcomes of decarbonization policies. A cross-reference table is provided in this document (see section 4.1.6, Appendix 4 "GRI – SASB – TCFD cross-reference table", page 330).

The methodology and results of the resilience analysis are presented in sections 4.1.2.3.3.1 "Analysis of physical and transition risks", page 224, and 4.1.2.3.3.2 "Adaptation of strategy and business model", page 228.

For over a decade, Valeo has been investing in technologies that place its product portfolio at the heart of the automotive industry's shift towards safer, greener and more connected mobility solutions.

Since 2024, electric vehicle sales have slowed in certain geographic areas, particularly in Europe. This has prompted automakers to rethink their electrification strategies.

Hybrid vehicles, seen as a more affordable alternative, gained in popularity. Despite the slowdown, the underlying trend remains positive, driven by a broader range of vehicles and technological progress.

The Group had anticipated that the electrification transition period would be very uneven across market regions. The situation was also compounded by an international environment characterized by geopolitical tensions and inflation. For this reason, Valeo retains a product portfolio that addresses all levels of electrification and all segments of passenger and commercial vehicles.

Moreover, Valeo's strategic approach is to focus on the most profitable activities through selective order intake.

It should be noted that more than half the Group's sales are agnostic to the electrification penetration rate.

BRAIN Division

Since 2022, the BRAIN Division has won important and significant orders related to ADAS and software-defined vehicles (SDVs). The Group is seizing all opportunities related to the development of SDV activities, artificial intelligence and the development of software-related businesses.

Independently of powertrain developments, the markets for ADAS and, more generally, for driving automation and the Interior Experience, are set to experience a period of strong growth: already, 90% of newly manufactured vehicles are equipped with driver assistance systems, and 50% with autonomy levels 2 and 2+. Valeo intends to take advantage of the increase in its content per vehicle along with higher margins for sensors, high-performance computing units, the new centralized electronic architecture of the software-defined vehicle (SDV) and more generally, the increasingly important role that software plays in mobility.

LIGHT Division

Valeo LIGHT is a world leader in lighting systems, wiper systems and sensor cleaning systems, focused on safety, style, performance and durability. Innovations are designed to reinforce brand identity, enable customization, enhance the user experience and support the acceleration of autonomous vehicles.

The Division's top priority is the safety of drivers and passengers, as well as other road users. Its innovative lighting and wiper solutions ensure optimum visibility in all weather conditions, both for drivers and sensors, and enable the vehicle's intentions to be communicated.

The Division boasts a portfolio of innovation solutions and products in step with market needs, generating long-term sales growth.

POWER Division

In recent years, the Group has undertaken a major effort to remodel the industrial facilities of the POWER Division. The aim is to improve the Division's efficiency and flexibility in response to the uncertainties associated with the transition to electric vehicles. As a result, several production sites dedicated to high-voltage electrical technology have been closed and merged with Valeo's profitable and cash-generating legacy powertrain and thermal activities.

At the Group level

Valeo has already announced and largely implemented one-off adjustment measures at a total cost of 400 million euros, which will generate 300 million euros in annualized savings starting in 2026 (compared with 2023). The Group anticipates a recurring annual cost of 100 million euros for adjustment measures thereafter.

Valeo also aims to accelerate R&D efficiency by standardizing "project" developments (technological platforms), adding essential skills, particularly in software development, in cost-competitive countries, and introducing artificial intelligence into development processes.

To this end, Valeo is adapting to market trends by training and retraining its workforce and adapting its production capacity.

4.1.2.3.3 Identification and assessment of material climate-related impacts, risks and opportunities (DR related to ESRS 2 IRO-1)

[ESRS E1 § 20] – [ESRS E1 § 21]

Impacts, risks and opportunities were assessed during workshops organized jointly by Risk Management, Health, Safety and Environment (HSE), Sustainable Development and External Affairs, Collaborative Research and Technical Regulation, as described in section 4.1.1.3.3 "Material impacts, risks and opportunities and their interaction with strategy and business model", page 199. During these workshops, internal contributors identified and assessed impacts, risks and opportunities (IROs) according to the methodology described in section 4.1.1.4.1 "Processes to identify and assess material impacts, risks and opportunities", page 206. For more information on the results of the double materiality assessment and the risk identification methodology, see sections 4.1.2.3.2 "Material impacts, risks and opportunities and their interaction with strategy and business model", page 223, and 4.1.1.3.3 "Material impacts, risks and opportunities and their interaction with strategy and business model", page 203, respectively.

4.1.2.3.3.1 Analysis of physical and transition risks

In 2020, the Valeo Group initiated a process to identify the risks and opportunities related to climate change, using the classification proposed by the TCFD, which distinguishes between physical risks (extreme and chronic weather events), transition risks (legal/regulatory risks, market risks, technological risks, image/reputation risks) and transition opportunities (markets, products/services, efficient resource use, energy sources, resilience). Transition risks and opportunities relate to the shift to a low-carbon economy, and physical risks include potential impacts on operations, human resources and the supply chain.

This risk map is part of the Group's overall risk management system.

The initial findings of this risk and opportunity mapping, the result of joint work by the Risk Management Department and the Sustainable Development, External Affairs, Collaborative Research and Technical Regulation Department, were presented to the Risks Committee and the Audit & Risks Committee.

In 2025, the analysis of **transition risks and opportunities** was updated and reinforced, based on forward-looking scenarios to 2060.

In addition, a specific scientific study was carried out in 2022 by a third-party expert, in line with the TCFD recommendations on measuring the exposure of Group sites to **physical risks** (see below) and using generally accepted methodologies, based on the Representative Concentration Pathways (RCP[1]) and Shared Socioeconomic Pathways (SSP[2]) scenarios as modeled by the IPCC.

The climate challenge is an integral part of the Board of Directors' role. A Governance, Appointments & CSR Committee has been established, and a Lead Director on challenges stemming from the climate transition has been appointed by the Board of Directors. The Audit & Risks Committee also reviews non-financial risks, including those related to the impacts of climate change.

(1) *RCP: Representative Concentration Pathways adopted by the Intergovernmental Panel on Climate Change (IPCC), corresponding to the radiative forcing scenarios to 2100 used to model future climate.*
(2) *SSP: Shared Socio-economic Pathways adopted by the IPCC.*

Physical risks

Risks associated with the physical effects of climate change are defined and classified as acute or chronic. Acute risks are hazards associated with phenomena such as hurricanes, droughts or floods. Chronic risks refer to long-term changes in climate patterns that may lead to persistent changes in climate variables such as increasing average temperatures, rising sea levels, water stress, etc.

Analysis methodology

The historical approach to assessing exposure to natural hazards (wind, flood, hail, wildfire, etc.) was based on prevention/protection audits conducted by insurers. However, these assessments did not take into account the effects of climate change, or even certain risk factors, such as rising temperatures or water stress. To integrate and anticipate these effects and adjust the Group's exposure assessment, a three-step approach was adopted:

Step 1: Overall analysis of asset exposure to climate change, site by site

The analysis is based on the IPCC consensus scenarios (SSP2 4.5 and SSP5 8.5 with baseline, 2030 and 2050 outlooks). The 2030 and 2050 outlooks, widely used by the industry as references timescales for climate analyses, were chosen to reflect the lifespan of industrial assets and the Group's decision-making cycles. Valeo has opted to exclude optimistic scenarios, which are considered irrelevant in a risk management approach, and only to use moderately optimistic scenarios (SSP2 4.5, 2.4°C above pre-industrial levels by 2100) and moderately pessimistic scenarios (SSP5 8.5, 4.3°C above pre-industrial levels by 2100). The study's approach is science-based, supported by data and analysis from hydrologists and climatologists, with a tool that provides an overview of exposure and vulnerability. The data are historical, current, and projected to 2030 and 2050, depending on the scenario. Indicators include heating and cooling degree days, the duration of heat waves, the number of days above 35°C, the number of days below -15°C, a combined heat index, a wildfire risk index, the number of consecutive drought days, water stress by watershed, coastal flooding, river flooding and surface water flooding. Associated hazards include rising temperatures, flooding and water stress. Data are derived from global climate models (CMIP5), Copernicus ERA5, UNEP-*Preview*, the *Global Earthquake Model*, Aqueduct (WRI), JBA, IIASA *Water Futures and Solutions*, and ISIMIP models.

This analysis and overview were made available for each site individually, based on the sites' geographic coordinates. Risk factors related to temperature (frost and cold snaps, extreme heat, wildfires, cooling/heating needs), water (river flooding, coastal flooding, extreme precipitation, drought), wind (storm gusts, cyclone gusts), soil, and mass (landslides, earthquakes/tsunamis) are identified.

Step 2: Audit of sites considered to be the most exposed, with significant assets and forming part of a panel representative of the Group's geography and activity

The aim of these audits is to complement the exposure analysis with a vulnerability analysis, to identify measures and best practices already in effect, to provide risk improvement actions and to define exposure scenarios. Seven audits were conducted based on the findings of step 1. Reports on these audits are available, and a general adaptation framework, including best practices, is being drafted for distribution to all other sites in the coming years.

Step 3: Follow-up of the risk adaptation plan at the audited sites and deployment of the adaptation framework throughout the Group

This adaptation framework is structured in five stages, under three pillars:

Pillar 1: *Understand*

- Understanding of the context and awareness-raising;
- Measurement of site-specific exposure and vulnerability.

Pillar 2: *Act*

- Collection of existing best practices and analysis of points of failure;
- Drafting of adaptation measures capable of limiting the impacts associated with identified hazards.

Pillar 3: *Empower*

- Adoption of the adaptation plan by all sites.

Driven and controlled by the Group, this approach is deployed autonomously by the sites.

Action plans are monitored to ensure continuous improvement in site resilience. In addition, initial climate change risk analysis is conducted for potential new sites prior to acquisition. Future supplier and customer footprinting is also planned to identify supply chain exposure.

Findings

Given the different geographic locations of Valeo's sites and suppliers (Europe, Americas, Asia, Africa), the Group is exposed to physical climate risks that could have a significant impact on its operations.

Acute physical risks

Risks related to natural events can affect operations (production sites), undermining the ability to maintain business levels and meet customer (automaker) requirements. For example, Valeo's operations in Southeast Asia are exposed to the risk of strong winds (typhoons, storms) or flooding, and Valeo's operations in India and Thailand are exposed to heat waves.

Chronic physical risks

Long-term changes in climate patterns may also affect the Group's operations (production sites), employee health, productivity and, more generally, increase certain operating costs. For example, Valeo's operations in Mexico, India, Spain, North Africa and certain states in the United States and other parts of the world are exposed to the risks of high temperatures and water stress.

Step 1 identified the most exposed assets by risk factor. The vulnerability of the most exposed assets is primarily related to two chronic climate risks (cooling and heating degree days), followed by water stress and flooding. China, the United States and Mexico are the most vulnerable countries. Chinese sites are most exposed to flooding. Japan and South Korea are most exposed to wind.

Certain sites in Thailand, India, Mexico and Spain have been identified as being exposed to multiple climate risk factors. Additional sites that could be affected by 2030 have been identified in China, the United States and Indonesia.

For reasons of data confidentiality, the Group does not wish to disclose the names of these sites or their NUTS (Nomenclature of Territorial Units for Statistics) codes.

Transition risks and opportunities

The risks and opportunities associated with the transition are related to the development of the business model towards a low-carbon economy.

Analysis methodology

The analysis of transition risks and opportunities was conducted jointly by the Sustainable Development, and External Affairs, Collaborative Research and Technical Regulation, Strategy and Risk Management teams. In 2025, interviews were conducted with internal stakeholders representing various Group functions and activities.

Valeo also drew on an external collaborative initiative between scientific partners and companies in which the Group has been participating for several years. This initiative developed four forward-looking scenarios that describe and quantify possible economic trends in the face of biophysical constraints in a finite world, based on different climate and biodiversity ambitions. The lifestyle dimension, dominant for mobility, is also integrated into each of these four scenarios.

Presentation of the forward-looking scenarios

The parameters of the four forward-looking scenarios on which the Group based its resilience analysis are as follows:

- Scenario 1: Warming limited to under +2°C by 2100. World powers agree to phase out fossil fuels and work together to comply with the Paris Agreements. Countries pool access to key resources and innovation while implementing green industrial and energy sobriety policies based on a utilitarian vision of technology. Mobility demand decreases in Western Europe and the United States, and increases in the BRICS and emerging markets. Road mobility is electrified worldwide, with a significant increase in alternative light mobility (two- and three-wheeled vehicles);
- Scenario 2: Warming +2°C by 2100. Geopolitical fragmentation intensifies as competition for access to critical resources increases amid efforts to transition away from fossil fuels. Consequently, local production and the circular economy become increasingly widespread. Europe and North America break from current trends toward higher speeds, impacting their mobility practices and associated leisure activities. Mobility volume decreases compared with today. Long-distance travel is rationalized and public transportation is prioritized. By contrast, the BRICS and emerging markets extend current trends, with faster and farther travel to optimize time constraints. Mobility volume increases significantly there due to heavy investment in electrification;
- Scenario 3: Warming +2°C by 2100. Geopolitical fragmentation intensifies as competition for access to critical resources increases amid efforts to transition away from fossil fuels. Consequently, local production and the circular economy become increasingly widespread. Europe and North America continue current mobility trends, seeking to travel faster and farther to optimize time constraints. Travel increases slightly and undergoes significant decarbonization thanks to massive investment in electrification and smaller vehicles. By contrast, the BRICS and emerging markets break from current trends toward higher speeds, impacting their mobility practices and associated leisure activities. Travel stagnates and the use of public transportation is encouraged;
- Scenario 4: Warming +3°C by 2100. Decarbonization targets are jeopardized by economic competition between major powers. Access to critical resources and value chains sparks geopolitical tension and constrains the development of mobility and its electrification, depending on the region. Shared fleets expand in urban areas. Demand for autonomous vehicles grows, driven by a preference for speed and the latest technology. This raises questions about access to critical resources and competition for usage.

These quantified, global forward-looking scenarios describe possible economic evolutions across 11 regions, providing a physical reading of the economy and its impact. They were developed in collaboration with six research teams at ISTerre at Grenoble Alpes University, CIRAD, AFD, Strate Design, emlyon and INRAE, plus a collective of around 20 partner companies that have been involved in the construction and validation process since 2023.

The modeling underlying the scenarios is based on existing models: GlobAgri (CIRAD[1] and INRAe[2]), used for the Agrimonde Terra, WRR[3] and WRI[4] studies; MATER (ISTerre, Grenoble Alpes University); FaIR *(University of Oxford, University of Melbourne*);

The characterization of economic sectors is based on sector-specific data and studies (such as IPCC (WGII), ITF-OECD[5], AIE[6]; Ericsson, CISCO, ADEME[7]/ARCEP, ITU[8]; Mastrucci et al. 2021[9]; Telecommunications Union);

The characterization of planetary boundaries and the biophysical constraints exerted on societies draws on several sources, including the *Stockholm Resilience Centre*.

The representation of climate change impacts on economic activities is based on a physical damage function developed from the work of the IPCC (Working Groups I and II).

Methodology for analyzing transition risks and opportunities

Transition risks and opportunities were analyzed based on TCFD typologies.

Transition risks

Political and regulatory risks

Policy measures related to climate change continue to evolve. Some aim to limit actions that contribute to the adverse effects of climate change, while others seek to promote climate change adaptation. The risks associated with these changes depend on the nature and timing of their implementation. Regulatory risks may stem from organizations' inability to mitigate the effects of climate change or their failure to adapt to it.

Technological risks

Technological improvements or innovations supporting the transition to a low-carbon economy can significantly impact organizations. As new technologies replace legacy systems, they may represent risks for some organizations and opportunities for others. However, the deployment timeline for these technologies remains a major uncertainty in assessing organizations' technological risks.

(1) *Center for International Cooperation in Agricultural Research for Development.*
(2) *French National Research Institute for Agriculture, Food and the Environment.*
(3) *World Resources Report.*
(4) *World Resources Institute.*
(5) *International Transport Forum of the Organisation for Economic Co-operation and Development.*
(6) *International Energy Agency.*
(7) *See sustainable development glossary, page 341.*
(8) *International Telecommunications Union.*
(9) *Mastrucci et al. 2021. "Global Scenarios of Residential Heating and Cooling Energy Demand and CO_2 Emissions". Climatic Change, vol. 168, no. 3-4, October 2021, p. 14. DOI.org (Crossref), https://doi.org/10.1007/s10584-021-03229-3.*

Market risks

The effects of climate change on markets are varied and complex, but one key mechanism is the changing supply and demand of certain raw materials, products and services, as climate-related risks and opportunities are increasingly taken into account.

Reputational risks

Climate change could be a potential source of reputational risk for an organization, linked to changing customer or stakeholder perceptions of its contribution to, or have a detrimental impact on, the transition to a low-carbon economy.

Transition opportunities

Resource efficiency opportunities

Improving an organization's efficiency (notably its energy efficiency) could lead to medium- and long-term cost savings and help reduce emissions.

Energy source opportunities

Organizations that shift their energy consumption to low-emission sources could potentially achieve savings on their annual energy costs.

Opportunities related to the development of new products and services

Organizations that innovate and develop new low-emission products and services can improve their competitive position and capitalize on shifting consumer and producer preferences.

Market opportunities

The transition to a low-carbon economy can offer opportunities for business diversification.

Resilience opportunities

The concept of climate resilience requires organizations to develop their ability to adapt to climate change in order to improve their management of the associated risks and seize opportunities, including the ability to respond to transition risks and physical risks.

Associated impacts

The impacts associated with these transition risks and opportunities were evaluated from different perspectives:

- Financial impacts via changes in order intake, sales and new addressable markets;
- Reputational impacts related to the expectations of internal and external stakeholders (employees, civil society, investors, NGOs, etc.);
- Time horizons, i.e., less than 5 years, between 5 and 10 years, between 10 and 20 years, and more than 20 years;
- Extent of mitigation measures to be implemented with regard to R&D capacity and investment, capital expenditure and changes in the company's human capital skills.

To assess these impacts within each forward-looking scenario, a set of quantitative and qualitative metrics was used, including:

- Changes in individual mobility patterns (passenger-kilometers (PKM), modal shares);
- Trends in vehicle sales by type and powertrain technology;
- Global production limits for critical materials and production techniques based on their carbon impact;
- Change in the electricity generation energy mix;
- Regional climate impact trajectories.

Findings

The Group's risk and opportunity analysis highlights five transition risks and four transition opportunities, the impact of which varies according to the various forward-looking scenarios.

Transition risks

Political and regulatory risks

Regionalization of markets: Risk of reduced global product standardization (centralized R&D, harmonized production processes) and the regionalization of purchasing policies due to three factors: changes in local regulatory requirements (technological vehicle regulations, economic sanctions), changes in customer demand in response to market expectations (electrification, digitalization) and evolving climate constraints leading to regionalized stress test specifications. This could impact the Group's competitiveness (reduction in economies of scale) and financial position.

Technological risks

Accessibility of key materials and technologies:

- Rare and critical materials: Risk of limited access to raw materials (rare earths, copper) due to the following factors: scarcity, difficulty of access, the geopolitical context (export controls, etc.), competing uses in other sectors and tighter regulations (hazardous substances, PFAS, etc.). This could result in supply chain disruptions and could impact operations or significantly increase the price of technological solutions;
- Recycled and/or low-carbon materials: Risk associated with access to recycled or low-carbon materials due to difficulties in establishing recycling channels (economic and regulatory hurdles), competition for use between sectors and uncertainty over the development of production capacities for low-carbon materials at affordable prices. This could impact the cost of materials and the Group's financial position;
- Key technologies: Risk of limited access to key technologies (notably electronics) related to the geopolitical context, the concentration of specific value chains and competition for use. This could result in supply chain disruptions, impacting the Group's operations, procurement costs and financial position.

Market risks

- Speed of transition: Risk related to the speed of the transition to electrification, both globally and locally (variable speeds depending on the region), which could impact the return on investment for electrification technologies and the Group's financial position;
- Volume trends: Risk related to shifting usage patterns, notably a decrease in new vehicle consumption and growth in shared fleets. This could impact volumes and the Group's financial position.

Reputational risks

Failure to meet CO_2 emission reduction targets: Risk associated with the slowdown of the transition toward electrification and low-carbon electricity production (impacting in-use emissions), and the divergence between regulatory constraints for certification, economic constraints, CO_2 and other environmental constraints. This could impact the achievement of CO_2 emission reduction targets and the Group's reputation.

Transition opportunities

Opportunity related to the development of new products and services/opportunity for resource efficiency

Optimization of the environmental footprint of products and processes: Opportunity to leverage new technologies, including artificial intelligence (subject to competition for use), to optimize product design and production processes and minimize environmental impact.

Opportunity related to the development of new products and services/market opportunity

Diversification of the product and service portfolio: Opportunity to accelerate the diversification of the Group's product and service portfolio (alternative mobility, non-automotive markets, software products and services) by reallocating financial, human and technological resources toward other markets in response to a decline in automotive volumes.

Market opportunity

Development of circular business models: Opportunity to develop the aftermarket, repair and remanufacturing sectors against a backdrop of favorable regulatory changes and a decline in original equipment volumes.

Other opportunities

Reconfiguration of the mobility ecosystem: Opportunity to accelerate sustainable innovation through partnerships and to leverage the Group's expertise in mobility decarbonization as a result of the changing roles of equipment suppliers and automakers in the value chain.

Talent engagement: Opportunity to attract and retain talent in a context of transition, constant organizational adaptation and shifting needs, amidst competition for key skills, through development projects linked to climate transition and the Group's sustainable development strategy.

4.1.2.3.3.2 Adaptation of strategy and business model (DR E1-1)

[ESRS E1 § 16(f)]

The Group uses its resilience analysis to define how it needs to adapt and develop its entire product portfolio in response to climate transition scenarios.

This analysis shows that the world's growing population and rising GDP are affecting demand for mobility.

Mobility demand continues to increase in certain markets, particularly in the major Asian economies, with rising demand for passenger vehicles in addition to the development of public transportation and shared mobility solutions.

To address climate change and its impact on human and economic activities, and in the face of high local pollution levels, cities and governments are tending to tighten their environmental regulations (sometimes even against possible attempts to slow environmental regulation). Against this backdrop, and faced with the quickening pace of social and technological disruptions, the automotive sector is living through a technological renewal and adapting its business models.

In response to this change, and as an industrial and technological player in the electric mobility market, Valeo has developed a business model and a risk management system that are consistent with the long-term objectives of progressive carbon neutrality for the mobility and transportation sector, in line with international methodological guidelines for understanding climate change risk. The adoption of electric technology brings considerable uncertainty, yet the resilience of Valeo's business model stems from the fact that around 50% of its large product portfolio is powertrain agnostic. Furthermore, the Group's broad portfolio of electrification solutions ranges from low-voltage (urban mobility, 48V) to high-voltage, including new mobility solutions (last-mile delivery, shared and electric mobility, three-wheelers, etc.) (see section 4.1.2.3.3.1 "Analysis of physical and transition risks", page 224).

The market for software solutions is booming and represents an opportunity for Tier 1 suppliers like Valeo. The Group is creating software building blocks to better address this market in all regions of the world (America, Europe, Asia). The resizing of the exterior and interior lighting market is also driving growth and validating the Group's solutions.

Valeo continues to step up its exploration of non-automotive markets, leveraging the areas of application of its technologies and its circular economy activities (remanufacturing) while benefiting from a favorable regulatory context.

The Group has received funding to support the implementation of the transition plan (see section 4.1.2.3.4 "CAP 50: Transition plan for climate change mitigation", paragraph "Investments and financing to support the implementation of the transition plan", page 234).

Against this backdrop, it is investing 400 million euros by 2030 in its infrastructure to ensure that the CAP 50 strategy requirements are met.

In preparing its consolidated financial statements, the Group carried out an assessment of its assets and economic activities in light of its transition plan. To date, Valeo has not identified any material assets whose value or useful lives would be impacted by the actions envisioned under the CAP 50 Plan. However, such an impact could arise, for example if the Group decided to replace some of its equipment with more energy-efficient equipment before the end of its initial useful life (see Chapter 5, section 5.4.6, Note 1.3 "Consideration of the impacts of climate change", page 387). Thus, to date, no Valeo asset or economic activity has been identified as incompatible with a transition to a climate-neutral economy or requiring significant efforts to be compatible.

Physical risks are factored into the climate assumptions formulated in the financial statements. Expenditure planned by the Group's sites in the short term to implement adaptation measures was taken into account in the preparation of the 2025-2029 medium-term plan (see Chapter 5, section 5.4.6, Note 1.3 "Consideration of the impacts of climate change", page 387).

The main transition risk facing the automotive industry results from the speed of the transition to electric mobility. The Group has long prepared for this profound transformation of its industry and this is reflected in its medium-term business plan, which is used as the basis for its impairment tests on non-current assets (see Chapter 5, section 5.4.6, Note 1.3 "Consideration of the impacts of climate change", page 387).

A simulation was carried out to assess the potential impact that a worst-case scenario for transition risks could have on the impairment tests carried out on cash-generating units and goodwill. These are described in the Notes to the consolidated financial statements (see Chapter 5, section 5.4.6, Note 7.4.6 "Sensitivity of impairment tests to the impacts of climate change", page 422).

4.1.2.3.4 CAP 50: Transition plan for climate change mitigation (DR E1-1)

[ESRS E1 § 14]

Valeo has developed the CAP 50 plan, an ambitious plan to contribute to carbon neutrality, focused on the prevention and reduction of greenhouse gas emissions. Valeo's short-term targets have been validated by the *Science Based Target initiative* (SBTi) as being in line with the Paris Agreement to limit global warming to 1.5°C for Scopes 1 & 2.

IMPLEMENTATION OF VALEO'S TRANSITION PLAN (CAP 50)

OUR OPERATION AS A ROLE MODEL

Energy efficiency (ISO 50001), gas and fuel **eradication**, renewable energy self production and use **of low carbon electricity.**

OUR SUPPLY CHAIN ALIGNMENT TO OUR CO_2eq. REDUCTION TARGETS

Sustainably mature suppliers with CO_2eq. reduction plans including **renewable energy, greener transportation, components and materials.**

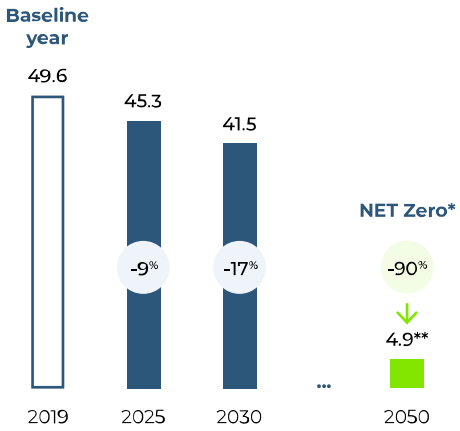
GREENER MOBILITY WITH OUR DECARBONIZED PRODUCTS

Lighter materials use **and energy efficient** product portfolio
Greener designs to reduce the product carbon footprint

GHG EMISSION REDUCTION TARGETS

($MtCO_2eq.$)

Valeo GHG emission reduction targets based on the Science Based Targets Initiative **(SBTi)**



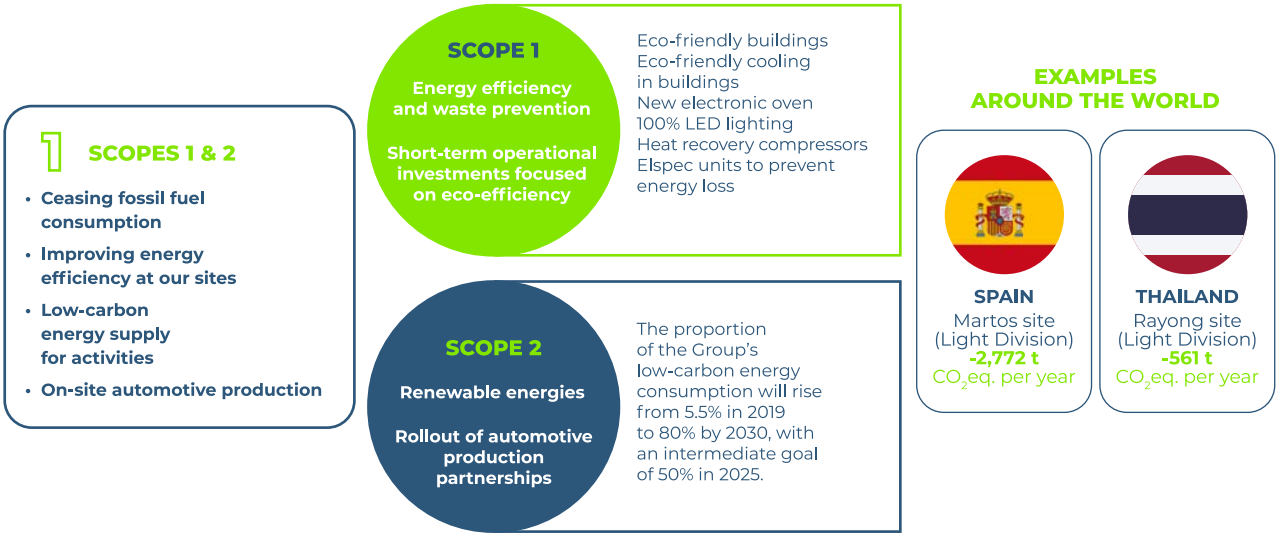
[ESRS E1 § 16]

To achieve its GHG reduction target, Valeo is committed to reducing its Scope 1 & 2 emissions by 75% and its Scope 3 emissions by 15% by 2030. The 2050 trajectory is currently being defined.

Due to the complexity of inter-sectoral harmonization, the methodology developed by the Science Based Targets initiative (SBTi) does not currently allow for emissions avoided by third parties thanks to products sold by a company to be taken into account. However, this does not call into question their positive contribution. Accordingly, the greenhouse gas reduction commitment submitted by Valeo to the SBTi does not include the carbon benefits of the use of its technologies by other parties. This aspect is therefore not yet included in the transition plan. However, as a developer of key electrification technologies for the decarbonization of mobility (48V and high-voltage electric motors, battery thermal management, etc.), Valeo's objective was to highlight the benefits of these solutions in terms of greenhouse gas emission reductions (see Downstream Scope 3 in this section). Valeo refers to these benefits as "emissions avoided by third parties", or "avoided emissions".

Scope 1 & 2 greenhouse gas emissions

The 2030 Scope 1 & 2 emission reduction targets correspond to an 825 $ktCO_2eq$. reduction compared with the 2019 baseline. In 2025, the remaining emissions reductions to be achieved are estimated at around 900 $ktCO_2eq$. This revision takes into account forecast trends in the Group's sales and product portfolio. The identified decarbonization levers are described below.

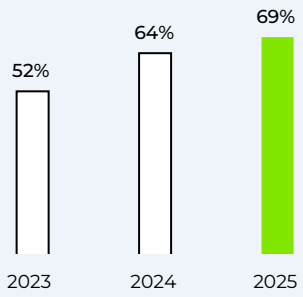


One of the pillars of Valeo's strategy is to secure low-carbon energy supplies. Progress on this objective is monitored on a quarterly basis. Valeo is committed to having 80% low-carbon electricity by 2030. Market analyses indicate that the allocated budget would allow this target to be exceeded, securing up to 3 TWh if necessary, which would represent an emissions reduction of up to 2 $MtCO_2eq$.

ISO 50001 CERTIFICATION

Between 2019 and 2025, Valeo accelerated the implementation of energy management systems to transform and structure its sites around CO_2 equivalent emission reduction targets (Scopes 1 & 2). In 2025, 111 sites obtained ISO 50001 certification. Alongside this initiative, energy performance projects were launched and the proportion of low-carbon energy in the Group's overall energy consumption increased from 5.5% in 2019 to 64% in 2025. The actions taken by the sites to achieve this objective are detailed in section 4.1.2.3.6 "Actions and resources in relation to climate change policies", page 236.

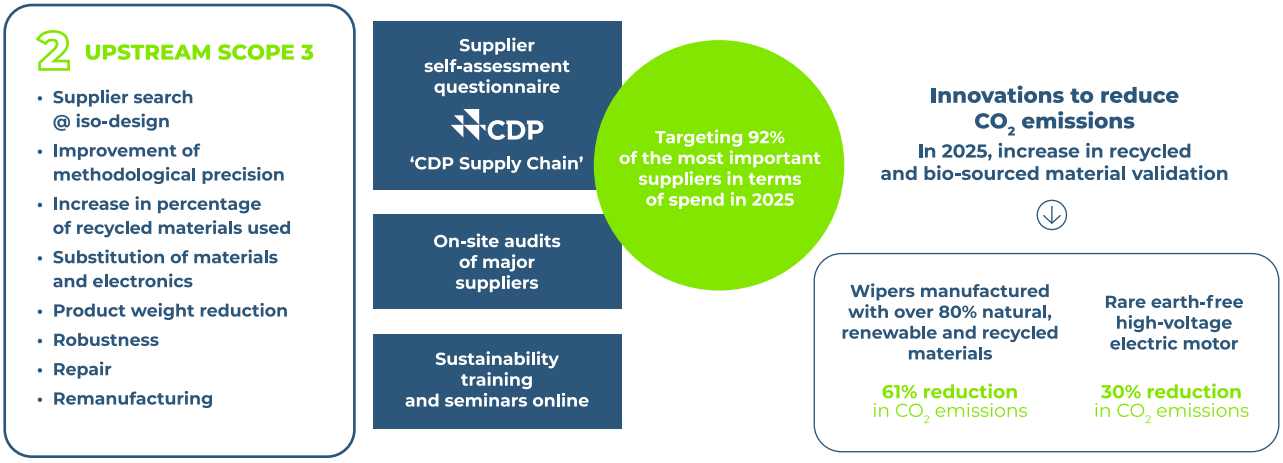
PERCENTAGE OF PLANTS CERTIFIED ISO 50001



Upstream Scope 3 greenhouse gas emissions

The 2030 upstream Scope 3 emission reduction target is a **1,400 kt CO_2eq** reduction compared with the 2019 baseline. Depending on the change in Group sales between now and 2030 and the distribution of Product Lines in the Valeo sales portfolio, this amount could practically double.

The decarbonization levers identified for upstream Scope 3 are described below.



The reservoirs of validated actions to be implemented cover more than upstream Scope 3 GHG emission reduction targets. They are monitored at the quarterly CAP 50 committees.

Thanks to the use of low-carbon materials (recycled, biosourced, etc.) and improvements in the energy efficiency of Valeo's suppliers, reductions of up to **2 Mt CO_2eq** have been identified. Valeo will also benefit from the decarbonization of its value chain, particularly the supply of electronic components, which could contribute to the reduction of over a million additional metric tons of CO_2eq. Improved carbon footprint assessment methodologies should also make a positive contribution of around 1.5 MtCO_2eq.

UPSTREAM SCOPE 3 ACTIONS

Valeo has also set the same greenhouse gas emissions objectives for its suppliers. To help reduce upstream Scope 3 emissions, Valeo implemented an extensive plan in 2022 to measure the emissions of its product platforms through life cycle assessments. This work has enabled the use of levers to reduce emissions, such as low-emission materials, weight reduction and support for suppliers to improve their carbon performance:

- In 2023, 80% of the Group's product platforms were subject to a product carbon footprint based on life cycle assessments (using the Global Warming Potential indicator) and 43% defined quantified action plans for reduction solutions.
- In 2024, 100% of the Group's product platforms were subject to a product carbon footprint and 75% defined quantified action plans for reduction solutions. Valeo continued to conduct life cycle assessments for all its platforms. It is now mandatory in all eligible development projects for the product carbon footprint to be managed with a view to achieving a target aligned with the Group's commitment. Implementation of the life cycle assessment process continues with the training of R&D and project teams in new processes and tools, and the creation of new dedicated positions.
- Valeo reached a milestone in 2025, completing the life cycle assessments for all its Product Lines. At the same time, the Group developed a carbon footprint forecasting tool for all its businesses (current, developing and future products). This tool enables each of Valeo's operating entities to objectively integrate carbon performance into their roadmap.

Downstream Scope 3 greenhouse gas emissions

The 2030 downstream Scope 3 emission reduction target is a **5,850 kt CO_2eq.** reduction compared with the 2019 baseline. Depending on the change in the Group sales between now and 2030, and the distribution among the Product Lines, this amount could practically double. The identified decarbonization levers are described below.

The reservoirs of actions validated for implementation cover more than the reduction targets. They are monitored on a quarterly basis. Firstly, the use of Valeo products in a growing number of ever more efficient electric vehicles should reduce the Group's environmental impact by up to approximately 11 million metric tons of CO_2eq.

In addition, the reservoirs of actions to be implemented are related to design changes, new concepts, and changes in the Valeo product portfolio, which could contribute to an additional reduction of up to 0.8 million metric tons of CO_2eq.

DOWNSTREAM SCOPE 3 ACTIONS

To reduce greenhouse gas emissions related to the end use of products, Valeo will continue to expand its range of technologies contributing to low-carbon mobility, in particular solutions for vehicle electrification, a field in which the Group is now a world leader. The Group is also continuing its efforts to use lighter materials and alternative technologies to reduce product weight and energy consumption.

Trends in greenhouse gas emissions in 2024-2025

Changes in the Group's GHG emissions between 2024 and 2025 reflect separate dynamics between Scopes 1 & 2, which benefit from emissions reductions as soon as actions are implemented, and upstream and downstream Scope 3, where the effect of actions implemented includes time for development. The decrease in business helps reduce emissions, but this effect may be offset by a less favorable product mix.

Scope 1 & 2 greenhouse gas emissions

The Group has reduced its Scope 1 & 2 GHG emissions by 0.16 MtCO_2eq. This decrease stems equally from:

- decarbonization actions:
  - renewable energy strategy (self-generation, green energy contracts and certificates), accounting for 75% of the reduction in emissions. Between 2024 and 2025, the Group increased its purchases of Guarantees of Origin by 20%, generating a significant reduction in Scope 2 GHG emissions;
  - industrial efficiency (25% of the reduction);
- business developments.

Scope 3 greenhouse gas emissions

Scope 3 emissions rose slightly by around 1.5%, with the change in product mix offsetting the slowdown in activity.

Ongoing actions on Scope 3 are one of the keys to achieving Valeo's 2030 objectives. Details are provided below.

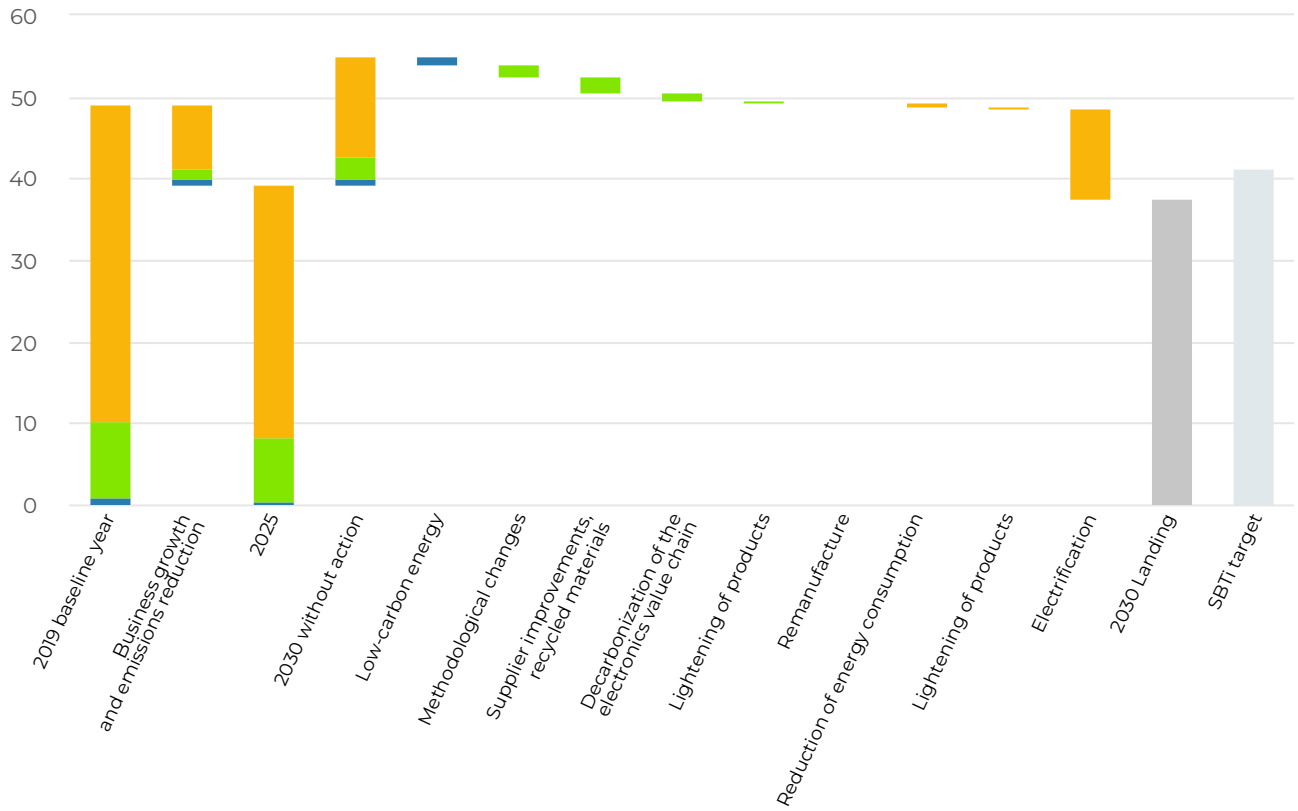
Decarbonization levers and key actions for 2025-2030

Given the expected growth in its business, Valeo's decarbonization efforts will actually be greater than indicated by its 2030 reduction targets (SBTi) compared with the 2019 baseline. As in 2024, the Group is reaffirming its absolute reduction objectives for all three scopes, and will capitalize on the specific levers unique to each, detailed below and aligned with the latest business forecasts communicated at the end of 2025 as part of the “Elevate 2028” strategic plan.

Summary of decarbonization levers and reservoirs identified for the period 2025-2030

($MtCO_2eq.$)	2019 baseline year	2030 projected emissions with no action through to 2030	SBTi 2030 target	Effort required to reach 2030 target	Decarbonization levers	Reservoir available by decarbonization lever
Scopes 1 & 2	**1.1**	**1.2**	**0.275**	-0.9	Eradication of fossil fuel consumption	
					Plant energy efficiency improvements	
					Low-carbon energy supply for clean operations	-0.9
					On-site energy production	
Upstream Scope 3 Cat. 1 Purchased goods and services	**9.2**	**10.7**	**7.8**	-2.9	Methodological changes	-1.5
					Supplier improvement	-2.0
					Use of recycled materials	
					Decarbonization of the electronics value chain	-1.0
					Lightening of products	-0.3
					Remanufacture	-0.04
Downstream Scope 3 Cat. 11 Use of sold products	**39.0**	**43.3**	**33.2**	-10.1	Reduction of energy consumption	-0.4
					Lightening of products	-0.4
					Electrification (impact of product weight)	-4.7
					Electrification (impact on product energy consumption)	-6.1

Waterfall chart of the main decarbonization levers contributing to GHG objectives



Investments and financing to support the implementation of the transition plan

Investments

Valeo has committed to invest 400 million euros to decarbonize its sites with the highest CO_2eq. emissions. A process has been defined to identify investments related to activities associated with the CAP 50 plan. Investment thresholds per metric ton reduction of CO_2eq are validated by the Chief Executive Officer and monitored quarterly. The CAP 50 Director provides a summary report of investments to all Divisions, together with the associated expected CO_2eq. reductions.

Financing

Valeo issued an inaugural 600 million euro green bond in October 2023, followed by a second 850 million euro issue in April 2024 and a further two 650 million euro and 500 million euro issues in May and September 2025 respectively. These green bonds were issued under the *Green and Sustainability-Linked Financing Framework* published in September 2023, available on Valeo's website, in the Debt and *rating* section. The funds raised are used to finance projects and investments related to the portfolio of technologies contributing to vehicle electrification and meeting the technical criteria of the European Green Taxonomy.

In February 2021, the European Investment Bank approved 600 million euros in funding for Valeo research and development projects in Europe specifically on technologies that reduce CO_2 emissions and improve active vehicle safety. Projects related to the decarbonization of mobility, half of which will be financed from this amount, amount to 257 million euros.

The Group has also issued two sustainability-linked bonds indexed to a December 2025 carbon footprint target, for 700 million euros in July 2021 and 750 million euros in November 2022. These two issues underline Valeo's commitment to carbon neutrality.

The characteristics of these financing arrangements are presented in Chapter 5, section 5.4.6 "Notes to the consolidated financial statements", Notes 1.3.6 "Financing", page 388, and 9.1.2.1 "Long-term debt", page 427.

Assessment of potential locked-in GHG emissions

Following a qualitative and quantitative analysis of the potential locked-in GHG emissions of its main assets and products, Valeo has concluded that the level of these emissions does not jeopardize the achievement of its reduction targets.

Objective or plan for aligning Taxonomy-eligible economic activities

The share of the Group's 2025 turnover, capital expenditure (CapEx) and operating expenses (OpEx) related to Taxonomy-eligible economic activities under the six objectives of Article 8 of the Taxonomy Regulation, are detailed in section 4.1.2.2.5 "Taxonomy KPI tables", page 219.

Integration of the transition plan into financial strategy and planning

Since 2020, the Sustainable Development, External Affairs, Collaborative Research and Technical Regulation Department has also been in charge of the governance structure established for the launch, implementation and monitoring of Valeo's Carbon Neutrality Contribution Plan for 2050. This steering committee brings together all the aforementioned departments and networks under the supervision of the Chief Executive Officer. Its aim is to set annual objectives for the various contributing networks and to oversee the implementation of Valeo's Carbon Neutrality Contribution Plan.

To monitor the plan, Valeo has set annualized greenhouse gas emission reduction objectives, backed by action plans for the internal networks contributing to them. The achievement of these objectives is presented to the General Management at quarterly reviews, and since 2021 has been one of the criteria for the variable compensation of the Chief Executive Officer and more than 1,700 senior executives.

Approval of the transition plan by governance

The Board of Directors is the Group's highest governance body in charge of the CAP 50 Plan and has delegated responsibility for its implementation and monitoring to the Governance, Appointments & Corporate Social Responsibility Committee (see section 4.1.1.2.1 "Composition and role of the Board of Directors", page 193).

Results of the implementation of the transition plan

The targets and results achieved in 2025 are presented in section 4.1.2.3.8 "Energy consumption", page 241 and 4.1.2.3.9 "Reduction of greenhouse gas emissions within the framework of the Carbon Neutrality Contribution Plan for 2050", page 242.

4.1.2.3.5 Policies related to climate mitigation and adaptation (DR E1-2)

[ESRS E1 § 24] - [ESRS E1 § 25]

Policy	Key content and objectives	Scope and exclusions	Most senior level in the undertaking organization accountable for the implementation of the policy	Third-party standards or initiatives followed in implementing the policy	Consideration of key stakeholder interests in policy development	Made available to stakeholders
Climate change adaptation	Identify sites exposed to physical climate risk and implement associated adaptation measures. Ensure the resilience of all Group sites, people and activities to climate change. Anticipate the effects of climate change on sites and communities.	General policy applicable to all sites	Chief Sustainability Officer, External Affairs, Collaborative Research and Technical Regulation	IPCC recommendations based on two IPCC global warming scenarios – RCP2-4.5 and RCP5-8.5; Data for physical risk assessment from global climate models, CMIP5 models, Copernicus ERA5, UNEP-Preview, World Earthquake Model, WRI, DE JBA, IIASA *Water Futures and Solutions* and ISIMIP models	Industrial and HSE site managers, Risk & Insurance team	The policy is for internal use only.
GHG emission reduction (Mitigation)	Contributing to carbon neutrality. Provide CAP 50 training to employees. Assess suppliers' sustainability maturity. Stages 0, 1, 2, 3. Invest 400 million euros between 2021 and 2030 to decarbonize the sites with the highest CO_2eq. emissions.	General policy applicable to all sites	Valeo's Board of Directors and Chief Sustainability Officer, External Affairs, Collaborative Research and Technical Regulation	GHG Protocol standards (corporate accounting and reporting, Scope 2 guidelines, Scope 3 calculation guidelines, estimating and reporting avoided emissions, calculation guidelines, corporate value chain standard (Scope 3))	NGOs, regulators, customers, suppliers, investors, ESG agencies, public sector, Valeo *top management* and employees	The policy is for internal use only.
Energy efficiency policy	Improve the energy efficiency of industrial processes. Increase the share of low-carbon energy purchased to power sites. Produce low-carbon energy directly on site, increasing the share of renewable energies. Reduce the use of gas, fuel oil and other fossil fuels in all forms, as well as electricity.	General policy applicable to all sites	Group HSE Director	Based on SBTi, ISO 50001 and ISO 14001 standards	Internal stakeholders: – Sites – HSE, operations and purchasing teams External stakeholders: – Energy suppliers – Communities and local authorities	The policy is for internal use only.

4.1.2.3.6 Actions and resources in relation to climate change policies (DR E1-3)

[ESRS E1 § 28] – [ESRS E1 § 29]

The actions and resources related to climate change mitigation and adaptation are described below.

LIST OF SIGNIFICANT ACTIONS TAKEN DURING THE YEAR AND THOSE PLANNED FOR THE FUTURE

Matter	Key actions	Scope	Horizon	Key targets	Outcomes of actions	Resources allocated	Financial resources
Adaptation to physical risks associated with climate change	Vulnerability and adaptation audit at pilot sites identified as priorities and representative in terms of exposure Finalization of audits initiated in 2024 Development of a methodology based on site audits and its rollout across the company (finalized in 2025) Continuation of site-specific adaptation initiatives, complemented by specific action plans resulting from audits	Group	2030-2050	Ensure the resilience of all sites and business continuity in the face of climate phenomena	The Group's exposure is well identified following the exposure study (science-based). Some historically exposed sites have already started to adapt and partially improve their resilience (points identified during pilot audits). Vulnerability audits have helped to improve the understanding of vulnerabilities and define effective mitigation actions. Following these audits, a methodology adapted to the Group's specific vulnerabilities will be implemented in 2026 to enable non-audited sites to adopt the appropriate adaptation measures	Site managers, industrial networks, HSE, HR Group Risk/ Insurance	Expenditure on external adaptation audit services and monitoring of action plans Adaptation investment by sites

Matter	Key actions	Scope	Horizon	Key targets	Outcomes of actions	Resources allocated	Financial resources
GHG emission reduction	Scope 1 & 2 actions related to energy consumption and improving processes and equipment Upstream Scope 3 actions: increase in the share of supplies from suppliers aligned with Valeo's sustainability commitments, dedicated logistics actions, etc. Downstream Scope 3 actions: reduction in the weight of Valeo products, reduction in energy consumption	Group	2025 – 2030 – 2050	Roll out CAP 50 training to employees Reduce carbon emissions in its own operations Assess the sustainability maturity of the supply chain (Stage 0,1,2,3) and pass on the Group's CO_2eq. emission reduction targets to suppliers Manage CO_2eq. emission reductions from the product portfolio Ensure that 50% of electricity purchased in Asia (China and India), North America (Mexico) and Central Europe (Poland, Czech Republic and Hungary) is of guaranteed carbon-free origin by 2025 and 80% by 2030	Improve the energy efficiency of industrial processes by increasing the number of ISO 50001-certified sites (111 sites in 2025) Increase the share of low-carbon electricity purchased (64% in 2025) Increase in the number of sites equipped with solar panels (39 sites in 2025, including 32 solar farms) Integration of CO_2eq. targets and reduction action plans into the project development process for new programs Increase in the number of project development employees trained in product carbon footprinting and CAP 50 (2158) Increase in approved CAP 50 investments (56.9 million euros at the end of 2025)	Site CAP 50 managers, Regional Operations and Divisions	The Valeo Group has committed to invest 400 million euros by 2030 to decarbonize its sites with the highest CO_2eq. emissions. Scope 3 actions self-financed or financed by customers

Matter	Key actions	Scope	Horizon	Key targets	Outcomes of actions	Resources allocated	Financial resources
Energy	Improvement of site energy performance in line with international ISO 50001 guidelines Performance of documented energy audits, establishment of technical building and centralized technical management, installation of dedicated meters for monitoring	Group	2030-2050	40% of sites certified to ISO 50001 by 2025 and 70% by 2030 44% reduction in Scope 1 & 2 emissions in 2025 vs. 2019 and 75% reduction in 2030 vs. 2019	111 ISO 50001-certified sites at end-2025 out of 161 sites in the reporting scope, i.e., 69%	CAP 50 action plan resources	CAP 50 action plan resources

ADAPTING TO PHYSICAL RISKS

As a first step, Valeo pays particular attention to analyzing the climate risk exposure of all new sites (soil analysis, climate data, etc.). This makes it possible for adaptation to be defined at the design stage.

For example, for an industrial project and as part of an initial analysis of climate-related risks, it was decided to implement optimized solar exposure, a semi-buried structure, a south-facing blind façade, sensors to shut off air conditioning/heating, double glazing and a heat/sun screen, limited ceiling height in offices, rainwater recovery, enhanced thermal insulation (roof and walls), maximum natural lighting, LED artificial lighting, solar outdoor lighting, light-colored flooring, photovoltaic panels, and no fossil fuels.

Some of the more mature sites have already implemented adaptation measures such as pumping systems to reduce excess water at the stormwater network point, roof drainage systems, employee peak heat management protocols, roof rainwater storage in underground tanks, internal wastewater treatment and reuse stations, solar panels, weed and brush control, cofferdams, temperature and humidity sensors, and emergency and business continuity plans. The aim is to cross-fertilize these best practices and to define additional priorities, measures and a complementary framework once the climate audits have been completed.

EXTREME HEAT PROTOCOL

Heat waves can significantly impact the health and safety of our employees.

Through its extreme heat protocol, Valeo aims to raise employee awareness, implement measures and instructions to monitor the heat index, promote preventive measures and protective equipment to reduce the risks of heat exhaustion or heat stroke, and ensure business continuity during these periods. In 2025, all Valeo sites assessed their compliance with the extreme heat protocol.

Examples of measures recommended by the protocol that are already widely deployed include portable wet bulb globe temperature (WBGT) meters, temperature and moisture sensors for critical workstations, air destratification fans to improve cooling performance, and cooling vests to regulate body temperature. Some sites have also improved their capacity to renew and cool the ambient air inside their buildings to maintain acceptable temperatures during heatwaves.

[ESRS E1-3 § AR20]

CAP 50 plan investments approved to date since monitoring began amount to 56.9 million euros.

[ESRS E1-3 § AR21]

Valeo has committed to invest 400 million euros to decarbonize its sites with the highest CO_2eq. emissions. A process has been defined to identify investments related to CAP 50 activities. Investment thresholds per metric ton reduction of CO_2eq. are validated by General Management and monitored quarterly. The CAP 50 Director provides a summary report of investments to all Divisions, together with the associated expected CO_2eq. reductions.

Ongoing access to finance at an affordable cost of capital can be critical for the implementation of the undertaking's actions, which include its adjustments to supply/demand changes or its related acquisitions and significant research and development (R&D) investments.

[ESRS E1-3 § AR22]

The amounts of OpEx and CapEx required to implement the actions and their consistency with the key performance indicators and the Taxonomy-related CapEx plan are presented in section 4.1.2.2 "European Green Taxonomy", page 214.

4.1.2.3.7 A clear vision for contributing to carbon neutrality by 2050 with an ambitious intermediate target for 2030 (DR E1-4)

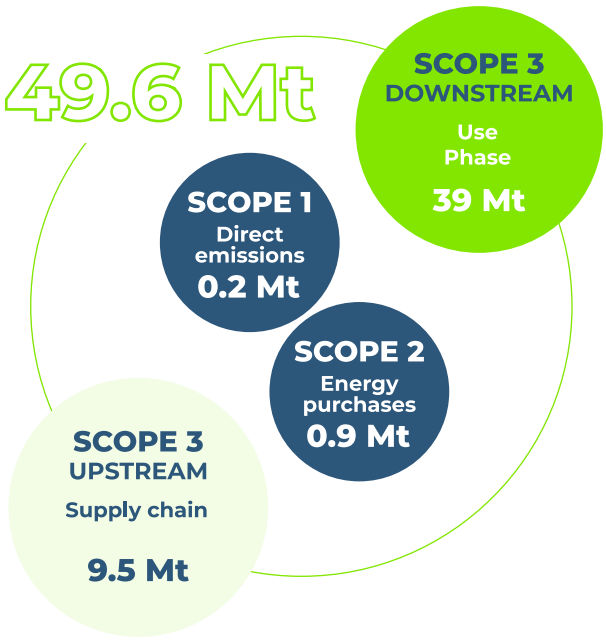
[ESRS E1 § 33]

Methods for setting GHG emission reduction targets

For compliance with the Paris Agreement's 1.5°C target, the SBTi requires that the company's reduction targets and actions cover 100% of Scope 1 & 2 impacts and 67% of Scope 3 impacts. Valeo has therefore taken into account the "Purchased goods and services" and "Use of sold products" Scope 3 categories, which together accounted for 92% of the Group's Scope 3 emissions in 2019. These categories are defined as follows:

- **Purchased goods and services:** Emissions related to the production of goods and services purchased by Valeo[1];
- **Use of sold products:** Emissions related to the use of products sold by Valeo.

Valeo has chosen 2019 as its baseline year as it was the last full year of activity before the Covid-19 pandemic. The assessment resulted in total global emissions of 49.6 $MtCO_2eq.$, broken down by scope as shown in the figure below:



[ESRS E1 § 34]

GHG emission reduction targets (absolute value and intensity) and Scopes 1, 2, & 3 reduction objectives

At the beginning of 2021, Valeo submitted its emission reduction objectives to the Science Based Targets (SBTi) initiative, thereby committing to aligning its pathway with the objectives of the Paris Agreement:

- **Scopes 1 & 2:** 75% reduction in absolute emissions by 2030 compared with 2019, with an intermediate reduction target of 44% by 2025, in line with the 1.5°C objective.
- **Scope 3:** 15% reduction in absolute emissions by 2030 compared with 2019, for both purchased goods and services and use of products sold, with an intermediate reduction target of 8% by 2025, in line with the 2°C goal.

In line with SBTi requirements, targets must be revalidated every five years to ensure they are in line with the latest SBTi criteria. Valeo will therefore have to resubmit its targets by 2026, and also intends to commit to SBTi's long-term Net-Zero objective.

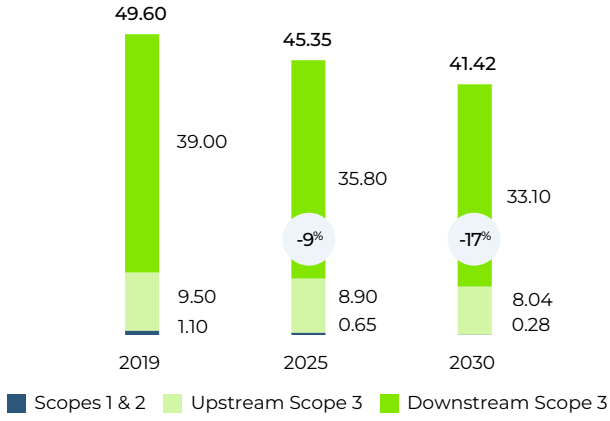
Through this approach, Valeo is reaffirming its commitment to the Business Ambition for 1.5°C initiative. In the event of significant changes likely to affect its targets, notably beyond a threshold of 5%, Valeo will recalculate and have its commitments revalidated.

The main challenge in achieving these absolute targets is Valeo's expected growth between 2019, 2025 and 2030, coupled with the fact that automotive product design is frozen well in advance of the start of series production. Given the Group's expected growth, a further reduction of 50% would therefore be required to achieve the 2030 SBTi-validated target.

To reflect the effort required to achieve these targets, Valeo has also chosen to express them in terms of intensity ($tCO_2eq./€m$) compared with the ambition of its *Move Up* plan.

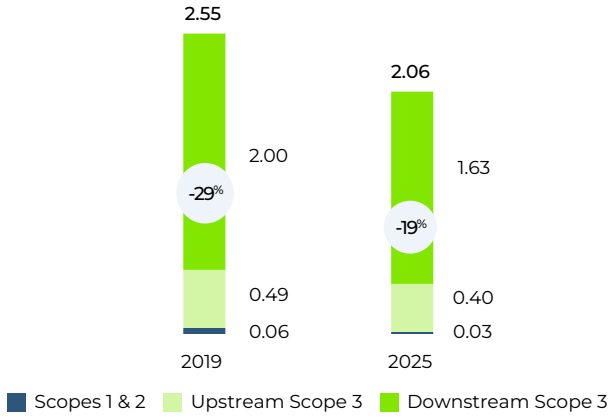
SBTI TARGETS IN ABSOLUTE TERMS AND CHANGE VS 2019 BASELINE YEAR

($MtCO_2$)



CAP50 PATHWAY IN INTENSITY AS A PERCENTAGE OF SALES (MOVE UP PLAN TARGET) AND CHANGE VS 2019 BASELINE YEAR

($ktCO_2/€m$)



[1] *The calculation made and disclosed by Valeo includes all materials and components purchased and required for the production of goods sold to automakers. It excludes services, other goods and energy used by Valeo's suppliers.*

Emissions calculation methodologies

Valeo uses the following methodologies to calculate Scope 1, Scope 2 and Scope 3 emissions:

- **Direct emissions (Scope 1):** Emissions are calculated based on the quantity of fuel consumed and emission factors specific to each fuel type. For example, emissions from natural gas combustion are calculated by multiplying the volume of gas consumed by its emission factor.

  Emission ($kgCO_2eq.$) = Energy (kWh) x Emission factor ($kgCO_2eq./kWh$).

- **Indirect energy-related emissions (Scope 2):** Emissions are calculated based on the amount of electricity consumed and the electricity emission factors. This can be done using location-based or market-based methods, depending on data availability.

  Emission ($kgCO_2eq.$) = Energy (kWh) x Emission factor 1 ($kgCO_2eq./kWh$). The reporting cycle runs from October 1 of the prior year to September 30 of the reporting year.

  Emission factors are taken from the ADEME[1] database, among other sources.

For the three Scope 3 categories selected, **the calculation methodologies are as follows:**

1. **Purchased goods and services:** The basic environmental impact assessment includes raw materials and electronics.

   Raw material: Emissions for each raw material are calculated based on gross mass and associated emission factors.

   Emission ($kgCO_2eq.$) = Gross mass (kg) x Emission factor ($kgCO_2eq./kg$).

   Emission factors are taken from databases such as the Worldsteel database or the Gabi life cycle tool (LCA for expert), among others.

   Electronics: The CO_2 content of electronics is specific and cannot be accurately calculated using existing tools, as they do not provide sufficiently precise results for Valeo's use of electronics. In addition, suppliers do not systematically disclose component-level information. Pending the availability of a sector-specific methodology or validated supplier data, Valeo has developed a specific methodology that integrates company supplier declarations, detailed material mass breakdowns by component and supplier data where available.

2. **Upstream transportation and distribution:** Emissions are calculated based on distances traveled, the weight of goods transported and the emission factors of the different modes of transportation. Valeo has decided to include this critical aspect in its reduction plan, going beyond the expectations of the SBTi.

   Emission ($tCO_2eq.$) = Mass of goods (t) x Distance (km) x Emission factor ($tCO_2eq./t.km$).

   Emission factors are taken from the GLEC (Global Logistics Emissions Council) Framework, among others. The reporting cycle runs from January 1 to December 31 of the reporting year.

3. **Use of sold products:** In the absence of a sector-specific methodology, Valeo, with the scientific support of EMISIA SA, has developed a methodology to assess the carbon impact of its products based on mass and energy consumption. Factors such as vehicle size, powertrain technology and region are taken into account to accurately estimate actual emissions.

   To reflect the effort required to achieve these targets, Valeo has also chosen to express them in terms of intensity ($tCO_2eq./€m$) compared with the ambition of its *Move Up* plan.

   - **Market-based direct emissions (Scope 1):**

     Emissions intensity is calculated using total market-based $CO_2eq.$ emissions and total sales.

     Scope 1 market-based intensity ($tCO_2eq.$/million euros) = Market-based emissions ($tCO_2eq.$)/total sales (millions of euros).

   - **Location-based indirect energy-related emissions (Scope 2):**

     Emissions intensity is calculated from total location-based $CO_2eq.$ emissions and total sales.

     Scope 2 location-based intensity ($tCO_2eq.$/million euros) = Location-based emissions ($tCO_2eq.$)/total sales (millions of euros).

   - **Upstream and downstream emissions (Scope 3):**

     Emissions intensity is calculated from total Scope 3 $CO_2eq.$ emissions and total sales.

     Scope 3 intensity ($tCO_2eq.$/million euros) = Scope 3 emissions ($tCO_2eq.$)/total sales (millions of euros).

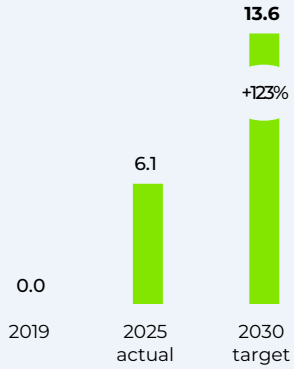
The SBTi assessed Valeo's formal submission in 2021 and, after careful review, approved the targets. The targets submitted for Scope 1 & 2 emissions were deemed to exceed the minimum ambition for the 1.5°C trajectory defined under the SBTi's absolute contraction approach. The submission of Scope 3 emissions targets covered both direct and indirect emissions from use phases, and also exceeded the minimum requirements of the contraction method.

A table summarizing the activities covered in GHG emission calculations for Scopes 1, 2 and 3 is provided in section 4.1.2.3.9 "Reduction of greenhouse gas emissions within the framework of Valeo's Carbon Neutrality Contribution Plan for 2050", page 242.

[1] *See section 4.1.7 "Sustainable development glossary", page 357.*

EMISSIONS AVOIDED THANKS TO VALEO TECHNOLOGIES

($MtCO_2$)



Definition and scope of emissions avoided

Avoided emissions are defined as the GHG emission reductions achieved when Valeo products replace more polluting internal combustion engines (ICE). Valeo's initial focus was on vehicle electrification, but it plans to extend the scope to all product categories.

Guiding principles

Relevance and accuracy: The Group ensures that emission reductions are clearly linked to its products, based on reliable and well-documented data.

Transparency: The Group provides clear and comprehensive information on all underlying assumptions and methodologies.

Prudence: The Group uses conservative estimates to avoid overestimating environmental benefits.

Methodological steps

Definition of the baseline: The automotive industry's transition from nearly 100% internal combustion engines (ICE) to battery electric vehicles (BEV) is modeled over a 15-year period (2019-2035 in the EU27).

Each BEV is assumed to replace an ICE vehicle. As vehicles have an average life of more than 16 years, no replacements are assumed during this transition period.

Impact assessment

Avoided emissions are calculated by comparing the well-to-wheel emissions of an average Class C ICE vehicle with those of a Class C BEV.

The comparison uses the IEA sustainable development scenario for the average CO_2 content of electricity worldwide.

Lifetime emissions are based on CO_2 intensity at the time of the vehicle's sale.

[ESRS E1-3 § AR30]

Climate change mitigation actions, decarbonization levers, key actions and their contributions to achieving GHG emission reduction targets, broken down by Scopes 1, 2 & 3, as well as the role of new technologies in achieving the targets are detailed in section 4.1.2.3.4 "CAP 50: Transition plan for climate change mitigation", page 229.

The Group's climate scenarios are described in section 4.1.2.3.3.1 "Analysis of physical and transition risks", page 224.

The table below shows the Group's progress from 2019 to 2025 in terms of its emissions reduction trajectory.

Outcomes in 2025 and CAP 50 Plan targets

The table below sets out the targets set for each of the approaches adopted by Valeo and the outcomes obtained in 2025.

CAP 50 Plan	*$ktCO_2eq.$*	2019	2024	2025	2025 target	2030 target
Emissions trajectory established as part of the SBTi commitment and outcomes	Scope 1	196	165	158	110	47
	Scope 2 (including renewable energy purchases)	966	291	241	542	231
	Upstream Scope 3 (purchased goods and services, and transportation and distribution)	9,479	7,874	7,974	8,854	8,057
	Downstream Scope 3 (use of sold products)	39,000	30,490	30,986	35,800	33,150
	Total emissions (Scopes 1, 2 and 3)	49,640	38,820	39,359	45,305	41,485
	Annual greenhouse gas emissions target Scopes 1, 2 & 3	49,640	45,987	45,305		
	Achievement of the annual target		✓	✓		

Valeo referred to the SBTi in setting its CAP 50 Plan 2030 targets. Reduction targets were calculated using the absolute contraction approach. Valeo has aligned its trajectory with a 1.5°C by 2050 scenario by setting targets to reduce Scope 1 & 2 emissions by 75% and Scope 3 emissions by 15% by 2030 compared with 2019.

Valeo's total GHG emissions presented in section 4.1.2.3.9 "Reduction of greenhouse gas emissions within the framework of the Carbon Neutrality Plan for 2050", page 242, differ from the total CAP 50 emissions presented in the table above insofar as the latter only takes into account certain GHG *Protocol* categories.

4.1.2.3.8 Energy consumption (DR E1-5)

[ESRS E1 § 37] – [ESRS E1 § 38]

TOTAL ENERGY CONSUMPTION *(MWh)*

Energy consumption and mix	Unit	2024	2025
1) Fuel consumption from coal and coal products	MWh	NM	NM
2) Fuel consumption from crude oil and petroleum products	MWh	19,919	17,081
3) Fuel consumption from natural gas	MWh	487,369	471,129
4) Fuel consumption from other fossil sources	MWh	68,352	67,182
5) Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources	MWh	480,294	378,496
6) TOTAL FOSSIL ENERGY CONSUMPTION (CALCULATED AS THE SUM OF LINES 1 TO 5)	**MWh**	**1,055,934**	**933,887**
Share of fossil sources in total energy consumption	**%**	**39%**	**36%**
7) Consumption from nuclear sources	**MWh**	**201,883**	**204,631**
Share of consumption from nuclear sources in total energy consumption	**%**	**8%**	**8%**
8) Fuel consumption from renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.)	MWh	NM	634
9) Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	MWh	1,417,095	1,434,927
10) Consumption of self-generated non-fuel renewable energy	MWh	15,453	33,822
11) Total renewable energy consumption (calculated as the sum of lines 8 to 10)	**MWh**	**1,432,548**	**1,469,383**
Share of renewable sources in total energy consumption	**%**	**53%**	**56%**
TOTAL ENERGY CONSUMPTION (CALCULATED AS THE SUM OF LINES 6, 7 AND 11)	**MWh**	**2,690,365**	**2,607,900**

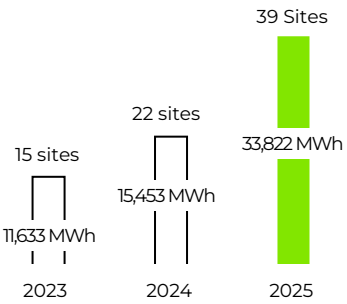
The improvement in renewable energy consumption results from the gradual installation of solar farms for on-site self-generation, the signing of decarbonized power purchase agreements (PPAs) with renewable energy certificates and the purchase of guarantees of origin in several countries. Valeo is continuing its actions to improve energy efficiency, such as the optimization of a line of surface-mounted components (Shenzhen site, BRAIN Division), optimization of the compressed air network (Seymour site, LIGHT Division) and optimization of the operating pressure of the compressed air network (Kyong Ju site, POWER Division).

[ESRS E1 § 39] - [ESRS E1 § 40] - [ESRS E1 § 41]

ENERGY PRODUCTION *(MWh)*

Non-renewable energy production and renewable energy production	Unit	2024	2025
Non-renewable energy production	MWh	0	0
Renewable energy production	MWh	15,453	33,822
Energy intensity of activities in sectors with high climate impact (total energy consumption per net sales)	MWh/€m	125	125
Total energy consumption from activities in sectors with high climate impact	MWh	2,690,365	2,607,900

In 2025, solar panels were installed at 39 sites, generating 33,822 MWh of zero-carbon electricity. Valeo is committed to keep installing solar farms in the coming years. 28 projects are currently under review.



[ESRS E1 § 42]

Valeo's operational activities are all considered to have a high climate impact.

[ESRS E1 § 43]

NET REVENUE FROM ACTIVITIES IN HIGH CLIMATE IMPACT SECTORS

	Unit	2024	2025
Net revenue from activities in high climate impact sectors used to calculate energy intensity	€m	21,492	20,903
Net revenue (other)	€m	0	0
Total net revenue (financial statements)	**€m**	**21,492**	**20,903**

4.1.2.3.9 Reduction of greenhouse gas emissions within the framework of the Carbon Neutrality Contribution Plan for 2050 (DR E1-6)

[ESRS E1 § 47]

The SBTi defines materiality as a change of 5% or more in the base year GHG emissions recalculation. The Group has assessed the implications of this recalculation on its targets and has not identified a need to update the target as the change represents an impact of less than 5%.

The methodology, assumptions and emission factors used to calculate Valeo's GHG emissions are detailed in section 4.1.2.3.7 "A clear vision for contributing to carbon neutrality by 2050 with an ambitious intermediate target for 2030", page 238.

[ESRS E1 § 50]

Scope 1, 2 & 3 emissions are presented on a consolidated basis at Group level.

Valeo's total GHG emissions differ from the total CAP 50 emissions presented in section 4.1.2.3.7, "A clear vision for contributing to carbon neutrality by 2050 with an ambitious intermediate target for 2030", page 238, insofar as it only takes into account certain categories of the GHG *Protocol*. In 2026, Valeo will resubmit its CAP 50 decarbonization targets to the SBTi within a more demanding 1.5°C alignment framework. The Group plans to take into account all the GHG *Protocol* categories listed in the table below in order to align the CAP 50 scope with the CSRD scope.

[ESRS E1 § 44] - [ESRS E1 § 46] - [ESRS E1 § 48] - [ESRS E1 § 49] - [ESRS E1 § 51] - [ESRS E1 § 52]

TOTAL GHG EMISSIONS

($tCO_2eq.$)

	Retrospective				CAP 50 Plan targets	
	2019	**2024**	**2025**	**% Y/Y-1**	**2025**	**2030**
SCOPE 1 GHG EMISSIONS						
Gross Scope 1 GHG emissions	195,626	164,569	158,122	-4%	110,000	47,000
Percentage of Scope 1 GHG emissions from regulated emission trading schemes *(%)*		0	0			0
SCOPE 2 GHG EMISSIONS						
Gross location-based Scope 2 GHG emissions	880,687	816,042	714,695	-12%		0
Gross market-based Scope 2 GHG emissions	965,680	291,018	240,834	-17%	542,000	231,000
TOTAL LOCATION-BASED SCOPE 1 & 2 GHG EMISSIONS	**1,076,313**	**980,610**	**872,817**	**-11%**		
TOTAL MARKET-BASED SCOPE 1 & 2 GHG EMISSIONS	**1,161,306**	**455,587**	**398,956**	**-12%**	**652,000**	**278,000**
SIGNIFICANT SCOPE 3 GHG EMISSIONS						
TOTAL GROSS INDIRECT (SCOPE 3) GHG EMISSIONS	**52,197,768**	**40,672,513**	**41,104,936**	**1%**	**44,654,000**	**41,209,984**
1) Purchased goods and services	9,179,000	7,573,369	7,649,133	1%	8,574,000	7,802,150
[Optional sub-category: Cloud computing and data center services]	0	0	0			
2) Capital goods	2,600,853	167,420	151,940	-9%		
3) Fuel and energy-related Activities (not included in Scope 1 or Scope 2)	146,166	148,709	144,236	-3%		
4) Upstream transportation and distribution	151,667	300,889	325,176	8%	140,000	128,917
5) Waste generated in operations	32,143	27,637	26,915	-3%		
6) Business travel	27,429	40,807	36,698	-10%		
7) Employee commuting	208,843	176,688	147,970	-16%		
8) Upstream leased assets	0	0	0			
9) Downstream transportation	151,667	387,903	389,734	—%	140,000	128,917
10) Processing of sold products	380,000	380,000	380,000	—%		
11) Use of sold products	39,000,000	30,489,590	30,985,634	2%	35,800,000	33,150,000
12) End-of-life treatment of sold products	320,000	320,000	320,000	—%		
13) Downstream leased assets	0	0	0			
14) Franchises	0	0	0			
15) Investments	0	659,500	547,500	-17%		
TOTAL GHG EMISSIONS						
TOTAL GHG EMISSIONS (LOCATION-BASED)	**53,274,081**	**41,653,123**	**41,977,753**	**1%**		
TOTAL GHG EMISSIONS (MARKET-BASED)	**53,359,074**	**41,128,099**	**41,503,892**	**1%**	**45,305,000**	**41,489,984**
Percentage of Scope 3 GHG emissions calculated using primary data		**0%**	**0%**			

Changes Group's GHG emissions between 2024 and 2025 reflect separate dynamics between Scopes 1 & 2, which benefit from emissions reductions as soon as actions are implemented, and upstream and downstream Scope 3, where the effect of actions implemented includes time spent on development. Furthermore, the decrease in business helps reduce emissions, but this effect may be offset by a less favorable product mix.

Scope 1 & 2 greenhouse gas emissions

The decrease in Scopes 1 & 2 GHG emissions stems equally from:

- decarbonization actions:
  - renewable energy strategy (self-generation, green energy contracts and certificates), accounting for 75% of the reduction in emissions. Between 2024 and 2025, the Group increased its purchases of Guarantees of Origin by 20%, generating a significant reduction in Scope 2 GHG emissions;
  - industrial efficiency (25% of the reduction);
- business developments.

Scope 3 greenhouse gas emissions

Scope 3 emissions rose slightly, with the change in product mix offsetting the slowdown in business.

CONTRACTUAL INSTRUMENTS - SCOPE 2 GHG EMISSIONS

		2025
Guarantees of origin	MWh	1,035,346
Portion covered by guarantee of origin	%	76.75%
PPAs (Power Purchase Agreement) off site	MWh	279,750
Portion linked to PPAs off site	%	20.74%
PPAs on site for self-generation of electricity	MWh	33,822
Portion linked to PPAs on site for self-generation of electricity	%	2.51%
TOTAL		**1,348,918**
Total electricity consumption	MWh	2,039,678
Portion of electricity consumed covered by contractual instruments	%	66.13%

[ESRS E1 § 53] - [ESRS E1 § 55]

TOTAL GHG EMISSIONS (MARKET-BASED) BY NET REVENUE

($tCO_2eq./monetary\ unit$)

GHG emissions intensity by net revenue[1]	**2024**	**2025**	**% Y/Y-1**
Total GHG emissions (location-based) by net revenue	1,938	2,008	4%
Total GHG emissions (market-based) by net revenue	1,914	1,986	4%

(1) Total emissions including the 15 GHG Protocol categories.

	Unit	**2024**	**2025**
Net revenue used to calculate GHG intensity	€m	21,492	20,903
Net revenue (other)	€m	0	0
TOTAL NET REVENUE (FINANCIAL STATEMENTS)	**€m**	**21,492**	**20,903**

4.1.2.3.10 GHG removals and GHG mitigation projects financed through carbon credits (DR E1-7)

In 2026, Valeo will resubmit its decarbonization targets to the Science Based Targets initiative (SBTi) under the more stringent 1.5°C alignment framework. The 2030 pathway will therefore be revised, and the Group is working to introduce carbon offset projects (10%) to reach Net Zero by 2050.

4.1.2.3.11 Internal carbon pricing (DR E1-8)

The Group does not apply internal carbon pricing.

4.1.2.3.12 Anticipated financial effects from material physical and transition risks and potential climate-related risks and opportunities (DR E1-9)

The CSRD allowed companies to omit the anticipated financial effects from material physical and transition risks and potential climate-related risks and opportunities prescribed by ESRS E1-9 in the first year of preparation of its sustainability statement. For its first year of publication, Valeo elected to activate the phase-in clause and not to report data on the anticipated financial effects from climate-related impacts, risks and opportunities.

The *Quick Fix*[1] elegated Act extends the phase-in measures provided for the information set out in Appendix C of ESRS 1, namely the omission of anticipated financial effects from climate-related risks and opportunities. Valeo has elected to apply this measure for the second year of publication of its Sustainability Report.

Assessing the expected financial impact for assets considered to be exposed to material physical risks is a complex process. Valeo plans to begin work on quantification in 2026.

(1) Quick Fix Delegated Act amending Delegated Regulation (EU) 2023/2772 as regards the postponement of the date of application of the disclosure requirements for certain undertakings, adopted by the European Commission on July 11, 2025

4.1.2.4 Pollution (ESRS E2)

MATTER	POLICIES & ACTIONS	METRICS*
POLLUTION *(1 risk and 1 negative impact)*	• Environmental roadmaps • ISO 14001 certification • Data reliability process • VIM environmental incident reporting tool	**807 t** Category 1A/1B CMR substances generated or used in production

** 2025 data.*

4.1.2.4.1 Identification and assessment of material pollution-related impacts, risks and opportunities (DR related to ESRS 2 IRO-1)

Pillar	Description of matter	IRO	Position in the value chain	Time horizon
	ESRS E2 – POLLUTION			
Environment	**Substances of concern and very high concern** Risk of being unable to identify or declare hazardous substances at the request of customers and/or failing to reduce or eliminate the use of these substances, leading to loss of business, non-compliance costs and damage to image and reputation.	R	Upstream	ST
	Substances of concern and very high concern Negative impact on the environment and on people resulting from the presence of hazardous substances in products and/or their use in production processes.	I-	Own activities	ST

I- *Negative impact* I+ *Positive impact* R *Risk* O *Opportunities*

Upstream *Own activities* *Downstream*

ST Short term **MT** Medium term **LT** Long term

Impacts, risks and opportunities were assessed during workshops jointly organized by the Risk Management Department and the Sustainable Development, External Affairs, Collaborative Research and Technical Regulation Department, as described in section 4.1.1.3.3, "Material impacts, risks and opportunities and their interaction with strategy and business model", page 203. During these workshops, internal contributors identified and assessed impacts, risks and opportunities (IROs) according to the methodology described in section 4.1.1.4.1 "Processes to identify and assess material impacts, risks and opportunities", page 206.

As Valeo has not identified any affected population within the scope of its activities, the Group has not carried out stakeholder consultations with specific communities.

[ESRS 2 MDR – A§69]

Initiatives related to IROs of the ESRS E2 topical standards are often integrated into broader action plans. However, Valeo does not always have the data granularity required to track current and future resources allocated to each action (BP 2).

4.1.2.4.2 Policies related to pollution (DR E2-1)

[ESRS E2-1 § 12 to 15]

Some of Valeo's activities use chemical substances that may be harmful to the environment, biodiversity and human health, and generate hazardous waste. They generate effluents that may contain such substances as oil, heavy metals or suspended solids.

The risk to the Group arises from the failure to control the use of certain substances, the polluting nature of the resulting discharges and effluents, and the management of its hazardous waste. The Group must be exemplary in its management of chemical substances at each stage of their use cycle in order to avoid any risk of pollution of the natural environment. Each site must ensure, through regulatory monitoring, that its processes and the substances it uses always comply with local environmental regulations. Each site must also prevent the risk of pollution resulting from an industrial accident.

The main causes to be averted are:

- non-compliance of discharges;
- aging of internal processing equipment;
- the absence of treatment stations on site or externally;
- poorly managed waste treatment channels;
- the tightening of regulations in force.

The risk may also be aggravated by late detection of discharges into the environment due to a lack or absence of:

- periodic checks of storage facilities;
- periodic checks of the discharge treatment process;
- intervention and control policy in respect of environmental accidents;
- a firewater retention area.

To prevent the risk of pollution across all sites, the Group has adopted several operational environmental directives setting rules for all sites, on the following issues:

- effluents;
- intervention means and consequence limitations;
- the management of underground tanks;
- waste management;
- soil and groundwater management.

All pollution risks are addressed by the Group's environmental policy (see section 4.1.2.1 "Environmental policies and commitments", page 213), which describes the standards and ISO 14001 reference framework on which it is based and includes the following subjects:

Substances of concern and very high concern

Management of substances of concern and very high concern within the Group is divided into two parts:

i. substances as such and mixtures containing substances of concern (SoC) or substances of very high concern (SVHC) (inputs), used and transformed by industrial processes, as well as those intended for the use and maintenance of industrial tooling;

ii. items containing substances of concern and substances of very high concern, assembled into complex items (inputs and outputs).

For input substances and mixtures, identification is carried out in accordance with REACH regulations. Valeo has established its own BRDS (Banned, Restricted and Declarable Substances) list, which includes substances covered by:

- regulations;
- special requirements of its automaker customers;
- its own strategy.

This list is regularly updated, notably thanks to the regulatory monitoring of Article 57 of the REACH regulation.

It serves as a reference to provide initial screening whenever use of a new product (substance or mixture) is being considered, based on the relevant CAS[1] registry number,

The Group applies internal Chemical Product Management guidelines, including a sub-policy for regulated or banned substances, which requires REACH and BRDS compliance to be verified.

For complex input and output items, compliance is verified through IMDS (International Material Data System), which is an international system for collecting material data from the automotive industry in the context of End-of-Life Vehicle regulations.)

This policy applies throughout the Group. It involves employees, service providers, suppliers, customers and authorities. The Deputy Chief Executive Officer delegates responsibility for its industrial application to the Health, Safety and Environment Director and the Chief Technology Officer, under the coordination of the Chief Sustainability Officer, External Affairs, Collaborative Research and Technical Regulation.

The Group identifies cases of use of substances of concern (SoC) and substances of very high concern (SVHC):

i. aims to eliminate substances and mixtures containing them from its processes whenever technically possible and economically viable alternatives are available, or otherwise to control their use from the supply chain to destruction;

ii. aims to eliminate them from the composition of goods purchased and placed on the market, whenever technically possible and economically viable alternatives are available.

In 2025, monitoring was carried out:

i. for input substances and mixtures: consolidation at Group level of consumption of substances of very high concern (SVHC), broken down by risk family via the environmental reporting tool; identification and testing of a chemical management tool allowing SVHC and SOC consumption to be calculated automatically, independently of the environmental reporting tool;

ii. for input and output articles: breakdown of the presence of SVHC in the articles via IMDS reporting and extension of the analysis to new persistent organic pollutants (POP): medium-chain chlorinated paraffins (MCCP) and long-chain perfluorocarboxylic acids (L-PFCA). Valeo's aim is to anticipate future regulatory requirements relating to these substances in its IMDS reporting. The Group has already integrated regulatory requirements relating to PFAS into its BRDS list.

The policy's effectiveness is monitored as follows:

i. For substances used in industrial processes:

   In 2025, the Group launched an annual campaign of specific chemical risk audits by a third-party expert to ensure compliance with its internal guidelines and control the use of substances containing SoCs and SVHCs in its processes.

ii. For substances intended for use in products placed on the market:

   All substances constituting the materials used to manufacture Valeo products are identified in the IMDS. This database receives input from each actor in the supply chain. Specific in-depth research continued in 2025 to finalize the determination of the presence of PFAS in Valeo's purchased components.

The Group has set the following objectives to measure the effectiveness of the policy:

- deployment of a chemical management software package to ensure the traceability of SOCs and improve the quality of SVHC reporting;
- continued implementation of the internal *Chemical Products Management* directive;
- update of the BRDS list *at least* once a year.

[1] *Chemical Abstracts Service (CAS).*

4.1.2.4.3 Actions and resources related to pollution (DR E2-2)

[ESRS E2 § 19]

Substances of concern and very high concern

As part of the implementation of its policy for the control of substances of concern and very high concern, Valeo took the following key actions in 2025 at all plants and R&D centers to prevent and/or reduce pollution risks:

- update of the BRDS list (17th version);
- continued monitoring of the increasing use of nanomaterials in response to REACH regulations, to anticipate any necessary substitution;
- continued active participation in the work of professional organizations in Europe and internationally;
- creation of a PFAS Committee to ensure control over processes and products.

The Group plans on implementing the following actions:

i. for substances used in industrial processes:
   - roll out tool to improve the traceability of substances or mixtures containing substances of concern and substances of very high concern, and to facilitate their substitution and/or elimination;

ii. for substances intended for use in products placed on the market:
   - integrate future regulatory requirements on PFAS into the BRDS list.

With a view to continuous improvement, by 2030 the Group plans to:

i. for substances used in industrial processes:
   - add risk families to the BRDS list;
   - establish a Group-wide consumption monitoring process, including means for cross-checking or identifying substances between purchasing and HSE tools;
   - establish a process to consolidate consumption by risk family for substances and mixtures containing substances of concern and substances of very high concern;
   - update internal guidelines to include the consumption monitoring process;
   - improve the introduction process for new chemicals through a validation workflow;
   - prioritize substances for voluntary bans or reduction targets;

ii. for substances intended for use in products placed on the market:
   - ensure the progressive updating of lists of SoCs identified in the BRDS list and bringing them in line with Article 57(f) of REACH, based on regulatory updates and their progressive identification.

The Group aims to achieve the following outcomes:

i. for substances used in industrial processes:
   - substitution and/or total elimination of substances of very high concern from products;
   - traceability of product volumes consumed in terms of risk family;
   - improvement of the management of chemicals throughout their life cycle within Valeo, involving teams from Research and Development through to production.

ii. for substances intended for use in products placed on the market:
   - identification of existing PFAS alternatives.

To this end, the Group will incur the following expenses and make the following investments:

- expenses: provision of sites with solutions to identify, trace and consolidate quantities of substances and mixtures containing substances of concern and substances of very high concern;
- investments: adaptations to production lines resulting from the substitution of a hazardous product with a less harmful alternative.

4.1.2.4.4 Targets related to pollution (DR E2-3)

[ESRS E2 § 22] - [ESRS E2 § 23] - [ESRS E2 § 24]

The ecological thresholds applied are defined by local regulations, to which the Group's internal requirements are added to harmonize the level of requirements across all sites, particularly for emissions into the natural environment, whether emissions into air or water. With regard to soil pollution, the Group pursues a strategy of avoidance through the use of prevention and retention measures.

There are four types of wastewater: sanitary water, rainwater, industrial water and firewater. Sanitary water is discharged into municipal sewer systems where they exist, or is treated on site before spreading on land. Rainwater is discharged directly into the sewer system or is sent through an oil separator for water used to clean traffic areas. To meet regulatory requirements, sites may be equipped with on-site stations prior to the discharge of their effluent into the public network. Firewater must be contained on site to prevent contamination of the rainwater network.

With regard to operational control, all sites with industrial activity dating back more than three years must be ISO 14001 certified.

Substances of concern and substances of very high concern

Valeo has set the following targets for substances of concern and substances of very high concern, to be achieved by 2030:

i. For substances and mixtures:
   - zero per- and polyfluoroalkyl substances (PFAS[1]) in its processes;
   - eradication of lead use in soldering;
   - no prohibited substances listed in the BRDS;
   - no CMR 1A substances where quality compliance is achieved;
   - 100% of SoCs and SVHCs managed in compliance with the internal Chemical Product Management guidelines.

ii. For the articles:
   - 100% of SoCs and SVHCs identified and reported for products listed in the IMDS.

(1) *See section 4.1.7 "Sustainable development glossary", page 357.*

SUBSTANCES OF CONCERN AND SUBSTANCES OF VERY HIGH CONCERN GENERATED OR USED DURING PRODUCTION

Substances	Reference value *(in metric tons)*	Base year	Target *(in metric tons)*	Target year
Substances listed in the BRDS		2025		2030
SVHC	807	2025		2030
SoC		2025		2030
CMR 1A/1B	807	2025		2030

Quantified targets for 2030 will be communicated in 2026.

4.1.2.4.5 Performance and measures related to substances of concern and substances of very high concern (DR E2-5)

In 2025, the Group analyzed the IMDS database shared with its customers to identify substances of very high concern (SVHC) present in its products. Quantities of these substances were estimated by multiplying them by the corresponding sales volumes to calculate the total weight per substance. An adjustment factor was applied in order to cover the full scope. The reliability of the reported data has been verified.

In addition, the environmental reporting tool was upgraded to enable the reporting of SVHC consumption broken down by risk family.

To improve the reliability of information published, the methodology will be progressively refined, and additional controls will be implemented in the coming years.

[ESRS E2 § 32] - [ESRS E2 § 35]

TOTAL QUANTITY OF SUBSTANCES OF VERY HIGH CONCERN IN PRODUCTS, BROKEN DOWN BY THE MAIN HAZARD CLASSES OF SUBSTANCES OF CONCERN

(t)	2024	2025
CMR: Carcinogenic, Mutagenic or Reprotoxic	151	162
ED: Endocrine Disruptor for human health or the environment.	0.408	10
PBT: Persistent, Bioaccumulative and Toxic	40	51
vPvB: very Persistent and very Bioaccumulative	0	0
PMT: Persistent, Mobile and Toxic	0	0
vPvM: very Persistent, very Mobile	0	0
SVHC: substances of very high concern without label	2	1
TOTAL	**193**	**206(1)**

(1) The total quantity of substances of very high concern (SVHCs) in 2025 does not correspond to the sum of the quantities reported for each individual hazard class. Certain products are reported under more than one hazard class.

Valeo has policies and tools designed to ensure that its products and those of its suppliers comply with the requirements of European regulations on the use of regulated chemicals. For example, the Group's entire portfolio complies with applicable regulations, in particular Regulation 1907/2006 (REACH) and the End-of-Life Vehicle (ELV) Directive via the International Material Data System (IMDS), the automotive industry's benchmark platform for collecting material data at every stage of the value chain for all components. Valeo strives to reduce the use of such substances whenever substitutions are available.

[ESRS E2 § 35]

TOTAL QUANTITY OF SUBSTANCES OF VERY HIGH CONCERN GENERATED, OR USED IN PRODUCTION, BROKEN DOWN BY THE MAIN HAZARD CLASSES OF SUBSTANCES OF CONCERN

(t)	2024	2025
H340 – May cause genetic defects	Data not available	25.05
H350 – May cause cancer	Data not available	442.90
H350i – May cause cancer by inhalation	Data not available	7.08
H360 – May damage fertility or the unborn child	Data not available	99.60
H360D – May damage the unborn child	Data not available	20.46
H360Df - May damage the unborn child. Suspected of damaging fertility	Data not available	28.82
H360F – May damage fertility	Data not available	0.25
H360FD – May damage fertility. May damage the unborn child	Data not available	180.36
H360Fd - May damage fertility. Suspected of damaging the unborn child	Data not available	2.70
CMR: Carcinogenic, Mutagenic or Reprotoxic	**735**	**807[1]**
H380 – May cause endocrine disruption in humans	Data not available	0.03
H381 – Suspected of causing endocrine disruption in humans	Data not available	0
H430 – May cause endocrine disruption in the environment	Data not available	0
H431 – Suspected of causing endocrine disruption in the environment	Data not available	0
ED: Endocrine disruptor for human health or the environment	Data not available	**0.03**
H440 – PBT – Accumulates in the environment and living organisms including in humans	Data not available	0.06
H441 – vPvB – Strongly accumulated in the environment and living organisms including in humans	Data not available	0
H450 – PMT – Can cause long-lasting and diffuse contamination of water resources	Data not available	0
H451 – vPvM – Can cause very long-lasting and diffuse contamination of water resources	Data not available	0
TOTAL	**735**	**807 [1]**

(1) The total quantity of substances of very high concern is not the sum of the quantities reported in each hazard class. Some products are classified in several different hazard classes.

[ESRS E2 § 34]

In 2025, the Group eliminated the use of halogenated solvents and hexavalent chromium in its processes and reduced its lead consumption to 127 Kg, a reduction of 85% on 2024 and of 99% on 2019.

In 2025, the Group began developing a tool that will enable it to better trace the quantities of substances of concern (SOCs) and substances of very high concern (SVHCs) generated or used during production. This will ensure improved traceability and facilitate efforts to find substitutions or to eliminate them. For 2025, the Group is not able to collect and disclose data relating to the quantities of substances of concern generated or used in production, or to provide details on the total quantities.

4.1.2.4.6 Anticipated financial effects from pollution-related impacts, risks, and opportunities (DR E2-6)

The CSRD allowed companies to omit the information prescribed by ESRS E2-6[1] for the first year of preparation of their sustainability statement. For its first year of publication, Valeo had elected to activate the phase-in clause and not to report data on anticipated financial effects from pollution-related impacts, risks and opportunities. The "Quick Fix" Delegated Regulation[2] extends the application of the phase-in measures provided for the information set out in Appendix C of ESRS 1, namely the omission of the anticipated financial effects from pollution-related risks and opportunities. Valeo has elected to apply this measure for the second year of publication of its Sustainability Report.

[ESRS E2 § 40]

To date, operating expenses and capital expenditure incurred in connection with major deposits and incidents are not automatically identifiable in the Group's accounting tools. Valeo is therefore unable to report this information in respect of 2025. A process for identifying pollution-related OpEx and CapEx will be implemented shortly.

[1] With the exception of the information required by paragraph 40(b) on operating expenses and capital expenditures incurred during the reporting period in conjunction with major incidents and deposits.
[2] Quick Fix Delegated Act amending Delegated Regulation (EU) 2023/2772 as regards the postponement of the date of application of the disclosure requirements for certain undertakings, adopted by the European Commission on July 11, 2025.

4.1.2.5 Water resources (ESRS E3)

MATTER	POLICIES & ACTIONS	METRICS*
WATER *(1 risk)*	• Environmental roadmaps • ISO 14001 certification • Water protection program • VIM environmental incident reporting tool	**2,480,844 cu.m** water withdrawals *(**-5%** vs 2024)* **119 cu.m/€m** water withdrawal intensity

** 2025 data.*

4.1.2.5.1 Identification and assessment of material water-related impacts, risks and opportunities (DR related to ESRS 2 IRO-1)

Pillar	Description of matter	IRO	Position in the value chain	Time horizon
	ESRS E3 – WATER AND MARINE RESOURCES			
Environment	**Water** Risk related to the business continuity of a site located in a geographic area exposed to water stress in the event of failure to control its water consumption and withdrawals.	R	Own activities	ST

I- *Negative impact* I+ *Positive impact* R *Risk* O *Opportunities*

Upstream *Own activities* *Downstream*

ST Short term **MT** Medium term **LT** Long term

Impacts, risks and opportunities were assessed during workshops jointly organized by the Risk Management Department and the Sustainable Development, External Affairs, Collaborative Research and Technical Regulation Department, as described in section 4.1.1.3.3, "Material impacts, risks and opportunities and their interaction with strategy and business model", page 203. During these workshops, internal contributors identified and assessed impacts, risks and opportunities (IROs) according to the methodology described in section 4.1.1.4.1 "Processes to identify and assess material impacts, risks and opportunities", page 206.

[ESRS 2 MDR – A§69]

Initiatives related to IROs of the ESRS E3 topical standards are often integrated into broader action plans. However, Valeo does not always have the data granularity required to track current and future resources allocated to each action (BP 2).

Based on an analysis conducted in 2021 with a specialized external firm, the list of sites exposed to the risk of water stress, or even to risks of water restrictions, water shortages or water cuts by 2030, 2040 and 2050 has been updated. It is based on two IPCC global warming scenarios, SSP2 4.5 and SSP5 8.5, reasonably optimistic and reasonably pessimistic respectively (see section 4.1.2.3.3.1 "Analysis of physical and transition risks", paragraph "Physical risks – Analysis methodology", page 225).

Given the importance of this resource, the Group aims to limit withdrawals, manage its water consumption for industrial or domestic use, ensure the supply of good quality water for its staff and protect the quality of its effluent discharges. Due to their geographic location, some Valeo sites may be exposed to water cuts or restrictions resulting from:

- a municipal/regional decision in the event of a drought;
- a shortage of water sources supplying the site (public network, groundwater);
- poor water quality (wells, groundwater);
- a restriction imposed by local authorities in the event of overconsumption, which could be related to:
  - the lack of a water recovery system;
  - the absence of internal treatment and recycling;
  - the absence of closed-loop water processes.

The main water-related risk factors are outdated supply networks or water treatment plants, lack of separation between wastewater and stormwater networks in the event of heavy rainfall or flooding, and water stress. Data are from Aqueduct (WRI[1]), from JBA, with a resolution of less than 1 km, and demand and supply are assessed using the IIASA[2] *Water Futures and Solutions* (WFaS) and ISIMIP[3] models. In addition, all existing and newly acquired Valeo sites are subject to analysis by a specialized external firm. This water-related *due diligence* covers the following risk metrics: wastewater discharge, impact on soil and groundwater, site location and surrounding land use, site utilities (including water supply and network, wastewater discharge and treatment, rainwater discharge and drainage, fire protection facilities and water supply), hydrology and hydrogeology (including surface watercourses closest to the site, national water quality standard and shallow groundwater).

Each year, Valeo assesses its suppliers' sustainability practices through a self-assessment questionnaire that includes a section on water management (see section 4.1.4.4 "Responsible purchasing", page 301).

(1) *Word Resources Institute (WRI): environmental research organization.*
(2) *International Institute for Applied Systems Analysis (IIASA): International Institute for Applied Systems Analysis. Interdisciplinary research institute working in areas such as sustainable development, climate change, etc.*
(3) *Inter-Sectoral Impact Model Intercomparison Project (ISIMIP): cross-sector impact model comparison project providing a framework for compiling a set of simulations based on historical and future scientific scenarios as a basis for climate impact projections.*

[ESRS E3 § 8]

Due to the location of the Group's sites and the nature of its activities, water consumption and discharges have not impacted local communities to date.

4.1.2.5.2 Policies related to water (DR E3-1)

The risk of water stress is increasing in many geographic areas relative to the local capacity to renew water reserves due to:

- changes in global water demand (particularly in the United States, China and India);
- the effects of global warming.

Under the impetus of the Group Health, Safety and Environment (HSE) Director, Valeo applies the following water management policy to all its activities, sites, employees and subcontractors:

- performance of an environmental risk assessment before any acquisition or leasing of land or buildings, notably to determine the potential level of water stress of the future site locations;
- preparation of a water supply and distribution network plan, identifying its isolation systems, backflow preventers and meters, distinguishing between domestic and industrial uses and uses for firefighting and drinking water. With regard to drinking water, the site must, where possible, be supplied from an external source (preferably the public network) and be protected against the risk of contamination by other networks;
- encouragement of the use of non-drinking water wherever possible (toilets, irrigation, cleaning, firefighting, etc.);
- installation of systems for determining the volume of water consumed by use (domestic, industrial, firefighting) for each water supply source;
- completion of water cycle studies to fine-tune the identification of water losses related to processes, evaporation or water leaks in pipes;
- work to prevent leaks attributable to aging equipment;
- development of on-site water treatment processes to recover and reuse water internally;
- rainwater collection.

However, events such as local restrictions due to heat waves, scarcity of water sources or poor water quality can affect access to water resources, which is why it is so important for many of the Group's sites to reduce not only their consumption but also the absolute amount of water they withdraw.

The Valeo 4R circular economy program designs products and services to minimize water consumption and to treat and recycle industrial water internally.

The Group ensures compliance with all applicable laws and adheres to recognized norms and standards relevant to its operations, meeting all compliance requirements. Valeo is committed to conducting its business in a manner that contributes to the achievement of the United Nations Sustainable Development Goals, notably by contributing to sustainable water management in the communities where it operates. The Group is committed to disclosing relevant water management metrics and targets in accordance with global reporting standards.

The full understanding and implementation of the water management policy at site level is assessed through a questionnaire issued by the HSE Department and Internal Control Department and submitted to site managers. The policy's effectiveness is then measured on a regular basis, site by site, using metrics linked to the quantity of water withdrawn and the quality of water discharged into the natural environment, with strict specifications depending on the configuration of the various sites.

In this way, the Group is committed to reducing its water footprint and contributing to a more sustainable future for mobility.

4.1.2.5.3 Actions and resources related to water (DR E3-2)

Sustainable water management: recommendations for industrial and domestic sites

The Group aims to control and minimize water consumption at its sites as much as possible, by leveraging appropriate human and material resources in line with its policy:

- control and reduce leakage attributable to aging equipment and pipes;
- control water supply and distribution networks with isolation systems, backflow preventers and meters, differentiated by:
  - domestic use (if separate from drinking water);
  - industrial uses;
  - use for firefighting;
  - drinking water.

For drinking water, the site must, where possible, be supplied externally (public mains network preferably), and water networks must be protected from the risk of contamination by other networks.

To minimize water consumption, sites are urged to take action on both their industrial and domestic consumption:

- increasing the frequency of water consumption readings from quarterly to monthly;
- identifying the respective needs in regard to each of the main uses of water;
- optimizing consumption by integrating water saving aspects that can be factored into the purchasing decision for new equipment;
- optimizing washing operations by switching to closed-loop equipment with water treatment and reuse;
- recovering condensate water from closed circuits;
- reusing water from washing floors and equipment;
- replacing evaporative aerothermal cooling towers with adiabatic towers, air-cooled cooling towers or heat pump systems;
- reducing domestic water consumption by reducing pressure, installing sensor taps, recycling shower water for use in toilets, installing dual flush toilets, and collecting rainwater.

Sustainable water management: measures taken to address the risks of water restrictions, shortages and cuts

Prior to the purchase or lease of land or buildings, the Group requires that an environmental risk assessment be carried out in order to determine, among other things, the level of water stress of future site locations.

To mitigate the effects of periods of water stress, initiatives have been undertaken to optimize water consumption and withdrawal, to equip sites with reservoirs to prepare for periods of water stress, and to secure processes and fire protection for buildings.

Sustainable water management: status and progress of water management programs

The main actions of the water management program implemented at Group sites are as follows:

- Martos (Spain) site: Replacement of cooling towers with heat pumps;
- Chonburi (Thailand) site: Launch of a flocculation treatment plant project;
- Guangzhou (China) site: Conversion from cooling towers to dry cooling towers using forced ventilation;
- Rio Bravo (Mexico) site: Increase in stormwater collection capacity;
- Chennai (India) site: Installation of a wastewater treatment plant to enable water to be reused internally after treatment;
- Nakatsu, Isehara, Fujioka (Japan) site: Repair of underground networks and installation of water consumption measurement and warning systems;
- Nakastu, Fujioka (Japan) site: Inspection and reinforcement of backflow prevention devices for groundwater withdrawals;
- Mazamet (France) site: Elimination of the electroplating process with weekly bath replacement.

Overall, the Group is replacing cooling towers that consume large amounts of water through evaporation with adiabatic towers, dry towers or heat pump systems.

Sustainable water management: actions planned for the future

Water management program

The Group will reinforce its efforts to manage water consumption with the publication of a Water Handbook. It contains best practices in water consumption analysis and reduction, as well as examples of financing. The Group organizes a quarterly webinar for sharing best practices in reducing water consumption.

Water quality

With respect to water quality, the Group has:

- added 25 new substances to the list of substances monitored by the Group;
- reduced the maximum concentration values for several pollutants;
- developed a single methodology for measuring and monitoring antimicrobial genes;
- requested additional information at site level;
- increased the pace of updates of pollutant lists to keep up with scientific developments;
- used the LEAP (Locate, Evaluate, Assess, Prepare) approach;
- defined specific objectives for sites located in water-stressed areas.

4.1.2.5.4 Targets related to water (DR E3-3)

[ESRS E3 § 23]-[ESRS E3 § 25]

Valeo sets specific targets for its sites located in areas of high water stress. The aim of such targets is to limit the risk associated with the unavailability of water resources and to promote recycled water use on site.

Targets

The Group has set new targets for the 2026-2030 period:

- implement continuous pH and temperature monitoring at on-site treatment plants to limit impacts related to effluents;
- reduce the number of sites with groundwater withdrawals. While the goal is to reduce the number of sites with direct groundwater withdrawals to the lowest possible level, groundwater remains the only available source for some sites in the absence of public networks;
- close 3 wells by 2030;
- maintain the intensity of water withdrawals at less than 120 cu.m/€m. The Group has elected to maintain an intensity criterion in order to dissociate outcomes from business development;
- reduce absolute withdrawals to 2.3 million cubic meters by 2030.

The Group implements its water withdrawal reduction targets based on two criteria:

- an individual criterion for the largest water consumers;
- a second, geographic criterion for sites in areas of high water stress.

The Group prohibits all types of discharge into groundwater.

2025 results

The objectives of the 2019-2025 Plan to limit water withdrawals were largely met:

- the number of sites using groundwater was reduced from 30 to 13. Some sites still use groundwater, due to supply constraints and the absence of a public water supply;
- water withdrawals were reduced from 3.7 million cu.m to 2.5 million cu.m ;
- water withdrawal intensity was reduced to 197 to 119 cu.m/€m, against a target set at 185 cu.m/€m.

The Group's water management program focuses on sites representing 50% of total water withdrawals in order to reduce not only the intensity of water withdrawals, but also the absolute value of water withdrawals.

4.1.2.5.5 Water consumption (DR E3-4)

In 2025, for the second year, the Valeo Group reported its net consumption of water (in cu.m), taking into account volumes withdrawn and discharged.

WATER WITHDRAWALS, DISCHARGES AND CONSUMPTION

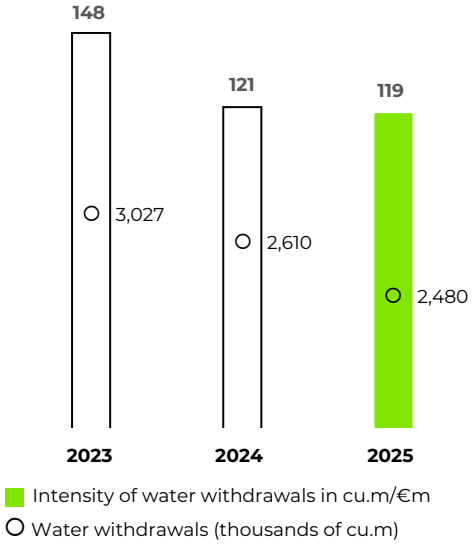
	Unit	2019	2024	2025	% Y/Y-1	2030 target
TOTAL WATER CONSUMPTION	**CU.M**	**ND**	**790,451**	**780,140**	-1%	
Total water consumption in areas of water stress, including areas of high-water stress;	cu.m	ND	277,030	310,210	12%	
Total water recycled and reused	cu.m	ND	292,220	419,341	44%	
Total water stored		ND	NM	NM		NM
Changes in water storage		ND	NM	NM		NM
Water consumption intensity ratio	cu.m/ €m	ND	37	37		
Water withdrawal intensity ratio	cu.m/ €m	197	121	119	-2%	<120
Total water withdrawn	**cu.m**	**3,697,803**	**2,609,927**	**2,480,844**	**-5%**	**<2,300,000**
Total water discharged	**cu.m**	**ND**	**1,819,476**	**1,700,704**	-7%	

Despite the inclusion of three new sites in the reporting scope, the Valeo Group achieved an absolute reduction of -5% in water consumption compared to 2024. This reduction is the result of the water management program launched in 2019, which aims to control and drastically reduce withdrawals, detect and eliminate leaks and the use of open-loop water, and prohibit groundwater withdrawals for industrial use. Through the quarterly sharing of best practices, on-site water treatment and reuse solutions are promoted and adopted.

The overall water withdrawal intensity ratio decreased by 2% compared to 2024 to 119 cu.m/million euros in 2025.

Water consumption in water-stressed areas increased by 12% in 2025, due to the inclusion of (i) R&D sites in the reporting scope (Chennai site in India, Foshan site in China) and (ii) a new POWER Division production site located in a highly water-stressed area (Reno site in the US).

WATER WITHDRAWAL



METHODOLOGICAL DETAILS AND DEFINITIONS OF METRICS

The amount of water consumed is determined by the amount of water withdrawn and the amount of water discharged, with or without treatment, in accordance with the expectations of ESRS E3-4.

Water withdrawals include water from the public supply network, groundwater, surface water and rainwater collected on all Valeo Group sites.

The measurement of water discharge was added to the reporting process in 2023 and includes water discharged to third parties or into a natural environment.

Calculations of water consumption, discharges and withdrawals are based on available verified data.

Water consumption is calculated by subtracting water discharges from water withdrawals.

To obtain a breakdown of the various metrics for areas of high- and extremely high-water stress, sites were classified using the *WRI Aqueduct V4* tool.

The Group records the amount of water treated on-site, recycled and reused in production.

Stored water has been deliberately excluded from metrics as it represents immaterial volumes (firewater).

Water intensity is measured using two numerators:

- water consumption in accordance with ESRS E3-4;
- water withdrawal to provide data comparable with those observed in previous reference periods.

[ESRS E3 § 28]

For withdrawals, 100% of data is from actual measurements.

For water discharges, 40% of data is from actual discharge measurements, and 60% from estimates.

4.1.2.5.6 Anticipated financial effects from water-related impacts, risks and opportunities (DR E3-5)

The CSRD allowed companies to omit the information prescribed by ESRS E3-5 for the first year of preparation of their sustainability statement. For its first year of publication, Valeo elected to activate the phase-in clause and not to report data on its anticipated financial effects from water-related impacts, risks and opportunities.

The Quick Fix[1] Delegated Act extends the phase-in measures provided for the information set out in Appendix C of ESRS 1, namely the omission of anticipated financial effects from water-related risks and opportunities. Valeo has elected to apply this measure for the second year of publication of its Sustainability Report. To date, the Group's water-related operating expenses and capital expenditure are not automatically identifiable in its accounting systems. Valeo is therefore unable to disclose this information in respect of 2025. However, a process for identifying these OpEx and CapEx will be implemented shortly.

4.1.2.6 Resource use and circular economy (ESRS E5)

MATTERS	POLICIES & ACTIONS	METRICS*
RESOURCE INFLOWS *(1 positive impact)*	• Responsible Purchasing policy • Reduction in packaging use • Reduction in weight of materials purchased	**1,450 kt** of products and materials used **33%** recycled steel
RESOURCE OUTFLOWS *(1 opportunity)*	• 4R program: robust design, remanufacturing, repair, and recycle	**90** types of recycled or biosourced plastics offered **20** recycled aluminum alloys offered
WASTE *(1 opportunity & 1 risk)*	• Environmental roadmaps • ISO 14001 certification • Improvement of the recovery rate • Elimination of landfill	**258,151 t** of waste generated **92%** recovery rate *(**+2 pts** vs 2024)* **4.6%** landfill rate

* *2025 data.*

[1] *Quick Fix Delegated Act amending Delegated Regulation (EU) 2023/2772 as regards the postponement of the date of application of the disclosure requirements for certain undertakings, adopted by the European Commission on July 11, 2025*

4.1.2.6.1 Identification and assessment of material impacts, risks and opportunities related to resource use and circular economy (DR related to ESRS 2 IRO-1)

Pillar	Description of matter	IRO	Position in the value chain	Time horizon
	ESRS E5 – CIRCULAR ECONOMY			
Environment	**Resource inflows/resource use** Positive impact on the environment through the deployment of eco-responsible design and production, the reduction of water, energy and raw material consumption (metal, plastic) and the replacement of traditional materials with greener, lighter, recycled and biosourced substitutes, involving business partners in this approach.	I+	— — —	**LT**
	Resource outflows/Circular economy (4R program) Opportunity to implement a strategy dedicated to the circularity of production, and products and services throughout their life cycle. The financial consequences for the Group are positive, in terms of both cost control and commercial opportunities.	O	— — —	**MT**
	Waste Economic opportunity (and potential competitive advantage) from reducing, recycling and recovering waste; from implementing end-of-waste status.	O	— — —	**ST**
	Waste Financial risk related to waste management, increasing treatment and landfill costs, and increasingly restrictive regulations, as well as growing stakeholder expectations (customers).	R	— — —	**ST**

I- *Negative impact* I+ *Positive impact* R *Risk* O *Opportunities*

Upstream *Own activities* *Downstream*

ST Short term **MT** Medium term **LT** Long term

[ESRS E5 § 11]

Impacts, risks and opportunities were assessed during workshops jointly organized by the Risk Management Department and the Sustainable Development, External Affairs, Collaborative Research and Technical Regulation Department, as described in section 4.1.1.3.3, "Material impacts, risks and opportunities and their interaction with strategy and business model", page 203. During these workshops, internal contributors identified and assessed impacts, risks and opportunities (IROs) according to the methodology described in section 4.1.1.4.1 "Processes to identify and assess material impacts, risks and opportunities", page 206.

[ESRS 2 MDR – A§69]

Initiatives related to IROs of the ESRS E5 topical standards are often integrated into broader action plans. However, Valeo does not always have the data granularity required to track current and future resources allocated to each action (BP 2).

4.1.2.6.2 Circular economy: 4R program

4.1.2.6.2.1 Policies related to circular economy – 4R program (DR E5-1)

[ESRS E5 § 14] - [ESRS E5 § 15]

In line with the Circular Economy policy laid out in 2023, the Group has stepped up the implementation of circular economy principles in its operations over the last two financial years. 2024 marked a key milestone, with the cross-functional deployment of the *Remanufacturing & Repair* roadmap across the three Divisions, supported by the expansion of the innovation portfolio.

In 2025, the strategy pivoted to upstream Circular Design integration. Backed by a dedicated "4R" R&D team working closely with operations, the Group standardized its eco-design methods. Externally, this expertise has allowed Valeo to contribute actively to industry working groups (CLEPA, CEN/CENELEC[1]) to establish industrial standards. Internally, this approach resulted in the creation in 2025 of a technical repository of 4R functional features ("building blocks") applicable to future eligible platforms.

The transportation sector accounts for two-thirds of total oil consumption and 13% of steel consumption. With the development of electric mobility, it is expected to account for 80% of battery consumption worldwide in the future[2]. Optimizing resource consumption is therefore a critical challenge for the mobility industry at a time of growing environmental awareness.

The circular economy is a powerful lever for reducing consumption while preserving the value of assembled finished products for as long as possible. The Group's 4R program is the cornerstone of this approach: robust design, remanufacturing, repair, and recycle. Through it, the Group is committed to extending the life of the final assembled product as long as possible to preserve its value as much as possible. The challenges are multiple and include the following three levers:

- *Business*: repair and remanufacturing to build a more sustainable portfolio for the aftermarket and extend the lifespan of products already in circulation. The Group is proactively working to move beyond existing internal combustion engine offerings. By enriching its portfolio with electronic and mechatronic components, Valeo is responding to the automotive industry's shift toward electric vehicles and advanced driver assistance systems (ADAS), which feature increasingly complex lighting systems. The aim of the "Business" lever is to extend the useful lives of products already on the market, to repair products that are no longer working so as to give them a second life, and to remanufacture, reusing end-of-life products and rebuilding them identically;
- Design: robust design integrating end-of-life (post-use) management. The idea is to innovate to make future generations of Valeo products more circular. A particular focus is the development of disassembly solutions to facilitate repair and remanufacturing. The aim of the Design lever is to integrate the circular economy from the design phase, making the product more robust in order to maximize its life. 80% of a product's environmental impact is determined during the design phase. It is therefore necessary to ensure that it can be disassembled, repaired and remanufactured, or that its materials are sustainable or recyclable;
- Operations: recycling through an adapted ecosystem (structured collection, circulation and recovery of end-of-life parts) with the appropriate infrastructure, by developing partnerships with the entire value chain, including local communities and other local businesses. The aim of the Operations lever is to preserve natural resources in the automotive manufacturing sector by recycling only as a last resort to generate reusable materials and improve resource management; accordingly, waste is treated as a resource and managed through targeted actions at all sites.

To meet these challenges, the Innovation and Strategy Department appointed a Director of Circular Economy in 2022 to intensify the Group's actions.

Water resource management and waste management are dealt with in more detail in section 4.1.2.5 "Water resources", page 250, and in section 4.1.2.6.4 "Waste", page 261.

4.1.2.6.2.2 Actions and resources related to circular economy – 4R program (DR E5-2)

Worldwide, electrical and electronic equipment generate around 55 million metric tons of waste per year. In addition, the amount of electronics per car is expected to double by 2030 compared with current levels. The automotive industry therefore has a responsibility to lead efforts to reduce waste by giving electronic components a second life. It is estimated that only 1% of non-compliant electronic parts are defective, while the rest remain fully functional. Recognizing the sustainability and economic value of the opportunity ahead, Valeo is accelerating its electronics-related circular economy efforts through repair and refurbishment (Remanufacturing).

The methodology developed by Valeo to analyze and improve the reparability of electronic products (D-Index and E-Index) was officially published by CENELEC[1] in December 2025. This publication now positions Valeo as a reference for the European standardization committee, reinforcing the Group's leadership in reparability and eco-design.

(1) *European Committee for Electrotechnical Standardization*
(2) *Source: 2023 International Transport Forum.*

Business

Repair

In 2022, Valeo launched a circular electronics laboratory known as the "Lab" at its site in Nevers, France. Its dedicated team works with internal experts to incubate circular electronics projects. The Lab is also:

- a center of excellence capable of performing repairs for external customers and providing turnkey solutions for touch-ups or localized issues;
- a center equipped to manufacture and market its own testers (e.g., a functional front camera tester – an innovative piece of equipment that reduces e-bike battery diagnostic time) and conduct research eligible for the research tax credit.

Remanufacture

Remanufacturing is an industrial process in which second-life products are restored to their original condition and function.

Starting with clutches for trucks 40 years ago, Valeo very quickly made remanufacturing an integral part of its strategy to reduce CO_2 emissions and optimize resource consumption. The Group has implemented a program for all its brands. Valeo's remanufacturing portfolio includes:

- Rotating Machines for passenger cars: starters, alternators and air conditioning compressors;
- Transmissions & braking systems for passenger cars: torque converters, dual mass flywheels, dual wet clutches and brake calipers;
- Clutches for Trucks.

As the automotive industry transitions to electric and autonomous vehicles, Valeo intends to expand its conventional remanufacturing portfolio in order to be at the forefront of the electrification and ADAS revolution. This will be achieved through the Group's REMAN 2.0 strategy and will include components such as electric motors, inverters, transmissions, onboard chargers, power converters, electric compressors and lighting systems. These complex, costly and material-intensive parts require innovative solutions to conserve resources. To meet this new challenge, Valeo opened a lab dedicated high-voltage prototyping in Czechowice, Poland, in 2023. In 2025, Valeo launched its first disassembly center dedicated to LED headlamps damaged in accidents located once again in Poland, in Chrzanów. The aim is to recover internal electronic components with greater economic and environmental value. These components are then redistributed to original equipment headlamp assembly plants – starting with Angers – for the manufacture of remanufactured headlamps. Today, the Remanufacture activity is a strategic pillar for each of the Group's three Divisions (POWER, BRAIN, LIGHT) and for Valeo Service. Each Division strengthens this business in Europe, bringing a competitive advantage to highly technical parts. In 2025, Valeo launched two new programs: Displays and Lighting systems. The company also received orders for four other new programs: Electric compressors, NOx sensors, Electric motors and Radars.

Design

Valeo's 4R product design process factors in a product's environmental impact. Based on the "Design for Disassembly" approach, teams integrate this concept from the earliest project stages to optimize the disassembly process. In this way, the 4R program complements the Group's CAP 50 plan focused on contributing to carbon neutrality by leveraging R&D.

Robust design

This process involves optimizing disassembly steps and identifying the most fragile, costly and CO_2-intensive parts. Design for Disassembly (DfD) and Design for and from Recycling (DfR) are two circularity concepts that form the cornerstones of Valeo's Design for the Environment (DfE) initiative. They help define internal disassembly standards using mechanical and electronic disassembly indices, and ensure compliance with them. In 2024, Valeo defined robust circular design standards and is currently working to apply this approach to eligible projects and product development. In 2025, the Group also outlined its approach in the scientific journal Sustainable Production and Consumption, in an article entitled "A Multidimensional Methodological Approach to Disassembly Index Calculation: Enhancing product dismountability and sustainability". It also published a paper entitled "Repair Index: A Tool for Assessing PCBA Repairability During the Design Phase".

These indices rely on precise parameters, such as part accessibility, fastening types and electronic component density, to measure and validate technical improvements in disassembly from one product generation to the next. The ultimate aim of this methodological approach is to build a catalog of standardized circular features whose economic viability is systematically proven during the development process.

Operations

Recycling is the last resort in the circular economy. It turns products back into raw materials and requires energy to transform them into new products. But it is an unavoidable part of the cycle in some cases. However, to develop recycling, the automotive and waste management industries need to work hand in hand to structure collection circuits and recovery systems.

Recycle

European regulations will require certain percentages of recycled content in several materials, in particular in plastics, including a certain portion from the closed loop (automotive industry waste). In partnership with its customers and suppliers, Valeo is developing ecosystems to promote the production of recycled materials from automotive post-consumer waste that meet, in particular, the sector's technical requirements.

THE DIVISIONS AND CIRCULAR DESIGN IN 2025

Valeo is partnering with various stakeholders to build new ecosystems for the production and use of recycled materials. To this end, the Group continues to evaluate a variety of solutions based on technical and economic criteria, focusing on maintaining product integrity and quality.

In 2025, Valeo implemented circular activities and integrated circular design in its Divisions as follows:

BRAIN

- ***Business*:** BRAIN has opened its first electronics repair laboratory in Nevers (France) to supply Stellantis (front camera) and Smovengo (eBike battery). The Lab received the L'Usine Nouvelle "Coup de Cœur" award and the Innovation Team Best Practices award. Nevers continued to expand its catalog by adding displays for electric cars and electric bike fleets. Valeo also signed a partnership with French startup Volt'R to increase the repairability of small mobility batteries through cell reconditioning. In 2026, the Group will expand its offerings with additional sites: remanufacturing of NOx sensors at the Ben Arous site (Tunisia) and Radars at the Rio Bravo site (Mexico).
- **Design:**
  - Implementation of circular features in automotive architecture for software-defined vehicles, to address issues such as product durability, price competitiveness and material scarcity.
  - introduction of the *Electronic Repair Index*, which evaluates the difficulty of repairing electronic defects (spacing, size and component typology) to guide design teams during design reviews.

LIGHT

- ***Business*:** Opening of a headlight module recovery hub in Chrzanow (Poland) to meet new demand in Europe. This parent plant will supply all the Group's European production sites responsible for final assembly, starting with Angers (France).
- **Design:** Design of sustainable headlights based on the Design for the Environment (DfE) framework, taking into account the three phases of their life cycle: pre-use, use and post-use. This will enable decarbonization through the use of lightweight and efficient materials, and reduce resource consumption by extending product life and facilitating recycling.

POWER

- **Business**: Strengthening the competence center in Czechowice (Poland) by operating a circular innovation plant for small mobility and preparing the remanufacture of electric vehicle parts in Czechowice and in Veszprem (Hungary). In Czechowice, Valeo has signed a contract with an automaker to remanufacture electric propulsion motors. In Veszprém, the Group has entered into a partnership with Renault to remanufacture EV inverters. Production is scheduled to begin in 2026 for both the Renault and the electric motor projects.
- **Design:** Implementation of circular design in the development of an electronic axle for a light commercial vehicle (LCV) platform. The goal is to maintain the value of the product throughout its life cycle. To this end, ease of maintenance and remanufacturing were explicit requirements.

4.1.2.6.2.3 Targets related to circular economy – 4R program (DR E5-3)

Business

The goal is to increase Group-wide production of reconditioned and repaired parts from 1 million a year in 2021 to 2 million a year by 2030. The Group aims to achieve this target by:

- strengthening the current portfolio in response to the increasing electrification of vehicles, driven in particular by the intensifying trend towards electrification, ADAS and interior/exterior lighting;
- expanding this portfolio to cover other forms of mobility including motors and batteries for electric bike fleets.

These objectives were developed using the Medium-Term Plan process, taking into account market demands and the various stakeholders (customers, etc.), and were validated by General Management.

Design

Valeo is committed to continuous improvement:

Actions in 2024

- Definition of relevant standards and models, including a training module to ensure effective application in standard project platforms and customer projects under development;
- Definition of activities and deliverables for eligible projects and product development;
- Pilot phase underway in the Divisions.

Actions in 2025

Finalization of pilots in the Divisions, with the rollout of circular design rules for projects and eligible platforms, as well as the creation of a directory of 4R features that can be applied and standardized by Division.

To make the circular design approach operational, the Divisions have deployed new Group standards and tools, such as disassembly maps, mechanical disassembly indices and electronic repairability indices, and have trained R&D and project teams in their practical application. This skills enhancement has enabled the formal integration of "4R" criteria into development milestones through the launch of pilot projects on eligible platforms, thereby validating the technical and economic feasibility of circular solutions.

2026 forecasts

Project activities and deliverables will be systematically deployed once integrated into the CLEAN project development process.

Operations

Targets are monitored at quarterly meetings of the 4R Committee chaired by the Chief Technology Officer and the Chief Sustainability Officer, External Affairs, Collaborative Research and Technical Regulation.

4.1.2.6.2.4 Circular economy metrics (DR E5-5)

[ESRS E5 § 35]

Valeo's circular economy strategy under the 4R program includes the following two components:

i. extension of the life of products currently on the market through repair and remanufacturing; and

ii. continuous innovation to improve the circularity of future generations of products by implementing circular design. Valeo's partnerships with Smovengo and Stellantis reinforce the Group's commitment to leading by example in product life cycle management.

STELLANTIS AND VALEO

In 2025, Stellantis and Valeo strengthened their strategic cooperation in the circular economy by launching a new remanufactured display screen.

Following the success of their initial collaboration, which concluded in late 2023 with the release of the remanufactured front camera, the extension of the range to electronic devices illustrates the partners' commitment to sustainability and their determination to promote innovative remanufacturing initiatives.

RENAULT AND VALEO

Valeo is launching the production of a remanufactured inverter for the Renault network. This milestone marks the culmination of a project led by *The Future is NEUTRAL* and its subsidiary *THE REMAKERS,* aimed at developing a competitive circular offer with low environmental impact. *THE REMAKERS* won an award in the Green category of the *CLEPA Innovation Awards* for the *Remanufacturing of Power Electronics for EVs* project, for which Valeo provides the remanufactured inverter.

This new offer reduces the price by 30% compared with a new equivalent and reduces the consumption of natural resources by at least 45%.

VALEO: A PIONEER AND RECOGNIZED LEADER IN REMANUFACTURING

Best Reman Public Choice – Valeo emerged as the big winner of the Public Choice Award. The judges fully endorsed this choice, praising the key role played by the automotive supplier in the independent aftermarket and its strategy centered on sustainability and remanufacturing. Valeo's clear commitment to circular practices serves as an inspiring model for the entire industry.

Valeo won the International Automotive Innovation Grand Prix at EQUIP AUTO 2025 for its remanufactured dual wet clutch. This is a major advance in the field of sustainable transmissions: Valeo is remanufacturing the DQ250 dual wet clutch, a component used in over 5 million vehicles in Europe.

For more details on circular economy activities, see section 4.1.2.6.2.2 "Actions and resources related to circular economy - 4R program", page 256.

[ESRS E5 § 36]

Valeo measures the reliability and durability of its products using two key metrics: probability of failure and average expected product life (15 years/300,000 km).

Valeo has already achieved high reliability rates in low-power electronics and aims to replicate this success in high-power electronics.

Valeo measures reliability via:

1. Physical tests: accelerated life and aggravated life tests.
2. Virtual tests: thermal/mechanical simulations and digital twin technology.

In addition to partnerships with Stellantis and Renault, Valeo teams are involved in:

- internal knowledge-sharing projects between the Divisions and R&D teams with a view to continuously improving repair standards and processes across all product portfolios;
- skills improvements for production operators;
- complex electronic repair projects;
- projects requested by external customers, focused on the repairability of hardware, software and components.

Several Valeo customers have expressed a desire to purchase products with higher percentages of recycled content. The gradual increase in recycled content is therefore a key pillar of Valeo's circular economy approach; its implementation strategy focuses mainly on aluminum, steel and plastics.

In partnership with its suppliers, the Group is developing technological innovations to increase the percentage of recycled material in its inputs, while meeting the specific technical and styling requirements of automotive products. Valeo has an ongoing process for validating recycled and biosourced materials and integrating them into its products.

In 2025, Valeo continued its efforts in this area by adding 25 additional grades of recycled or biosourced plastics and 4 aluminum alloys containing at least 40% recycled content to its panel. Approximately 10 products incorporating these materials were taken into series production this year, marking the culmination of previous validation efforts. In total, the Group now offers more than 90 grades of recycled or biosourced plastics and 20 recycled aluminum alloys compatible with its products.

Valeo is also exploring various technologies to enable the development and integration of closed-loop materials for its products.

4.1.2.6.3 Resource inflows

4.1.2.6.3.1 Policies related to resource use (DR E5-1)

The Group is committed to the sustainable use of resources, with policies and action plans to reduce the consumption of raw materials and improve the efficiency of their use.

As part of its responsible purchasing policy, Valeo aims to source sustainable components and materials and to use renewable resources.

Through its segment purchasing strategies, Valeo also encourages its Tier 1 suppliers to source sustainable materials from suppliers identified upstream *in the supply chain*.

Packaging also plays a key role in product handling. It allows products to be transported and stored, while protecting and promoting them, particularly aftermarket products. Cardboard and wood alone account for more than 85% of packaging materials.

For several years, Valeo has been working to reduce its packaging materials consumption in two main ways:

- using reusable packaging or pallets to minimize waste;
- improving packaging fill rates to optimize space and reduce the amount of materials used. This work is carried out in collaboration with Valeo's suppliers and customers in a search for the most efficient and sustainable solutions.

In 2025, Valeo began to apply the future PPWR (Packaging and Packaging Waste Regulation), which aims to reduce, reuse and recycle packaging materials within the European Union.

Each quarter, the Director of Circular Economy organizes committee meetings with the Chief Sustainability Officer, External Affairs, Collaborative Research and Technical Regulation, the Group Vice-President Health, Safety and Environment (HSE), the Group Vice-President, Purchasing, the Group Vice-President, Research and Development and the Group Industrial Director to share and promote best practices for reducing consumption of critical resources.

The requirements of the resource use policy (materials, components, etc.) are taken into account in the purchasing strategies implemented under the responsibility of the Purchasing Director.

Valeo applies this policy throughout the Group.

4.1.2.6.3.2 Actions and resources related to resource use and circular economy (DR E5-2)

Since 2020 and the adoption of the Carbon Neutrality Contribution Plan, significant work has been dedicated to supporting suppliers impacting upstream Scope 3. The Group has continued work initiated in 2020 to assess its suppliers' carbon sources based on the raw materials or components used, such as aluminum, steel, plastic resins and electronic components.

As part of this process, Valeo carries out an annual awareness-raising campaign for its supplier panel on carbon and environmental impact criteria and requires them to set impact reduction targets for their own operations and those of their suppliers.

Additionally, since implementing the CAP 50 program in collaboration with the R&D and Purchasing departments and its partner suppliers, Valeo has initiated and continues to carry out a range of initiatives, including: :

- introduction of recycled polypropylene in HVAC (*heating, ventilation and air conditioning*);
- implementation of panel design rules and tools to optimize printed circuit board surface area and reduce the associated waste;
- reduction of aluminum foil thickness in BTM (*battery thermal management*) products;
- or the systematic application of rules and tools to optimize printed circuit boards;
- introduction of bio-phenol polycarbonate (of European origin) for headlight lenses;
- the simplification of validation processes for the use of generic materials, such as:
  - various recycled resins (PA66);
  - 16 grades of low-emission aluminum;
- the validation of steel grades using lower-emission manufacturing processes for torque converters.

The implementation of these actions resulted in a reduction in material weight and associated GHG emissions, contributing notably to the Scope 3 GHG emissions reduction plan.

The above actions are given as examples to illustrate their practical nature; Valeo does not wish to disclose the corresponding financial data for confidentiality reasons.

These actions contribute to the responsible purchasing policy. They will be implemented within the same timeframe as the Scope 3 GHG emissions reduction targets, i.e., by 2030 at the latest. However, the implementation of these actions will be constrained by customers' acceptance of the relative additional costs, if any.

Work on them will be spearheaded by the Group's various production and development units involved in the relevant materials or products.

4.1.2.6.3.3 Targets related to resource inflows (DR E5-3)

The implementation of the actions described above is monitored each year as part of the assessment of the Group's objective of reducing its upstream Scope 3 carbon footprint by 15% in absolute terms by 2030, under the responsibility of the Chief Sustainability Officer, External Affairs, Collaborative Research and Technical Regulation.

The reduction of Scope 3 emissions depends on the material grades comprising resource inflow. The 15% Scope 3 reduction target is effectively linked to optimizing the composition of these same resources.

Valeo has not set any other targets for resource inflow at this stage.

4.1.2.6.3.4 Consumption of materials and packaging (DR E5-4)

[ESRS E5 § 31a]

THE OVERALL TOTAL WEIGHT OF PRODUCTS AND TECHNICAL AND BIOLOGICAL MATERIALS USED DURING THE REPORTING PERIOD

Mass *(kt)*	**2024**	**2025**
Metals	1,145	1,064
Resins	330	296
Packaging	106	75
Other	74	15
TOTAL	**1,656**	**1,450**

[ESRS E5 § 31b] - [ESRS E5 § 31c] - [ESRS E5 § 32]

The slowdown in the growth of global vehicle production in general, and electric and hybrid vehicles in particular, in recent years, has contributed to a drop in overall materials consumed (around 200 kt).

The Group cannot provide verified data concerning the percentage of biological materials and the weight of secondary materials and components for 2025. The lack of clear terminology and a harmonized calculation method makes stable and comparable estimates impossible. Nevertheless, the tonnages of the following organic materials can be estimated:

- Natural gum: 275 tons;
- Wood: 22 ktons;
- Cardboard: 44 ktons;
- Paper: 3.6 ktons.

With regard to the weight of packaging, the tonnages provided for 2025 no longer include packaging waste from purchased products (around 27 kt in 2025), but only packaging for products sold to customers. This explains the discrepancy with the data for 2024.
Residual discrepancies in amounts result from changes in the mix of products sold, as well as from various packaging reduction initiatives (e.g., use of returnable packaging).

In 2024, the IMDS material traceability system was upgraded to allow the declaration of the percentage of secondary materials. However, providing this information will require alignment with calculation methods and a verification system.

Although Valeo does not have an exhaustive tracking system for recycled materials, it estimates recycled material rates on the basis of internal data, supplier information and benchmark studies specific to each product family purchased:

- recycled steels: 277 kt, corresponding to 33% of supplies;
- non-ferrous metals: 69 kt, or 31% of supplies;
- plastic resins: 10 kt, or 3.3% of supplies. This percentage is explained by the high performance required for finished products.

The weights of resource inflows are obtained by collecting information from the buyers of each product family concerned (Group Commodity Directors), who analyze the data from the various systems corroborated by information from either suppliers or site buyers. Methodological improvements are implemented to enhance the quality of the data published from year to year.

4.1.2.6.4 Waste

[ESRS E5 § 16]

4.1.2.6.4.1 Policies related to waste (DR E5-1)

Resource scarcity and pressure on raw material supplies are leading industry to rethink the way it uses waste. Waste is no longer seen as a problem to be eliminated, but as a resource to be exploited.

The Group remains vigilant about containing the quantity of its waste during phases of growth. As part of its ISO 14001 certification process, Valeo has set itself two main objectives: to prevent waste generation and to improve the prioritization of waste treatment.

This involves extracting synergies between the Purchasing, Industrial, HSE, Research and Development, and Quality Departments.

Avoidance

With a view to avoidance and minimization, the Group is committed to prioritizing the following preventive actions:

- implement industrial processes that generate less waste;
- develop eco-designed packaging for components and finished products;
- develop solutions for reemploying or reusing packaging;
- consider the recyclability of final waste products from the design stage;
- establish a monitoring system for the main waste-generating sites;
- collaborate with the Purchasing, HSE, Industrial, Research and Development, and Quality networks to validate new waste recovery channels.

Treatment prioritization

As part of this policy, the Group is committed to prioritizing waste treatment, i.e., reuse as part of the 4R program (see section 4.1.2.6.2.1 "Policies related to circular economy", page 256), notably by eliminating waste status to facilitate the reuse of the material.

If this is not possible, waste is treated in the following order of priority:

- material recovery;
- energy recovery;
- incineration;
- landfill as a last resort.

Landfill should only ever be an exception: the Group's objective is to eliminate it within the limits of available channels and local regulations. On-site landfills and waste incineration have been strictly prohibited since 2012. The Group authorizes the export of waste if the treatment hierarchy is improved, in accordance with the regulations in force.

To guarantee this order of priorities, the Group is committed to developing a continuous improvement approach with recognized partners. These commitments apply to all types of waste, whether hazardous or not.

To ensure that the above points are properly implemented, Valeo pays particular attention to the control and monitoring of treatment channels.

This policy is applied throughout the Group, under the responsibility of the Health, Safety and Environment Director.

Application of the policy is monitored by:

- quarterly data collection via an internal reporting tool and communication to all internal stakeholders via a visualization tool;
- the inclusion of waste in the site management reviews of ISO 14001-certified sites;
- the quarterly 4R Committee.

The program uses the following references:

- ISO 14001;
- CIFREP (Commission interfilière de responsabilité élargie des producteurs – Intersectoral Commission for Extended Producer Responsibility).

The main stakeholders involved in this policy are:

- national and local organizations;
- waste management companies;
- site employees;
- actors in the value chain

4.1.2.6.4.2 Actions and resources related to waste (DR E5-2)

To ensure the policy's effectiveness, each Group site is responsible for:

- minimizing the generation of waste by reducing the weight of packaging, substituting raw materials or changing its procedures or processes;
- collecting, sorting and storing waste in conditions that maximize recovery while minimizing risks to human health and safety and the environment;
- controlling and monitoring waste storage areas;
- identifying and labeling the type of waste and the hazard characteristics (e.g., flammability);
- ensuring systematic monitoring of waste by establishing a "waste production and disposal register" for each site;
- prioritizing waste treatment through recycling channels or otherwise through recovery channels;
- ensuring that elimination channels comply with local regulations and guarantee safe waste treatment.

Whatever the channel:

- waste must be transported in optimal safety conditions by selected service providers;
- each shipment must be accompanied by a document summarizing the characteristics of the waste shipped, the company in charge of transportation and the company in charge of disposal and treatment, in accordance with local regulations;
- the site must ensure the quality of the hazardous waste treatment supplier through due diligence;
- the site must ensure that the waste is disposed of safely and in accordance with regulations;
- the site must recover the final waste treatment channel.

For waste hazardous to humans or the environment, the site must obtain a description of disposal procedures from the disposal company. If doubt persists, an audit must be conducted. In the absence of a safe channel in one country, Valeo may be required to export its waste to safer treatment channels in another country, in accordance with applicable regulations. The environmental metric reporting tool tracks the amount of waste involved.

Valeo is working on the development of generic specifications to encourage waste managers to improve recycling rates and treatment channels, based on the model developed and rolled out in France in 2025.

Valeo plans to intensify its 4R approach (see section 4.1.2.6.2 “Circular economy: 4R program”, page 256), which involves reducing waste volumes and recovering unavoidable waste:

- reducing liquid waste by reducing water consumption;
- recycling liquid waste through on-site treatment (e.g., filtration, evaporation, etc.);
- collecting, sorting and disassembling metal scrap for recycling;
- disassembly of parts for reuse or recycling of waste;
- innovation in waste management;
- new recycling channels to improve recovery;
- search for more virtuous suppliers.

These cost-saving actions contribute to policy objectives in the following ways:

- reduction in inputs;
- reduction or reuse of production waste;
- improvement in sorting at source;
- increase in the proportion of materials recovered.

All plants and R&D centers are covered by these actions.

4.1.2.6.4.3 Targets related to waste (DR E5-3)

[ESRS E5 § 21] - [ESRS E5 § 23] - [ESRS E5 § 24]

Increasing circular product design (see section 4.1.2.6.2 “Circular economy: 4R program", page 256), minimization of primary materials, and sustainable sourcing and use (see section 4.1.2.6.3 "Resource inflows", page 260) contribute to achieving the Group's waste reduction targets.

The waste targets for 2030 are as follows:

- ratio of waste generated to sales below 12 tons/€m;
- waste recovery rate: 94%;
- waste-to-landfill rate: 2%.

[ESRS E5 § 25]

The waste production target (metric tons/million euros) relates to the entire waste scope, factoring in all treatment hierarchies.

The waste treatment target (recyclability rate) includes recycling as well as material and energy recovery.

[ESRS E5 § 26]

The Group did not consider ecological thresholds or allocations by entity when setting the targets.

[ESRS E5 § 27]

The targets presented above are optional.

4.1.2.6.4.4 Waste-related metrics (DR E5-5)

[ESRS E5 § 37]

	Unit	2025 Hazardous waste	2025 Non-hazardous waste
Waste recovered	**t**	**19,743**	**218,251**
By preparation for reuse	t	0	0
By recycling	t	14,116	207,011
By other recovery operations	t	5,627	11,240

	Unit	2025 Hazardous waste	2025 Non-hazardous waste
Waste disposed of	**t**	**6,122**	**14,125**
By incineration	t	4,961	3,461
By landfill	t	1,161	10,664
By other disposal operations	t	0	0

	Unit	2024	2025	Y/Y-1	2030 target
Total amount of waste	t	264,247	258,151	-2%	
Non-recovered waste	t	26,899	20,247	-25%	
Percentage of non-recovered waste	%	10%	8%	-2 pts	6%
Waste disposed of in landfill	t	14,758	11,825	-20%	
Percentage of waste disposed of in landfill	%	5.6%	4.6%	-1 pt	2%
Total quantity of hazardous waste	t	24,371	25,865	6%	

- The quantity of waste generated (hazardous and non-hazardous) as a proportion of sales is 12.3 t/million euros in 2025, including 1.2 t/million euros for hazardous waste and 11.1 t/million euros for non-hazardous waste;
- In 2025, the waste recovery rate was 92%, an improvement of 2 percentage points compared with 2024.
- 8% of waste was not recovered in 2025, of which 4.6% was landfilled.

[ESRS E5 § 36 c]

The Group is currently unable to publish the proportion of recyclable content in its products.

Packaging for products sold by Valeo is mainly made of wood, cardboard, paper and plastic (see section 4.1.2.6.3.4 “Consumption of materials and packaging", page 261). To date, the Group does not have sufficiently detailed information on the exact technical properties of the materials used (in particular the types of paper, cardboard and plastic polymers), nor does it have a map of the collection, sorting and recycling channels available in all the countries where the products are marketed. Accordingly, it is unable to draw reliable conclusions as to their recyclability with regard to existing channels.

[ESRS E5 § 38]

As an automotive supplier, the Group has established specific segregation, traceability and recovery loops for the management of electronic component waste.

The waste generated by the Group is classified by major families, namely plastics, cardboard, household waste and metals (divided into steel, copper, aluminum and other metal waste).

On site, all metal waste from production scraps or offcuts is sorted as far as possible to ensure the best possible recovery channel. Since 2025, precious metals have been recovered from printed circuit board waste.

Valeo's activities generate plastic waste, much of which can be directly reused in production after shredding.

Plastic waste is also sorted as far as possible to ensure that it is sent to the best possible recovery channel. Separating different plastics at source is a guarantee of environmental and economic success.

[ESRS E5 § 40]

Waste streams are tracked at the site level through the waste register and reported using the environmental reporting tool.

As part of this reporting process, sites provide information on the volumes of hazardous and non-hazardous waste generated. For non-hazardous waste, a breakdown by material is provided.

Reporting covers not only waste generation, but also waste treatment to determine volumes by treatment channel (reuse, recycling, energy recovery, thermal destruction, landfill).

These two reports are combined to produce the metrics.

An example of the actions implemented at Group sites in 2025 to avoid waste being disposed in landfills are:

- Martos (Spain): Energy recovery from thermoset waste;
- Queretaro (Mexico): Material recovery of thermoplastic waste for interlocking paving blocks;
- Sens (France): Implementation of a new treatment process to avoid the disposal of lighting in landfills.

ELECTRONIC WASTE

As part of the 4R program, the Purchasing, HSE and R&D networks have worked on new recovery channels for electronic waste, which was previously classified and treated as hazardous waste. In 2025, Valeo collaborated with partners in France, Europe and Asia to recover electronic waste, including modules, circuit boards and solder paste. In Europe, more than 200 tons of printed circuit board production scrap was collected and processed in order to recycle precious metals. Overall, over 400 metric tons of electronic waste were recovered through these partnerships using thermal and chemical refining solutions to extract the precious and non-ferrous metals they contain.

4.1.2.6.5 Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities (DR E5-6)

The CSRD allowed companies to omit the information prescribed by ESRS E5-6 for the first year of preparation of their sustainability statement. For its first year of publication, Valeo elected to activate the phase-in clause and not to report data on its anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities.

The Quick Fix[1] Delegated Act extends the phase-in measures provided for the information set out in Appendix C of ESRS 1, namely the omission of anticipated financial effects from risks and opportunities related to the circular economy and resource use. Valeo has elected to apply this measure for the second year of publication of its Sustainability Report.

To date, the Group's circular economy-related operating expenses and capital expenditure are not automatically identifiable in its accounting systems. Valeo is therefore unable to report this information in respect of 2025. However, a process for identifying these OpEx and CapEx will be implemented shortly. 2025 CapEx and OpEx amounts relating to the Taxonomy's transition to a circular economy objective are presented in section 4.1.2.2.2 "Summary of KPIs", page 214.

[1] *Quick Fix Delegated Act amending Delegated Regulation (EU) 2023/2772 as regards the postponement of the date of application of the disclosure requirements for certain undertakings, adopted by the European Commission on July 11, 2025*

4.1.3 Social information

An interview with Agnès Park, Chief Human Resources Officer

What is the central pillar of Valeo's human resources and social policy?

Human capital is the cornerstone of Valeo's sustainable performance. In a rapidly changing world, our capacity for innovation and staying competitive are the key drivers of our performance.

Our social policy directly impacts these two areas: by balancing responsible reorganization with investment in skills and well-being, Valeo engages its talents to address tomorrow's mobility challenges. This approach ensures the essential innovation required to lead in a constantly evolving market.

How is Valeo addressing the challenges of technological transformation and evolving skill sets?

Given the profound technological transformation of the automotive industry and the artificial intelligence revolution, Valeo continues to invest in lifelong learning to promote skills development and ensure the employability of all. An annual target of 32 training hours has been set, with a particular focus on AI training.

Starting in 2026, the Group will adopt a proactive and dynamic career management approach to promote internal mobility, maximize team potential and reinforce the concept of Valeo as a "talent-building machine".

And to ensure digital inclusion for all employees, including operators, the Valeo Connect tool is being deployed to facilitate access to everyday services (payroll, leave, health insurance) via a personalized smartphone interface.

> "In a rapidly changing world, our capacity for innovation and staying competitive are the key drivers of our performance."

What flagship initiatives illustrate Valeo's innovation in working conditions and corporate citizenship?

Workplace health and safety is Valeo's top priority. Valeo leverages technological innovation to improve working conditions. Our teams have developed two pioneering initiatives. Firstly, the accelerated improvement of production workstation ergonomics through the use of tablets and smartphones has enabled us to rapidly visualize, quantify and analyze the risks of musculoskeletal disorders (MSD) at 30 sites worldwide. In addition, the early introduction, from 2023, of an extreme heat protocol will reinforce prevention and protection for exposed employees. These efforts are reflected in a steady improvement in the work-related accident frequency rate.

Regarding corporate citizenship, 100% of our sites have implemented at least one initiative to support local communities through our "One Site, One Cause" program. It focuses on four causes: Mobility for all, Environment, Education and Solidarity. This is a powerful engagement tool for our employees.

Contribution of Valeo's strategy to the Sustainable Development Goals

SOCIAL MATTERS

COMMITMENTS AND TARGETS

Training for Valeo teams at all levels of the organization (see section 4.1.3.1.9).

Local partnerships between Valeo and local education and training structures.

Continuous education and access to quality technical training for all, supporting the career goals of each Valeo employee.

COMMITMENTS AND TARGETS

Extensive program to promote diversity and equity.

Encouraging women's access to engineering positions and positions of management responsibility, in line with local regulations.

Valeo has set itself the goal of having 32% women on the Group's various management committees by 2030 (see section 4.1.3.1.8).

COMMITMENTS AND TARGETS

Comprehensive program to promote respect for fundamental rights, protect against forced labor, and prohibit child labor.

Valeo requires all its suppliers to adhere to the Valeo Business Partner Code of Conduct, which includes provisions for the elimination of forced labor (see section 4.1.3.2.5).

COMMITMENTS AND TARGETS

Valeo is a major industrial and technological player in the automotive and mobility sectors. Thanks to its global footprint, the Group is continuing its development efforts in the area of production, technology and training in various countries.

COMMITMENTS AND TARGETS

Development of cleaner, safer and smarter mobility solutions.

4.1.3.1 Policies and commitments related to Valeo's own workforce (ESRS S1)

MATTERS	POLICIES & ACTIONS	METRICS*
HEALTH AND SAFETY *(1 risk and 1 negative impact)*	• Employee Engagement Pillar 01 "*Feel Safe*" and its roadmaps • "Well-Being at Work" policy • Specific training courses such as the "Safety First" program • ISO 45001 certifications • Establishment of safety committees	**0.69** Frequency rate of occupational accidents with lost days (FR1) *2030 target:* ***<0.6***
WORKING CONDITIONS *(1 risk and 1 negative impact)*	• Remote work and flexible scheduling policies • "Well-Being at Work" policy • Right to disconnect • Protection of parenthood • Adequate wage policy • Global employee engagement and satisfaction survey	**62%** of sites with a collective agreement covering issues related to working time **7.4%** Voluntary turnover rate **7.2** Overall engagement score
GENDER EQUALITY AND EQUAL PAY *(1 risk and 1 negative impact)*	• Specific procedures to prevent harassment and discrimination • Diversity policy (DEI) • Information campaigns (Diversity Week, International Day of Persons with Disabilities) • Commitment to gender equality • Promotion of cultural and social diversity	**27.0%** representation of women on the different Group management committees **3.3%** gender pay gap **2.3%** of employees with disabilities *2030 target:* ***2.6%***
TRAINING AND SKILLS DEVELOPMENT *(1 risk and 1 negative impact)*	• Employee engagement Pillar 04 "*Develop Myself & Grow*" and its roadmaps • "*Learning* " policy • Culture of learning by doing • Structured career path support	**36 hours** average amount of training for managers, professionals and technicians **15 hours** average amount of training per operator **56%** of managers have completed at least one management training course
OTHER WORK-RELATED RIGHTS *(1 risk and 1 negative impact)*	• Code of Business Ethics and Human Rights policy • Prevention of harassment and discrimination • Fight against child labor and forced labor • Promotion of social dialogue	**99.6%** formal adherence to the Code of Business Ethics by all current employees

* *2025 data.*

The impacts, risks and opportunities mentioned above are the result of a double materiality assessment based on a gross assessment – i.e., before taking into account the control and mitigation activities, or other procedures and action plans implemented by the Group to mitigate these negative impacts and risks (see section 4.1.1.4.1 "Processes to identify and assess material impacts, risks and opportunities", page 206).

4.1.3.1.1 Strong employee relations (DR related to ESRS 2 SBM 2)

[ESRS S1 § 12]

Valeo maintains constructive relations with its employees and recognizes the importance of these ties for the Company's overall success, notably through several ongoing dialogue and collaboration initiatives.

Every year, an engagement and satisfaction survey known as Pulse is conducted to gather employees' opinions on a range of topics including diversity and well-being at work (see section 4.1.3.1.4 "Processes to remediate negative impacts and channels for own workforce to raise concerns", page 269).

At the same time, each site has an Engagement Committee that meets regularly under the chairmanship of the site manager. These committees define and monitor annual action plans covering Corporate Social Responsibility (CSR), Diversity, Equity and Inclusion (DEI), and well-being at work. Committee members and management also conduct site visits to engage with employees and adapt actions to local needs.

Finally, collective bargaining with employee representatives and trade unions ensures that own employees' rights are respected and taken into account in the Company's strategic decisions.

This ongoing dialogue not only helps to improve the working environment but also ensures that close attention is paid to employees' concerns. By taking their feedback into account, Valeo aims to strengthen team cohesion and align the Company's strategies with the expectations and needs of its employees, thus promoting both a respectful and inclusive working environment and real efficiency in collective alignment and the management of situations of change.

Through these efforts, Valeo demonstrates its commitment to building a corporate culture based on transparency, integrity, respect and employee fulfillment, which are essential assets for the Company's sustainable development.

4.1.3.1.2 Material impacts, risks and opportunities and their interaction with strategy and business model (DR related to ESRS 2 SBM 3)

Pillar	Description of matter	IRO	Position in the value chain	Time horizon
	ESRS S1 – OWN WORKFORCE			
Social	**Working conditions** Operational, financial and reputational risk for the Group in the event of employee dissatisfaction with working conditions, which could lead to a deterioration of social dialogue, production stoppages or customer delivery delays.	R	Upstream, Own activities, Downstream	ST
	Working conditions Negative impact for employees working in an environment that does not offer adequate working conditions (adequate wages, job security, working hours, etc.), which could affect their work-life balance.	I-	Upstream, Own activities, Downstream	ST
	Health and safety Risk of failing to provide a healthy and safe work environment, which could lead to high absenteeism and negatively impact the Group's business and reputation.	R	Own activities	ST
	Health and safety Negative impact on people working in an environment which could be detrimental to their health and safety.	I-	Own activities	ST
	Gender equality and equal pay Risk of failing to attract diverse talents and ideas, lack of attractiveness and risk of regulatory non-compliance in terms of female representation on boards and pay transparency.	R	Own activities	ST
	Gender equality and equal pay Negative impact on people in the event of unequal treatment by the Group.	I-	Own activities	ST
	Training and skills development Risk related to difficulties in retaining talent, adapting and acquiring new skills, particularly in the context of major automotive sector transformations and the emergence of AI.	R	Own activities	ST
	Training and skills development Negative impact on people and their employability in the event of a lack of training and skills development for employees amid major automotive sector transformations and the arrival of AI.	I-	Own activities	ST
	Other work-related/human rights Risk related to human rights violations (including child labor and forced labor) resulting from a lack of prevention and/or poor risk management, which could lead to financial sanctions and reputational impacts for Valeo.	R	Upstream, Own activities, Downstream	MT
	Other work-related/human rights Negative impact on people if the Group fails to respect human rights.	I-	Upstream, Own activities, Downstream	MT

I- *Negative impact* I+ *Positive impact* R *Risk* O *Opportunities*

Upstream *Own activities* *Downstream*

ST Short term **MT** Medium term **LT** Long term

[ESRS S1 § 13] – [ESRS S1 § 14] – [ESRS S1 § 15] – [ESRS S1 § 16]

Impacts, risks and opportunities were assessed during workshops jointly organized by the Risk Management Department and the Sustainable Development, External Affairs, Collaborative Research and Technical Regulation Department, as described in section 4.1.1.3.3, "Material impacts, risks and opportunities and their interaction with strategy and business model", page 203. During these workshops, internal contributors identified and assessed impacts, risks and opportunities (IROs) according to the methodology described in section 4.1.1.4.1 "Processes to identify and assess material impacts, risks and opportunities", page 206.

The analysis of impacts, risks and opportunities covers all employees of the Group without distinction.

Employees hold a key place in Valeo's strategy by helping to build a common corporate culture rooted in strong values such as teamwork, transparency, empowerment, professionalism and ethics, and key behaviors: courage, agility and solidarity. These principles serve the Group's industrial and commercial objectives.

The Human Resources and management teams have multifaceted missions that address critical challenges:

- ensuring employee health, safety and well-being at work, by making sure workplaces are free of accident risks and offering a good work-life balance for each employee;
- attracting and developing top talent to strengthen the Group's market share and support innovation and business growth;
- promoting diversity, equity and inclusion across all teams worldwide;
- promoting labor relations and guaranteeing the dignity of individuals and fundamental labor rights.

The Group relies on its employees to support its growth and maintain relationships with its customers worldwide. To this end, Valeo is committed to recognizing and valuing talent, while retaining talented employees thanks to a tailored compensation, professional development, training and internal mobility policy. The objective of this policy is to empower each employee in their career and their skills to ensure their operational excellence.

Developing and retaining talent is a critical challenge for Valeo. At Group, country and site level, Human Resources managers, training teams, and compensation and benefits managers work together to develop ambitious policies that meet employee demands and match Valeo's strategy. Together they focus on three essential levers:

- training and skills/career development;
- compensation and benefits;
- development of the network of experts.

During the workshops mentioned above, Asia was assessed as a high risk region with regard to human rights violations, such as child labor and forced labor. The Group implements the necessary measures to mitigate these risks (see sections 4.1.3.1.6 “Working conditions”, 4.1.3.1.7 “Health and safety”, 4.1.3.1.8 “Diversity, Equity, Inclusion, and Equal treatment”, 4.1.3.1.9 “Training and skills development,” and 4.1.3.1.10 “Other work-related rights”, pages 273, 277, 279, 284 and 286). As an international industrial company, Valeo may be exposed to risks related to forced labor and child labor due to its activities and location, particularly in the geographical areas where its plants are located in Asia.

In 2025, continuing the actions initiated in 2024, the Group’s social policy was once again geared toward supporting internal reorganization, with the aim of strengthening the Company’s efficiency and adaptability in a constantly changing environment. These transformations were implemented through sustained social dialogue based on clear information sharing and regular communication with employees. Employee representatives were given wider access to the information required to analyze restructuring projects, including economic and social data and projections, as well as the support of dedicated experts and the time necessary to conduct their work.

In addition, changes in the market and consumer demand, as well as the Group's commitment to carbon neutrality, may give rise to risks related to the employability of people (skills requirements and changes in headcount). Valeo takes these factors into account in its policy related to its own workforce.

For information on the types of employees and non-employees, see section 4.1.3.1.11 "Change in Valeo's headcount", page 288.

[ESRS 2 MDR A§69]

Initiatives related to IROs of the ESRS S1 topical standards are often integrated into broader action plans. However, Valeo does not always have the granularity of data required to track the current and future resources allocated to each action (BP 2).

4.1.3.1.3 Commitments related to Valeo's own workforce (DR S1-2)

[ESRS S1 § 25] – [ESRS S1 § 27]

Valeo further believes that the unions are a key extension of management for explaining, discussing and adjusting the Company's action plans. The involvement of all employees through social dialogue is a guarantee of success for all the policies undertaken by Valeo.

Consequently, in 1999, Valeo concluded an agreement to set up a European Works Council. It was renegotiated and renewed when the Group adopted its new status of European company in March 2021. The European Company Works Council provides a forum for exchanging points of view and establishing dialogue between management, represented by the Company's Chief Executive Officer, Christophe Périllat, and the 16 employee representatives from each European country in which Valeo has more than 150 employees. A nine-member committee meets quarterly at a European site.

The European Company Works Council includes employees from all relevant countries, representing 40% of the Group's registered headcount in 2025, or 35,381 employees. Each country sets up *specific* bodies in line with local laws and regulations.

In 2025, 78% of Valeo plants had formal bodies representing employees and unions. This representation at different levels of the organization has allowed Valeo to develop an active bargaining policy with the unions. The Group must continue promoting high-quality labor relations that provide a platform for exchanging points of view, fostering mutual understanding and finding well-balanced solutions that are in the interests of all stakeholders. In 2025, 100% of the Group's employees worked in accordance with the working organization and salary condition rules provided for in collective bargaining agreements or commitments formalized at Group level. In addition, 60% of employees are covered by collective bargaining agreements.

In addition, since 2021, Valeo has been conducting an annual global survey known as *Pulse*, focusing on employee engagement and satisfaction so as to better understand their needs and perceptions. Valeo is aware of the importance of maintaining constant dialogue with its teams, and this initiative is essential to encourage employee involvement in the Company's strategic decisions. Since 2023, the *Pulse* survey has included a new evaluation method that incorporates a tool to more accurately assess the level of employee engagement. It also takes into account crucial aspects such as diversity inclusion, health and well-being at work, and transformation and change. This tool is designed to fine-tune analyses and guide strategic decisions, thereby contributing to the continuous improvement of the Valeo’s action plans.

4.1.3.1.4 Processes to remediate negative impacts and channels for own workforce to raise concerns (DR S1-3)

[ESRS S1 § 32]

Valeo's Code of Business Ethics embodies the Group's commitments to its employees and sets out the prevention and report mechanisms made available to them in accordance with the Group's Whistleblowing Policy.

For more details on Valeo's general approach and how it addresses material negative impacts on its employees, see sections 4.1.3.1.6 "Working conditions", 4.1.3.1.7 "Health and safety", 4.1.3.1.8 "Diversity, Equity, Inclusion, and Equal treatment", 4.1.3.1.9 "Training and skills development," and 4.1.3.1.10 "Other work-related rights", pages 284 and 286.

[ESRS S1 § 33]

Respect by employees for these ethical principles is essential for the accomplishment of the Group's objectives. Valeo has introduced a number of internal procedures to ensure that the commitments made by the Group are rigorously respected and that its policy on promoting and respecting fundamental rights is properly applied. The Group regularly reviews the content of its human resources policies, in particular with regard to respecting and promoting the following policies:

- prevention of harassment and discrimination;
- fight against child labor;
- fight against forced labor;
- social dialogue.

These policies apply to all of the Group's employees. Each of them sets out Valeo's approach and commitments, specifies the roles of the various stakeholders and determines the follow-up methods implemented by the Group, which are based on specific, quantifiable and auditable criteria.

Valeo believes that social progress is inseparable from financial performance. As employee trust is essential to its business and development, Valeo has undertaken to respect fundamental rights, and promotes open communication between employers and unions.

To ensure that Valeo employees all understand the Group's principles of integrity and regulatory compliance, they systematically receive the Code of Business Ethics when joining the Group. They are required to sign a declaration acknowledging receipt of it and pledging to uphold it. In 2023, the Code of Ethics was updated and replaced by the Code of Business Ethics. The change was accompanied by a major communication campaign to inform all employees.

Inappropriate behavior or breaches of the provisions of the Code of Business Ethics or Human Resources procedures are grounds for disciplinary action, including dismissal.

To ensure the proper application of its policies on child labor, the Group's Internal Audit Department carries out a specific procedure to assess whether the risks associated with the hiring of employees under the legal working age have been addressed and mitigated by Valeo's rules and overall policies. In 2025, 22 sites were audited.

Furthermore, Valeo relentlessly promotes "Speak Up", a transparency initiative that is key to effective prevention. It is governed by a Whistleblowing Policy that complies with regulations on the protection of whistleblowers and third parties mentioned in the report. Within this framework, Valeo provides all stakeholders with a multi-channel whistleblowing system, including a multilingual and anonymous whistleblowing platform accessible free of charge at: https://valeo.whistleblowernetwork.net/frontpage. Access to the system is provided by a European operator.

Initially confined to anti-corruption and antitrust reports, the whistleblowing system was extended at the end of 2017 to cover a wider range of topics, in line with the Sapin II law and the duty of care law, and then made available to all stakeholders. The system has enabled whistleblowers inside or outside the Group to raise concerns relating to suspected or proven acts linked to Valeo's activities or those of its subcontractors and suppliers, in accordance with the Whistleblowing Policy, such as:

- a crime or offense;
- a threat or serious harm to the public interest;
- a violation of an international commitment duly ratified or approved by a country in which Valeo operates, of a unilateral act of an international organization taken on the basis of such an undertaking, of European Union law, or of legal or regulatory provisions;
- serious violations of human rights and fundamental freedoms, personal health and safety, or the environment;
- a violation of European Union law falling within the scope of Article 2 of the European Directive on the protection of persons who report breaches of EU law;
- a violation of Valeo's Code of Business Ethics, Valeo's Business Partners Code of Conduct and/or its compliance programs.

Alerts received are systematically processed and analyzed, then investigated as soon as they are admissible (including reports of facts, proven or suspected of harassment, discrimination, etc.). Chaired by the Chief Ethics, Compliance and Data Protection Officer, the Alert Monitoring Committee meets weekly. It is responsible for evaluating reports handled at Group level, allocating resources, reviewing the progress of investigations and deciding on remedial measures, where applicable. Such measures may include adopting or amending internal rules, reorganizing operations or departments, imposing disciplinary sanctions and/or initiating legal action, subject to local laws.

Chaired by the Group Chief Ethics, Compliance and Data Protection Officer, the Alerts Committee is composed of the Group Internal Audit and Internal Control Vice-President, the Group General Counsel and General Secretary, the Group Chief Human Resources Officer, the Group Employee Relations Vice-President, the Chief Financial Officer and the Chief Purchasing Officer. Depending on the severity of the concern, the committee may be extended to include the Chief Executive Officer and the Chief Communications and Sustainability Officer. All Committee members are bound by a strict and ongoing duty of confidentiality. They meet at least twice a year to discuss and review the Alert Monitoring Committee's detailed activity report.

Reports are handled by a dedicated team of trained people whose overriding concern is to respect not only the anonymity of both the whistleblower and the third parties mentioned in the report (including the persons reported), but also the information and data collected during the investigation.

Given the importance Valeo places on compliance with the Code of Business Ethics and the protection of whistleblowers, the *Pulse* survey has included since 2024 a question to gauge whether employees believe that Valeo would react appropriately in the event of discrimination.

4.1.3.1.5 Basis of the social policy Valeo's Employee Engagement roadmaps

[ESRS S1 § 17]

The Human Resources Department's priorities are shown in the results of the double materiality assessment (see section 4.1.3.1.2 "Material impacts, risks and opportunities and their interaction with strategy and business model", page 269). They form the foundations of the Group's actions in respect of:

- safety and working conditions;
- engaging and retaining talent;
- promoting diversity, equity and inclusion;
- respecting and promoting fundamental rights.

In this context, the Group supports the link between the army and the nation, as well as local democracy, and as such also supports the involvement of employees who so wish in the reserves or local democracy.

Social policies and scope of application

The material sustainability matters identified above are covered by several policies within Valeo. In general, all social policies apply to all Group employees, regardless of where they work or their status. In some cases, other stakeholders such as customers, NGOs, civil society or governmental bodies may also be involved and/or affected by the implementation of these policies.

All of these policies fall under the responsibility of the Group Chief Human Resources Officer.

Employee Engagement (EE) roadmaps

A significant portion of sustainability matters are covered in the "Employee Engagement" (EE) axis of Valeo's internal "5 Axes" Total Quality methodology, the Group's DNA shared by all its entities. The 5 Axes system is based on the combined requirements of IATF 16949 and ISO 9001 quality management standards, and *customer-specific requirements*. It emphasizes a process-based approach and risk-based thinking in accordance with IATF 16949.

Employees are at the heart of the system, and each Valeo site provides them with the right conditions and an optimal experience to engage and perform at their best. This fosters adherence to the Group's objectives and values, motivation to contribute to its success, and a greater sense of well-being and belonging.

In 2025, the Employee Engagement (EE) roadmap was revised to streamline the process. Sites now have autonomy to prioritize and adapt initiatives to local circumstances. This approach is built on a simple framework that provides greater visibility and clarity to the actions undertaken.

This commitment, part of the 5 Axes operational excellence model, applies to all employees and non-employees at Valeo sites. It is overseen by the Group Chief Human Resources Officer, while each site manager is responsible for setting targets within his or her unit and monitoring the effective implementation of the plan through the 5 Axes Committee and monthly self-assessments. Regular quality network visits facilitate the plan's implementation. An annual audit is carried out by VAQ (*Valeo Audit Quality*) and the results of the self-assessments and audits are used to rank the units and demonstrate continuous improvement. Continuous improvement is driven by a Group 5 Axes Improvement Committee and a Group 5 Axes Steering Committee, and meetings can be organized at different levels, such as Product Groups, Regional Operations or Divisions.

The effectiveness of the roadmap is measured notably by objective indicators from the "*Employee Engagement*" axis monitored by the entities and reported in the internal reporting tool, namely:

- accident frequency rate (FR1);
- absenteeism rate;
- direct employee turnover;
- resignation rate for Managers and Professionals, and for technicians.

Valeo has set targets to monitor the effectiveness of the policy. They can be found in the roadmaps covering each aspect of the "*Employee Engagement*" (EE) axis, namely:

- EE01 – *Feel Safe*: Ensure a safe and ergonomic working environment based on proactive safety leadership;
- EE02 – *Lead with Purpose*: Engage employees by providing meaning and direction to their work;
- EE03 – *Feel Good at Work*: Create conditions conducive to well-being and sustainable performance;
- EE04 – *Develop Myself & Grow*: Invest in the skills development and professional fulfillment of everyone;
- EE05 – *Stronger Together*: Strengthen the sense of belonging, collaboration and collective pride.

Each Chief Executive Officer of a Valeo entity is responsible for defining a 5 Axes objective for the coming year and a detailed implementation plan in line with the roadmap. This plan must include an action plan for each roadmap, the target set by the Division, the results of the monthly assessments, and the main actions defined to close gaps, specifying the person responsible and deadlines.

Thus, the roadmap covers the following matters related to Valeo's own workforce:

- working conditions;
- health and safety;
- equal treatment;
- training and skills development.

[ESRS S1 § 44] – [ESRS S1 § 45] – [ESRS S1 § 46] – [ESRS S1 § 47]

The Group's sustainability matters are continuously monitored by the relevant managers, who analyze progress and determine areas for improvement. Tools such as *Pulse* and the Corporate Social Responsibility Questionnaire contribute to gathering relevant feedback from sites and employees.

Major developments are shared at monthly meetings of the Human Resources Executive Committee, which allows targets to be adjusted where necessary. Certain indicators considered strategic are defined in coordination with the Board of Directors and are the subject of multi-year commitments.

Targets related to social matters concern all Valeo sites worldwide.

[ESRS S1 § 42] – [ESRS S1 § 43] – [ESRS S1 § 45 – AR 43]

All of Valeo's social initiatives apply to all employees, regardless of where they work or their status. For sustainability matters corresponding to the 5 Axes, support measures are put in place for people affected by actual material impacts, in strict compliance with the rules of the 5 Axes framework in all circumstances.

The resources allocated to managing material impacts are the Human Resources teams described in Chapter 1, section 1.2.4 "Functional structure", paragraph "the Human Resources Department", page 58.

For more details on the processes by which Valeo identifies the necessary and appropriate actions in response to an actual or potential negative impact on its own workforce, see sections 4.1.3.1.1 "Strong employee relations", page 268, and 4.1.3.1.3 "Commitments related to Valeo's own workforce", page 270.

[ESRS S1 § 41]

For more details on how Valeo ensures that its purchasing, sales, and data use practices do not have material negative impacts on its own workforce, see sections 4.1.3.1.6 "Working conditions", 4.1.3.1.7 "Health and safety", 4.1.3.1.8 "Diversity, Equity, Inclusion, and Equal treatment", 4.1.3.1.9 "Training and skills development", 4.1.3.1.10 "Other work-related rights" (pages 273, 277, 279, 284 and 286), and 4.1.3.3.3 "Impacts related to consumer and/or end-user safety" (page 295).

4.1.3.1.6 Working conditions

The "Working conditions" issue is addressed through the following three pillars, responding to the IROs identified: Work organization, compensation and benefits and Social dialogue.

4.1.3.1.6.1 Work organization

Policies (DR S1-1)

[ESRS S1 § 17]

To ensure a consistent and sustainable work organization, the Group relies on the Employee Engagement (EE) pillars – specifically EE02 "*Lead with Purpose*", EE03 "*Feel Good at Work*" and EE04 "*Develop Myself & Grow*" – and their roadmaps, which are deployed across all sites worldwide.

EE02. *Lead with Purpose*

This pillar aims to strengthen the understanding of strategy and link collective goals to individual contributions.

Pulse surveys and engagement committees are used to measure buy-in, collect feedback and guide improvement actions.

EE03. *Feel Good at Work*

This pillar emphasizes quality of life at work through functional, inclusive spaces adapted to everyday needs.

Particular attention is paid to mental health, psychological safety and work-life balance.

Support systems, such as the employee assistance program, as well as collective measures, such as remote working and flexible scheduling, help achieve this balance, while managers foster a climate of trust, dialogue and benevolence.

EE04. *Develop Myself & Grow*

This pillar promotes continuous learning, career progression and equitable access to development opportunities, aligning individual growth with operational needs.

By reinforcing employee well-being, management efficiency and skills development, these three roadmaps contribute to job security by enabling continuous adaptation of production capacity to market fluctuations and supply chain disruptions.

The Group's commitment to these roadmaps is reflected in practical work organization and employee support provisions:

- Flexibility and Balance: The Group encourages flexible working hours and respect for work-life balance, in accordance with local market practices;
- Right to Disconnect: The Group is committed to promoting the development and motivation of its employees in a healthy working environment. It actively promotes the right to disconnect;
- Protection of Parenthood: To provide tangible support for parenthood, the Group guarantees a worldwide minimum of 14 weeks' paid maternity or adoption leave and six days' leave for fathers or partners after the birth of a child.

These provisions are part of Human Resources policies and procedures, under the heading "*Well-being at work*", and aim to provide working conditions conducive to collective performance and long-term team engagement.

This policy is based on the rules of the International Labour Organization (ILO).

Targets (DR S1-5)

[ESRS S1 § 44] – [ESRS S1 § 45] – [ESRS S1 § 46] – [ESRS S1 § 47]

As part of its strategy to enhance its appeal to young talent, Valeo aims to have 88% of its sites organize actions and events in collaboration with educational and vocational training institutions in 2026.

Valeo is committed to ensuring decent work for all employees by respecting legal working hours and promoting work-life balance. The aim is to continually improve work-life balance and employee well-being. The target participation rate for the Pulse survey is set at 80% annually to monitor employee engagement and well-being.

This goal is monitored annually through the Corporate Social Responsibility Questionnaire, a Group questionnaire sent to Human Resources managers at all Valeo sites at the end of each year. It covers 3 topics: "Diversity and social responsibilities", "Health, safety and well-being" and "Social dialogue and promotion of human rights".

The CSR questionnaire allows Valeo to monitor the CSR activities of all its sites regularly and continuously, with great precision. The key monitoring metrics are:

- Number of sites with agreements on working hours;
- Number of sites with agreements on health, safety and well-being at work;
- Implementation of specific on-site actions to promote well-being at work;
- Number of employees on site eligible for remote work.

Additionally, Group policy application is regularly monitored through the annual *Pulse* survey, and the implementation of the Employee Engagement roadmap is overseen by the "5 Axes" framework committees at plants and monitored monthly at consolidated entities.

The methods and assumptions used include a monthly report on recruitment and turnover, which is reviewed by the Group Chief Human Resources Officer. In addition, CSR targets are monitored and reviewed quarterly by the Group Diversity, Equity & Inclusion & Social Responsibility Director.

Actions (DR S1-4)

[ESRS S1 § 35] – [ESRS S1 § 37] – [ESRS S1 § 38] – [ESRS S1 § 39] – [ESRS S1 § 40]

Developing and retaining talent

To anticipate technological and commercial shifts, as well as organizational changes, Valeo draws up an annual medium-term plan (MTP) analyzing strategic drivers for the next five years. The goal is to ensure secure employment from various perspectives and to outline action plans by analyzing indicators such as headcount, turnover and recruitment.

Attract talent by:

- managing relationships with schools and building strong and close partnerships;
- running #VERY Valeo recruitment campaigns to inspire new talent, and retain and motivate employees around the world;
- managing recruitment via an IT solution;
- regularly conducting wage benchmarking in the main markets where Valeo competes for job applicants (mainly automotive and high-tech);
- rolling out "*Hiring4me*", an online training module for managers created by recruitment teams from different countries, which provides tools to conduct exemplary recruitment, free of discrimination.

In 2025, Valeo achieved its annual target, with 92.7% of Valeo sites organizing actions and events in collaboration with educational and vocational training institutions. For more details, see section 4.2.2.1 “Social policies and commitments”, page 368. The Group also continues to support young people through apprenticeships and work-study programs particularly in France. During the year, Valeo France welcomed 800 work-study students and interns. These proportions vary at different times of the year, in line with academic cycles. Reflecting this commitment, nearly 200 volunteer participants were deployed on international assignments in 2025.

In 2025, Valeo hired 10,812 employees, all categories combined, 62% of whom on permanent contracts and 38% on fixed-term contracts. The number of Managers and Professionals hired decreased to 2,223 in 2025, from 3,389 in 2024. This reduction in hiring is attributable to the reorganization and restructuring work carried out in 2025, a period during which vacancies were filled mainly through increased internal mobility.

However, the Group's strategic investments in innovation mean that it needs to carry out targeted recruitment of skilled Managers and Professionals. The scarcity of labor in certain employment areas makes it difficult to hire the employees needed to increase production. Going forward, the Group aims to further strengthen and develop the measures already implemented.

Retaining and engaging talent, notably by:

- implementing the *Employee Engagement* roadmap to provide employees with working conditions that promote their engagement, performance, motivation, and well-being;
- monitoring voluntary *turnover* and reasons for departure on a monthly basis for Managers and Professionals, as well as for direct employees, to ensure operational excellence and talent retention. Since the beginning of 2023, Valeo has included the voluntary turnover rate for the entire Group structure in its "5 Axes" monitoring indicators, tracking voluntary turnover rates monthly for Managers and Professionals, and technicians;
- promoting internal mobility (see section 4.1.3.1.9 “Training and skills development”, page 284);
- internal training and skills development (see section 4.1.3.1.9 "Training and skills development", page 284);
- conducting the annual *Pulse* global employee engagement and satisfaction survey (see section 4.1.3.1.3, "Commitments related to Valeo's own workforce", page 270).

Valeo expects these actions to help attract new talent by increasing the efficiency of the recruitment process, reducing its cost and duration, improving quality and follow-up, and increasing the visibility of job opportunities. The Group also retains talent through actions that recognize and value employees.

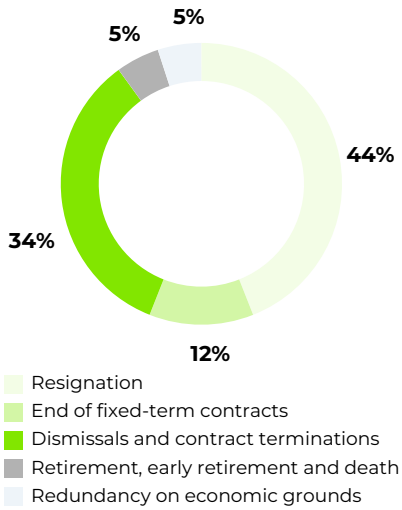
The results of the 2025 edition of the *Pulse* survey gave Valeo an overall engagement score of 7.2 on a scale of 10, with scores of 7.0 for Managers, Professionals, and technicians, and of 7.6 for operators. The participation rate remained at a high level compared with the last survey (83%). The gap with the external benchmark (manufacturing) in terms of engagement score moved from -0.2 to -0.3 between 2024 and 2025. The data provide a solid basis for the development of targeted action plans within each Division, country and site, with the aim of further improving the company's performance in 2026. The action plans thus defined are also subject to specific monitoring at all levels of the organization.

At the same time, a *Pulse&Act* pilot was conducted at 5 sites in 2025, with worldwide rollout planned for 2026. The process will be conducted on a monthly basis in 2026 in order to maintain active feedback throughout the year. This more regular, continuous method will allow for rapid collection of employee feedback and for site-specific issues to be addressed more effectively, thus strengthening our commitment and responsiveness when dealing with local issues.

Additionally, in 2025, Valeo launched the Onboarding Survey, a continuous survey designed to gather feedback from new hires. Each site must analyze the results at least twice a year to identify areas for improvement, define appropriate action plans and optimize the onboarding experience.

These actions have improved talent retention within the Group. In 2025, 13,260 employees left the Group, compared with 17,435 in 2024. The employee turnover rate decreased from 8.1% to 7.4% between 2024 and 2025.

BREAKDOWN OF TURNOVER BY CAUSE IN 2025[1]



In 2025, the turnover rate for Managers and Professionals[2] in the Group was 6.6%, a stable level compared with 2024, when it was 6.9%.

(1) *This graph covers all reasons for departure, with the exception of "Transfer of business".*
(2) *The voluntary departure rate for engineers and managers may include non-consolidated entities as well as employees absent for more than three months.*

Working time

Valeo provides flexible working hours wherever possible.

All employees must respect the opportunity to disconnect, for themselves and their colleagues, outside of normal working hours:

- outside the daily working hours applicable in each country;
- on weekends and public holidays;
- whenever their contract is suspended (e.g., during periods of sick leave).

In 2025, 62% of sites had a collective agreement covering issues related to working time and competitiveness.

The Group is committed to strengthening and developing the measures already in place. Valeo ensures that employees enjoy a satisfying personal life outside work by promoting a healthy work-life balance in keeping with the Company's values. This approach improves employee satisfaction and productivity, while strengthening the employer brand.

Work-life balance

Valeo promotes work-life balance through initiatives such as the possibility of working remotely for up to two days a week and flexible working hours, including early retirement for personal reasons. The Group's IT policy supports reasonable use and disconnection outside working hours, in compliance with local regulations.

In 2025, Valeo continued its actions in terms of quality of life at work:

- working from home has become an option for eligible employees: 59% of Managers and Professionals, and technicians, worked from home;
- 95% of sites have implemented at least one action to promote quality of life at work;
- 13,676 employees attended dedicated training/awareness-raising on quality of life at work;
- 42% of sites have set up a fund to help employees facing financial hardship;
- 81% of sites promote physical and sporting activities, and 56% help finance them.

In addition, the new Group CSR agreement signed in 2024 reaffirms the Group's commitment to guaranteeing and strengthening well-being at work and work-life balance, including specific provisions to support parenting and quality of life at work.

Going forward, the Group plans to take steps to ensure that each country recommends benchmark rules on when to hold meetings, in line with local market practices, except when working in specific teams or in exceptional emergencies. The anticipated results are aimed at ensuring the sustainable well-being of employees in the workplace.

Social protection (DR S1-11)

[ESRS S1 § 74] – [ESRS S1 § 75]

In all countries where Valeo operates, all employees benefit from social protection, either through public programs or through benefits offered by the Group, providing coverage for major life events: illness, unemployment, work-related accidents and acquired disabilities, parental leave and retirement. However, in India, Mexico and Tunisia, this coverage does not include unemployment.

For further details on employee benefits, see Chapter 5, section 5.4.6, Note 6.3.1 "Description of the plans in force within the Group" to the consolidated financial statements, page 406.

Work-life balance metrics (DR S1-15)

[ESRS S1 § 93]

The percentage of employees entitled to family-related leave was 100%. The percentage of eligible employees taking family-related leave was 14%, 20% of whom are women and 12% are men.

4.1.3.1.6.2 Compensation and benefits

Policies (DR S1-1)

[ESRS S1 § 17]

Valeo is committed to compensating its employees in accordance with local regulations, in a manner that is competitive with the market, and in line with the cost of living. The compensation policy is also based on a comprehensive approach that integrates financial and non-financial elements, such as social protection, health plans and other well-being initiatives. These provisions are part of Human Resources policies and procedures, under the heading "*Compensation & Benefits*".

The goal is to ensure that compensation and benefits are defined fairly, objectively and transparently. Wages paid comply at the very least with local legal or collective bargaining requirements and are aligned with market practices in each country and business segment. In addition, all non-executive employees are eligible for a progress bonus, the criteria for which are defined at the site level in line with its priorities. In addition to the application of the pension plans in force in our areas of operation, the Group is continuing the gradual rollout of supplemental retirement plans in order to enhance the attractiveness of its overall compensation policy.

Each year, Human Resources Directors analyze legal or contractual minimum wages, identify any gaps and ensure that all employees receive fair compensation. This monitoring is reinforced by the Social Responsibility Questionnaire, which measures the number of employees earning less than adequate wages across all sites worldwide.

The process for monitoring minimum wage information is managed by each country and integrated into annual salary reviews. These measures ensure that Valeo's pay practices comply with applicable legal and contractual standards, while guaranteeing fairness and transparency for all employees.

Targets (DR S1-5)

[ESRS S1 § 44] – [ESRS S1 § 45] – [ESRS S1 § 46] – [ESRS S1 § 47]

Adequate wages

The Group ensures that 100% of its employees receive adequate wages. This includes annual wage increases based on inflation, market forecasts and local economic conditions.

Actions (DR S1-4)

[ESRS S1 § 35] – [ESRS S1 § 37] – [ESRS S1 § 38] – [ESRS S1 § 39] – [ESRS S1 § 40]

Valeo implements local wage and benefit agreements reached through collective bargaining, taking into account market practices and efforts to attract or retain employees. As a result, all employees in all countries are paid at or above the minimum provided for by local law or by collective bargaining agreements. The Group also conducts regular benchmarking to ensure that its wages are competitive, and adjusts them in line with inflation, market forecasts and local conditions. For Managers and Professionals in particular, the job grading system ensures fair compensation in line with market requirements.

2025 employee share ownership initiatives

Valeo aims to acknowledge and value the commitment of its employees by allowing them to become shareholders of the Group on preferential terms.

In 2016, Valeo introduced a share subscription offering reserved for employees, known as "Shares4U". A ninth employee shareholding campaign took place in 2025. Through such offers, Valeo's management team seeks to acknowledge the personal involvement of employees and give them a greater share in the rewards of the Group's performance. In 2025, 86,369 Group employees were eligible in 21 of the countries where Valeo operates. At the end of the subscription period, which began on September 16 and ended on October 6, 2025, 974,120 new shares were subscribed at a price of 8.40 euros each. Employees received a discount of 20% on the reference share price. At the same time, Valeo grants free shares to employees with more than three months of service in countries not covered by Shares4U. At December 31, 2025, more than half (53%) of employees were Valeo shareholders thanks to the share ownership policy implemented in 2010 and reinforced by the Shares4U offerings (see Chapter 6, section 6.2.3 "Employee shareholders", page 497).

Going forward, Valeo will continue to monitor the compensation paid to its employees as compared to the minimum wage, based on country-specific legal requirements or collective bargaining agreements. By aligning wages and benefits with local market practices, Valeo aims to attract and retain the best talent while ensuring competitive wages.

Adequate wages (DR S1-10)

[ESRS S1 § 67]

Valeo is committed to providing competitive and fair compensation and benefits to all employees by conducting regular salary reviews, adjusting wages in line with local economic conditions and market practices, and ensuring that all employees receive adequate wages in compliance with local laws.

All employees receive an adequate wage, which is defined as the minimum wage as applicable under local law or the relevant collective bargaining agreement.

Annual compensation ratio within Valeo (DR S1-16)

[ESRS S1 § 97]

In 2025, Valeo's annual compensation ratio was 99.4. This is the ratio of the Chief Executive Officer's compensation to the median compensation of employees. The scope used for this calculation includes all employees in France, China, Mexico, Poland and Germany with an employment contract who were with the Group continuously throughout 2025. These five countries represent the largest employee bases of the Group, accounting for 54% of the total population. The ratio takes into account all components of compensation, including fixed and short-term variable compensation, performance shares and benefits in kind. Furthermore, the calculation adjusts salaries according to the Cost of Living Index to reflect the differences in living standards between these four countries.

4.1.3.1.6.3 Social dialogue

Policies (DR S1-1)

[ESRS S1 § 17]

The Group engages in social dialogue through employee representation at all levels of the organization (site, legal entity, country). This dialogue is the primary means for addressing issues affecting the interests of the Company and its employees, preventing conflicts, maintaining a high-quality working environment, and ensuring that existing agreements are implemented. Management and employee representatives foster constructive dialogue, taking into account the diverse cultures within the Group. They also ensure that information is disseminated appropriately, in accordance with national practices and legislation. These provisions are part of Human Resources policies and procedures, under the heading "*Collective labor relations and Social Climate*".

Valeo's goal is to maintain:

- ongoing dialogue with employees;
- ongoing dialogue with the leaders of the various trade unions and professional organizations.

To support this process, the Group ensures freedom of association and respect for trade union rights for all employees, in compliance with local legislation and international standards, notably those of the International Labour Organization (ILO). All employees have the right to join a trade union, a works council or any other representative body of their choice. They also have the right to stand as candidates and to be elected as representatives. The exercise of these rights, including participation in collective bargaining and union activities, is guaranteed to be free of discrimination or any professional penalties. The Group also guarantees the rights of employee representatives to be informed and consulted, in accordance with local regulations. Official unions representing personnel are recognized as legitimate partners for social dialogue and collective bargaining. Collective bargaining is actively encouraged at all levels of the organization.

Annual monitoring is conducted via the Social Responsibility Questionnaire and the Collective Agreements Questionnaire, which evaluate union representativeness, compliance with ethical practices, and the percentage of workers covered by collective bargaining agreements across all Group sites.

This policy is based on ILO Conventions 87 and 98, and the United Nations Global Compact.

Targets (DR S1-5)

[ESRS S1 § 44] – [ESRS S1 § 45] – [ESRS S1 § 46] – [ESRS S1 § 47]

Valeo respects freedom of association, the right to collective bargaining and social dialogue. The Group encourages active social dialogue and supports employees' right to express their opinions and join trade unions. Valeo's goal is to ensure that all employees receive the Code of Business Ethics, sign the relevant statements and receive training on its contents.

In particular, the "Ethics & Human Rights throughout our operations" chapter of the Code of Business Ethics states that Valeo encourages active social dialogue and defends the right to free expression and the right to join trade unions.

Actions (DR S1-4)

[ESRS S1 § 35] – [ESRS S1 § 37] – [ESRS S1 § 38] – [ESRS S1 § 39] – [ESRS S1 § 40]

Valeo has implemented several internal procedures to ensure strict adherence to its commitments and the proper application of its policy to promote and protect fundamental rights. Social dialogue is an essential part of this approach, ensuring freedom of association and the right to collective bargaining in accordance with the ILO Conventions, notably Conventions 87 and 98.

Following the 2020 review, the Group updated its Human Resources policies and procedures on the compliance with and promotion of fundamental rights, including the strengthening of social dialogue (see section 4.1.3.1.4 "Processes to remediate negative impacts and channels for own workforce to raise concerns", page 271).

These principles are also enshrined in Valeo's Code of Business Ethics, which recognizes the right of employees to freely join a trade union and promotes active social dialogue.

Revised and signed in 2024, the Global Agreement on Corporate Social Responsibility and Sustainable Development (CSR) reaffirms the Group's commitment to ensuring and reinforcing constructive social dialogue at all levels of the organization.

In 2025, 78% of Valeo sites had formal structures for employee representation and trade unions, fostering an active and structured bargaining policy.

Numerous collective bargaining agreements have been concluded locally and nationally, covering topics such as compensation, working time and competitiveness, health, safety, well-being at work, diversity and reorganization.

As part of the restructuring, since the beginning of 2025, the Group's social policy has taken care to put in place accompanying and proactive measures, in compliance with the applicable labor laws in each country. Valeo relied on strengthened social dialogue, transparent communication, and broader access to the necessary data for employee representatives. The Group took care to involve a number of union representatives with a view to sharing analyses and conducting educational outreach together with them toward national or local institutional stakeholders.

Against this backdrop of transformation, the Group has also strengthened support systems for employees at sites affected by organizational changes. Emphasis has been placed on internal mobility to facilitate transitions to new positions and preserve skills within the Company. And at certain plants that are particularly impacted, psychological support has been put in place in partnership with specialized providers, giving employees access to personalized and confidential support.

These measures demonstrate the Group's commitment to place people at the heart of its transformations and to support all teams throughout the transition process.

In 2025, local agreements were in place at a majority of sites: 66% of sites have at least one agreement covering wages and other compensation, and 62% on working hours and competitiveness. Occupational health and safety, diversity and reorganization are addressed by agreements covering 57%, 44% and 41% of sites respectively.

Valeo continues to promote high-quality working relations that provide a framework conducive to dialogue, mutual understanding and the pursuit of balanced solutions in the interests of all stakeholders.

Collective bargaining and social dialogue (DR S1-8)

[ESRS S1 § 60] – [ESRS S1 § 63]

COLLECTIVE BARGAINING COVERAGE AND SOCIAL DIALOGUE

	Collective agreement coverage		Social dialogue
	Employees – European Economic Area (EEA)	**Employees – non-EEA regions**	**Workplace representation (EEA countries only)**
0-19%		Africa	
20-39%	Ireland	Asia	
40-59%		America	
60-79%	Hungary	Europe – excluding EEA	
80-100%	All EEA member countries except Ireland and Hungary		All EEA member countries

* *Countries and regions with more than 50 employees.*

4.1.3.1.7 Health and safety

Policies (DR S1-1)

[ESRS S1 § 17]

This sustainability matter falls under Employee Engagement 01 "*Feel Safe*" and the Group's internal roadmaps. These provisions are part of Human Resources policies and procedures, under the heading "*Well-being at work*", and Health and Safety operating procedures. The management of health, safety, and ergonomics is based on identifying and allocating the necessary resources. Each site or entity is required to maintain an appropriate ratio of these resources relative to its total workforce in order to carry out its preventive duties in full. However, site managers and employees are individually responsible for reducing risks and preventing incidents in their day-to-day work. Specific training courses are in place to raise awareness and develop skills related to health and safety and ergonomics, such as the "Safety First" program, which aims to improve employees' safety awareness, and the "Safety Dojo", which takes place in a training room dedicated to reinforcing knowledge and skills in safety and ergonomics, in order to develop interaction and draw upon the collective cognitive memory. These training courses are backed up by collective risk-elimination activities. The commitment of managers is essential to promote a culture of safety and to consolidate preventive routines. Employees are encouraged to participate actively in prevention through Health, Safety and Environment (HSE) committees, by reporting dangerous situations and by proposing continuous improvements. The policy also incorporates the prevention of psychosocial risks and the promotion of mental well-being through support and awareness programs tailored to employees' needs. The autonomy of each employee is encouraged to give them an active role in their own safety. Risk reduction involves the continuous evaluation of all activities through a single Risk Assessment Document and a detailed plan covering technical, organizational and human factors. Health and safety performance is monitored using key performance indicators, such as accident frequency and severity rates, internal audits and corrective actions to measure progress and ensure continuous improvement. The Health, Safety, and Environment (HSE) Department regularly reviews this policy to ensure alignment with regulatory developments and feedback.

Safety is a shared responsibility for everyone on site, including employees, visitors, contractors and other external partners, all of whom are subject to the same safety and prevention requirements. They must all comply with safety, emergency and environmental regulations. Finally, learning from incidents is an essential lever for raising awareness, sharing best practices, reducing risks and guaranteeing ever safer and more efficient working conditions.

Targets (DR S1-5)

[ESRS S1 § 44] – [ESRS S1 § 45] – [ESRS S1 § 46] – [ESRS S1 § 47]

To ensure an accident-free working environment for its employees, Valeo aims to achieve ISO 45001 certification for 100% of its sites worldwide.

The Group aims for zero fatal accidents and targets a frequency rate with lost days (FR1) below 0.6 by 2030. In 2019, the FR1 was 1.9. Thanks to continuous improvement since 2020, the initial target of <1.7 for 2025 was reset to <0.9. This target has been maintained for 2026.

To ensure full coverage of all recordable workplace accidents, reporting is based primarily on the FR2 frequency rate, which includes both accidents with lost time (FR1) and accidents without lost time requiring external medical treatment. The frequency rate is monitored by measuring the cumulative number of recordable workplace accidents per million hours worked, while ISO 45001 certification of sites is verified on an ongoing basis.

The HSE Department implements and monitors these targets under the supervision of the 5 Axes Framework Committee, which performs monthly reviews and periodic audits at the production plants. Targets are reviewed annually to incorporate progress made, feedback and regulatory developments.

These targets are part of the Employee Engagement 01 "*Feel Safe*" roadmap, contributing to a culture of prevention and the continuous improvement of working conditions within the Group.

Actions (DR S1-4)

[ESRS S1 § 35] – [ESRS S1 § 37] – [ESRS S1 § 38] – [ESRS S1 § 39] – [ESRS S1 § 40]

In accordance with the Employee Engagement 01 roadmap, the Group implemented a number of measures during the year:

- Through its Risk Management Handbook, Valeo rolls out policies and guidelines on various topics such as building and facility safety, employee health and safety, data security and the environment;
- To promote security, Valeo ensures that its sites have ISO 45001 certification and that its risk management policies are properly applied through self-assessments, annual internal audits and external verification audits conducted every three years;
- Ongoing improvement in on-site risk management is governed by the Quick Response Quality Control (QRQC[1]) methodology. All employees are trained in this approach as soon as they arrive at Valeo, in particular through the mandatory training modules such as "*Plan, Do, Check, Act*", "*Safety Induction*" and "*Safety First*";
- Since 2018, the Group's Divisions have set up Safety Committees to review accidents and support sites with analysis and feedback;
- To prevent accidents during machine maintenance, Valeo has developed guidelines and specific training to improve understanding of risks and safety standards regarding energy lock-out tag-out operations. This includes a real-world evaluation process for maintenance technicians, known as *Lock-Out/Tag-Out* (LOTO) certification, to validate their mastery of safety routines on a step by step basis.
- In 2019, to prevent accidents related to machine safety, Valeo worked with third-party experts to develop new guidelines and training modules to secure the design, manufacturing and commissioning of new production equipment on delivery;
- In 2025, the Group launched a specific audit campaign focusing on chemicals and associated risks. At the same time, the rollout of two chemical risk training modules (e-learning and classroom) continued. Initially available only in English, the e-learning module has now been translated into Japanese and Chinese, while the classroom module is already available in all languages used within the Group. This development increases awareness and prevention on an international scale;
- To strengthen its emphasis on preventing potentially severe accidents, the Group has adopted five golden safety rules for the following topics: protective equipment, traffic vigilance, energy Lock-Out Tag-Out operations; working at heights and employee response to hazardous situations.

This has enabled Valeo to make significant progress in terms of workplace safety, maintaining, as in 2024, a stable lost-time accident frequency rate (FR1) of 0.69 in 2025. This rate is also one of the criteria for the variable compensation of the Chief Executive Officer and of those senior executives eligible for variable compensation.

In addition, the absenteeism rate has fallen significantly, from 2.8 in 2024 to 2.4 in 2025, a decrease of 15%. By the end of 2025, 75,974 employees, or 87% of the target population, had completed *Safety Firs*t training, including 21,601 employees in 2025. The volume of training hours devoted to safety more than doubled in 2025, reaching 285,718 hours of training compared with 136,424 hours in 2024 (for more information, see section 4.1.3.1.9 "Training and skills development", paragraph "Actions", page XX).

In June 2025, the Group launched the new Valeo HSE Incidents Management (VIM) interface, enabling all international sites to manage safety incidents, environmental events and occupational illnesses centrally. The new version also allows users to report dangerous acts or situations that could potentially lead to accidents. The tool enhances the ability to monitor and prevent risks to employee health and safety while contributing to the EE01 "*Feel Safe*" objectives of the 5 Axes policy and the five pillars of Valeo's commitments.

[1] *See section 4.1.7 "Sustainable development glossary", page 357.*

At the same time, a new 5 Axes HSE tool has been developed to enable self-assessments to be carried out at each site. It is intended not only for the HSE network but also for local teams, to integrate their practices and improve prevention systematically. It is part of the 5 Axes HSE roadmap and helps disseminate a consistent safety culture across all Group sites.

Additionally, a digital tool that visualizes, quantifies and rapidly analyzes musculoskeletal disorder (MSD) risks has now been deployed at 30 sites worldwide to improve workplace safety and prevention.

To mark 2025 the World Day for Safety and Health at Work, several Group sites implemented actions on the theme of "Safe Commuting". Awareness campaigns, practical workshops and local initiatives have strengthened employee safety and protection.

- At the Campinas site in Brazil, for example, employees participated in educational and interactive activities at a traffic awareness event featuring games focused on the risks of drunk driving, driver fatigue, hazard perception and the importance of concentration. Simulations reinforced safe behaviors, and internal speed control was carried out on site;
- At the Enfidha site in Tunisia, a road risk and protection event was organized for vulnerable road users (pedestrians, cyclists, motorcyclists). Activities included an immersive virtual reality experience on road safety and a training session by the National Observatory for Road Safety, focusing on motorcycle license awareness for the employees concerned.

Finally, in 2025, to preserve employee health against heat-related risks, the Group implemented the Heat Stress Protocol. Each site was asked to carry out a self-assessment using a checklist, supplemented by training and a centralized summary of results.

Significant operating expenses (OpEx) and/or capital expenditure (CapEx) include Health, Safety and Environment (HSE) management, which requires specialized expertise.

The ZERO accident objective requires each Division and entity to establish policies and targets, and to report progress on a monthly basis. Site managers are responsible for reducing risks and preventing incidents as part of their duties.

Health and safety metrics (DR S1-14)

[ESRS S1 § 88]

100% of Valeo sites are integrated into the Group accident management system.

In 2025, zero fatal accidents were recorded among Valeo's own workforce. To enhance safety, the Group monitors accidents involving not just its own workforce but also all contractors present on its sites. This year, a contractor working on one of the Group's sites in China was the victim of a work-related fatality.

The number of injuries, with and without lost time, was 288, and the work-related injury rate was 1.4. Note that this rate differs from the frequency rate of occupational accidents with lost time (FR1) and the frequency rate (FR2), which include all people working on Valeo sites, not just employees.

These accidents include all accidents, whether or not they resulted in lost time. They are classified as follows:

- Category 1: Serious accidents (death, amputation, major physical trauma, incapacity or irreversible injury resulting from an accident);
- Category 3: Lost-time accidents other than Category 1;
- Category 4: Accidents requiring off-site medical treatment (hospital or doctor's surgery) without any lost time.

The number of newly identified occupational illnesses within the Group for French operations was 71 in 2025. To harmonize practices and ensure data reliability, 2025 has been set as the baseline year for this metric.

[ESRS S1 § 82] – [ESRS S1 § 88]

The number of days lost by employees due to work-related accidents and occupational illnesses in 2025 was 5,484.

[ESRS S1 § 90]

100% of the Group's sites are covered by Valeo's internal health and safety directives and are subject to external audits on average every three years. In addition to these external audits, annual site self-assessments are conducted and documented in an internal tool. These audits are followed by regular monitoring, including site visits, by regional, Division and Group HSE managers. In addition, 88% of sites consolidated in the Group's reporting are now certified to ISO 45001, meaning that 86% of employees are covered by this new international standard.

4.1.3.1.8 Diversity, equity, inclusion and equal treatment

Policies (DR S1-1)

[ESRS S1 § 17]

In a constantly changing global environment, Valeo sees diversity, equity, inclusion and equal treatment as essential drivers of sustainable performance, innovation and attractiveness. The Group is committed to offering everyone the same opportunities for employment, development and recognition, regardless of gender, nationality, ethnic origin, age, disability or health status, gender identity, sexual orientation, religion or any other personal characteristic. This policy is based on the ILO conventions, including Conventions 100 and 111, and the United Nations Global Compact. It is part of the Employee Engagement 02 "*Lead with Purpose*" roadmap and is based on the principles of respect, transparency and equal opportunity.

Under this roadmap, a "*Leading with Care*" training plan has been rolled out across the Group. It aims to strengthen managerial skills related to well-being and inclusive leadership, promotion of diversity, psychological safety and empathy. This program is gradually being rolled out to all managers through in-person sessions, e-learning modules and training integrated into team meetings. This ensures continuity and ownership of diversity and inclusion principles. These provisions are part of Human Resources policies and procedures, under the heading "*Valuing Diversity*".

The policy applies to all employees, and also concerns other stakeholders including institutional investors, public authorities and educational institutions.

Diversity is a central aspect of Valeo's culture, with a specific focus on:

- Equity and parenthood: Promotion of gender equality and support for parenthood;
- Generational: Intergenerational cohesion;
- Cultures: Cultural diversity;
- Capabilities and health: Inclusion and support for people based on their capabilities and health status, including persons with disabilities.

This commitment is not only a social responsibility, but also a driver of competitiveness and internal cohesion. Valeo sees the plurality of profiles, backgrounds and career paths as a source of collective creativity.

In accordance with its Code of Business Ethics, the Group applies a zero-tolerance policy toward all forms of harassment, discrimination and violence in the workplace, regardless of the source. All new employees receive a copy of the Code of Business Ethics, and all managers are required to complete a mandatory e-learning module. To ensure the effectiveness of this policy, anti-discrimination training is regularly provided to employees, managers and recruiters. Additionally, the Whistleblowing System allows anyone to report behavior that is contrary to Group values on a completely confidential basis. A specific procedure for preventing harassment and discrimination provides for a neutral, objective and confidential investigation whenever incidents are reported and whether or not they are substantiated. The Group Chief Human Resources Officer reviews the number of discrimination or harassment complaints on site, the number of complaints upheld and the disciplinary sanctions imposed annually via the Alerts Review Committee. The review covers all Group sites without exception.

To promote gender equality, Valeo focuses on three essential aspects:

- Equitable reinforcement of female representation at all levels of the organization. For example, recruiters strive to present at least one female candidate in shortlists for every job opening, in compliance with local applicable laws and regulations. The Group also deploys training programs, inclusive leadership workshops and mentoring to support the development of all talents, especially among women;
- Support for parenthood for all by offering flexible measures and tailored support to help balance professional and family life.
- Pay equity, monitored using various metrics that allow each entity to neutralize any disparities identified. Human Resources Business Partners (HRBP) monitor these initiatives and inform the Group Chief Human Resources Officer and each Diversity Leader on policy implementation. They also report any difficulties encountered on sites.

The Group also fosters the inclusion of people with disabilities by promoting their recruitment and retention, and recognizing their disability. Access to employment is equitable, workstations are adapted as needed and teams are made aware of inclusion. These actions are monitored using the Social Responsibility Questionnaire, which evaluates progress at each site and provides data for annual diversity and inclusion reporting.

The Group Vice-President, Diversity, Equity, Inclusion and Social Responsibility is responsible for ensuring that each site implements the Group's DEI programs and priorities, as well as relevant local actions aimed at strengthening DEI wherever Valeo operates, in compliance with local legislation. Local engagement committees drive these tailored initiatives by identifying local priorities, defining annual action plans, monitoring progress, tracking key metrics and sharing best practices within Valeo's global network.

Each year, awareness-raising and communication initiatives are organized to promote a respectful and inclusive work environment. Annual events such as Diversity Week, International Women's Day and International Day of Persons with Disabilities raise awareness among all employees.

This policy reflects Valeo's commitment to making DEI and respect an everyday reality. By promoting a wide range of backgrounds and guaranteeing an inclusive work environment, the Group strengthens its collective performance and its attractiveness as a responsible and innovative company.

Targets (DR S1-5)

[ESRS S1 § 44] – [ESRS S1 § 45] – [ESRS S1 § 46] – [ESRS S1 § 47]

To create a more diverse, inclusive and respectful workplace, Valeo has set ambitious targets for the main themes of its DEI policy. These include:

- Valeo aims for women to represent 32% of management committee members in operational entities by 2030, in line with their proportion in the total Group workforce. The objective of doubling the representation of women in leadership positions from 16% in 2019 to 32% by 2030 is both highly ambitious and equitable, as women represent 32% of the Group's total workforce. By targeting 32% representation on executive committees, Valeo is demonstrating its commitment to ensuring proportionate representation of men and women across all organizational levels.
- In terms of pay equity, Valeo aims to achieve an adjusted gender pay gap of less than 5%. To ensure rigorous analysis, the Group uses a methodology that neutralizes biases related to job categories, responsibility levels and local circumstances. Data segmented by country and grade are aggregated in a weighted average that reflects the actual composition of the workforce.
- Regarding employment policy for persons with disabilities, the Group aims to achieve an employment rate of 2.6% for employees with disabilities by 2030. In 2020, this percentage was 1.8%. This rate is calculated on the basis of direct jobs only.

DEI indicators are reviewed at Group level and managed by the Group Diversity, Equity & Inclusion & Social Responsibility Director, in constant contact with regional managers. More specifically, Group Human Resources monitors change in female representation among external hires for Managers and Professionals on a monthly basis, via an HR management tool, except where local legislation does not allow for such monitoring. The percentage of employees with disabilities is monitored annually through the Corporate Social Responsibility questionnaire. Regarding the gender pay gap, the calculation and consolidation process is managed annually through the Human Resources Information System to ensure the consistency and transparency of global metrics.

The goal of measures against workplace violence and harassment is to promote and ensure respect for the fundamental rights outlined in the "Prohibiting discrimination, harassment and bullying" section of the Code of Business Ethics. Valeo's goal is for 100% of employees to receive the Code of Business Ethics, sign the relevant statements and receive training on its contents. This policy applies to all employees, regardless of where they work or their status.

Actions (DR S1-4)

[ESRS S1 § 35] – [ESRS S1 § 37] – [ESRS S1 § 38] – [ESRS S1 § 39] – [ESRS S1 § 40]

Valeo regularly implements communication and training actions:

- On the policy for the promotion and protection of human rights, as reflected in the Code of Business Ethics, the Human Rights Policy, the CSR agreement signed by the Group and the Business Partners Code of Conduct. On this point, note that all new employees receive the regularly updated Code of Business Ethics upon arrival, and must sign a statement confirming that they have received it and a commitment to abide by it. The onboarding program includes a module dedicated to the Code of Business Ethics, enabling the Group's fundamental values and principles to be shared from day one. Going forward, the Code of Business Ethics will continue to be regularly updated to take any regulatory and legislative developments into account and/or to adapt it to the Group's risk maps;

- On the anti-harassment and anti-discrimination policy: In addition to Group-led policies and actions, awareness-raising initiatives are conducted at site level to increase prevention and employee awareness. For instance, French sites organized awareness-raising sessions on gender-based and sexual violence in 2025. That same year, Valeo also stepped up its anti-harassment strategy with the launch of a global communication campaign. It included practical measures such as the distribution of posters, a video and a handbook for Managers and Professionals ("Detecting and preventing harassment and bullying in the workplace"). The campaign also featured dedicated training for HR managers on how to handle reports and specific encouragement to use the Whistleblowing System to report inappropriate behavior (see section 4.1.3.1.10 "Other work-related rights", page 286).
- On the Whistleblowing System;
- On the Group's diversity, equity and inclusion policy, particularly during "DEI Week";
- On attitudes conducive to inclusiveness and respect, and fostering psychological safety for all. For example, a new program called "Diversity for Success: Leading Performing Teams" is gradually being rolled out to management committees to raise managers' awareness of gender bias and promote inclusive management practices, particularly in recruitment, performance appraisals and internal mobility. Additionally, in 2025, Valeo deployed a global training module called "*Building Inclusive Teams*" aimed at all Managers and Professionals. It aims to strengthen inclusive skills and help everyone adopt practices that foster equity and create a work environment where every employee feels valued and can reach their full potential.

These measures strengthen adherence to internal policies, improve the work climate and ensure that all employees – regardless of their location or status – benefit from a respectful and inclusive environment. In the event of actual material impacts affecting employees, support measures will be implemented. Employees can report incidents through the internal whistleblowing system (see section 4.1.3.1.4 "Processes to remediate negative impacts and channels for own workforce to raise concerns", page 271), and can also receive support from their line manager or the on-site Human Resources team.

These communication and training initiatives are reinforced by specific policies and programs, as described below.

Equity and parenthood

Believing that diversity drives both attractiveness and performance, Valeo has included diversity in the criteria underpinning the Chief Executive Officer's compensation and long-term incentive plans since 2018. Moreover, since 2021, the Gender Equity Index, calculated in all countries where Valeo operates, has been a criterion for the calculation of the variable compensation of approximately 1,700 eligible managers. This approach aims to send a strong signal to teams: that the Group is committed to advancing equity and that every leader has a role to play. The index covers countries with at least 150 Managers and Professionals. It is based on five criteria: pay equity, equity in individual pay rises, equity in promotions, neutralization of the impact of maternity leave on pay and the percentage of women among the ten highest-paid employees. Set at 90 points for 2025 when it was introduced, the target was met in that year.

In 2025, 82% of the Group's sites implemented awareness-raising and training initiatives in favor of gender equality.

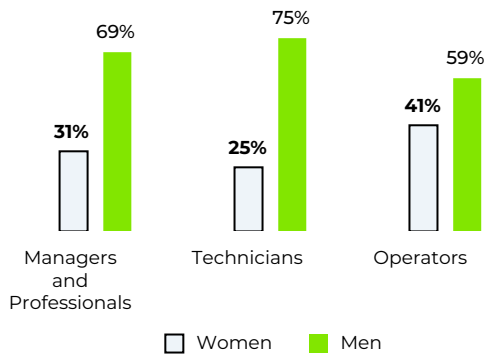
To support the career development of all the company's talents and increase the presence of women in management positions and within teams, Valeo has implemented two complementary initiatives:

- A training program known as "*Rock the Talk*" has been created specifically to support young talent, particularly women. Launched in 2024, it has since reached 909 employees worldwide, including 711 participants in 2025. The program helps participants clarify their professional goals, identify and leverage their strengths, define their development actions and overcome stereotypes and limiting beliefs in order to clear the way to managerial responsibilities.
- Valeo has also deployed the "Grow Together" mentoring program, which prepares men and women in middle management positions for senior management roles and encourages intergenerational sharing. A total of 291 mentors and 293 mentees participated in the program during the year. At the same time, individualized development initiatives were carried out to support professional advancement and access to managerial roles for all talent, specifically by helping to combat gender stereotypes.

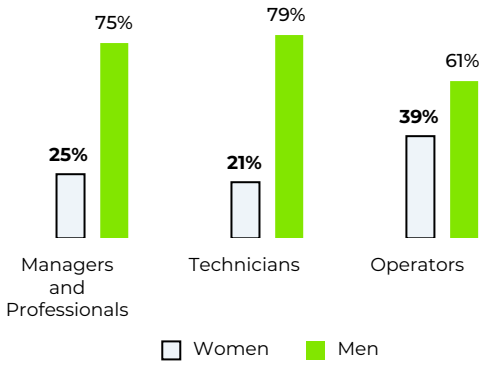
Following these initiatives, women represented 27% of the Group's management committee members in 2025.

Without changing its requirements in terms of skills sought, Valeo considers campus recruitment (interns, apprentices, international business volunteer program participants) to be a key pipeline for promoting its professions to women. In 2025, women represented 39% of new hires, a decrease of 2 points compared with 2024 (41%). Among Manager and Professional new hires, the proportion of women reached 31%.

GENDER BREAKDOWN RECRUITMENT BY PROFESSIONAL CATEGORY



GENDER BREAKDOWN OF WORKFORCE BY PROFESSIONAL CATEGORY – VALEO EMPLOYEES



Valeo is also continuing its partnership with "Elles Bougent", having mobilized 136 female sponsors in 2025 to encourage greater representation of women in a historically male-dominated sector.

Since October 2025, Valeo has also been a partner of Cercle InterElles, a network committed to gender balance and professional equality in scientific and technological sectors. This partnership enables the Group to take part in thematic focus groups and an annual forum designed to promote women's access to leadership positions and share best practices in terms of gender balance.

In 2025, to mark International Women's Day, the Group organized a *Corporate Live Stream on Gender Equality* aimed at demonstrating that everyone – men and women alike – can contribute to enhancing workplace equality. Participants learned how to benefit from and actively contribute to gender equality. As part of the *Accelerate Action* campaign, employees at all Valeo sites participated in a discussion on the theme "What is inclusion?" to foster global dialogue on inclusion and diversity.

At the same time, many sites organized local activities to highlight and promote all talent. These included women's *networking* lunches, experience-sharing sessions featuring inspiring women *leaders*, and "*Her Success Story*" events to celebrate and reward outstanding talent. Local initiatives such as these have strengthened team engagement and increased the visibility of women across the Group.

As part of its Stand as One commitment – one of the three distinctive behaviors that shape Valeo's identity – and in the belief that equity progresses when both men and women are involved, the Group launched the Wo&Men Connected initiative in December 2025. This network offers a monthly webinar on soft skills and mutual collaboration, running from December 2025 through to the summer of 2026 to promote respect and cooperation within teams.

Valeo also protects parenthood by guaranteeing a global minimum of 14 weeks of paid maternity and adoption leave, as well as six days of leave for fathers or partners after the birth of a child (see section 4.1.3.1.6.1 "Work organization", page 273).

Local initiatives complement this framework to support new parents. One example is the *Family Program* in Brazil, which supports employees and their dependents during pregnancy by offering medical monitoring by an in-house nurse, information sessions with healthcare professionals, responsible fatherhood courses that extend paternity leave, baby care kits, and healthy snacks for expectant mothers.

Particularly attentive to the quality of life at work, 81% of plants have introduced specific measures for pregnant women and new mothers, such as adjustments to workstations, flexible hours and the availability of breastfeeding rooms.

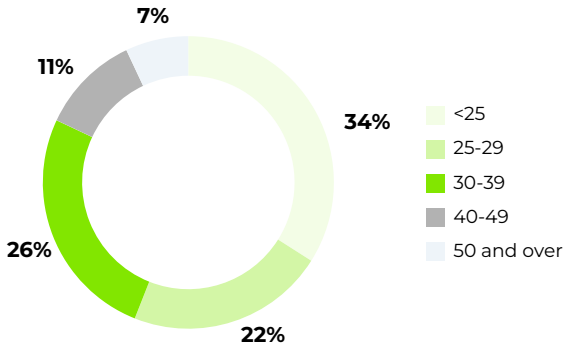
In 2025, 64% of Valeo sites implemented systems to support new parents, notably by facilitating access to subsidized daycare or childcare facilities and offering measures to ease the transition back to work after maternity leave.

Generational

Valeo takes care to create an environment in which four generations can work together as the retirement age increases and members of generation Z arrive on the labor market. This generational diversity enriches the Group on a human level and encourages it to keep improving its corporate and management culture. In 2025, 52% of the plants implemented at least one initiative in favor of generational diversity, such as activities, workshops and open days for middle and high school students. In addition, the extension of strategic partnerships with higher education institutions aims to promote the integration of young people into the Group. Thanks to these efforts, Valeo welcomed a total of 1,922 interns, 1,169 apprentices and 201 international business volunteer program (VIE) applicants in 2025. People aged under 25 accounted for 34% of all new hires.

Additionally, the BRAIN Division launched the "Young Talent Accelerator" program in 2025 to fast-track the development of high-potential young engineers. Ten young talents are participating in this structured two-year program, which includes at least one international assignment. The initiative will continue in 2026 to further prepare the next generation of leaders within the Group.

BREAKDOWN OF NEW HIRES BY AGE GROUP



During Diversity Week 2024, the Group organized an "idea-athon" on diversity themes. The winning idea on generational diversity was implemented as an Intergenerational Workshop and rolled out globally in 2025. This interactive workshop aims to reduce communication barriers and strengthen collaboration between generations, demonstrating that great ideas can come from anyone, regardless of their age. Participants gain actionable insights to improve interpersonal communication and foster more positive and effective cross-generational collaboration.

Culture

Valeo promotes cultural and social diversity, with 71% of plants having implemented at least one initiative in favor of cultural diversity, such as training and awareness-raising, celebration of World Day for Cultural Diversity and pairings of employees from different countries.

Under the *Stand as One* commitment, since 2025, the Group has regularly published internal articles highlighting projects in which multinational teams comprised of employees from a variety of cultural backgrounds have collaborated effectively to achieve outstanding results. "Stand as One" embodies a spirit of collaboration, mutual support and shared goals, providing a practical example of how cultural diversity can enrich collective performance and strengthen cohesion within the Group.

In 2025, Valeo employed people of 134 nationalities, covering 98% of the total workforce. The most prominent nationalities are Chinese (16%), Mexican (14%) and French (10%). Recruitments over the year reflected this diversity, with 71 nationalities represented among new hires.

Capabilities and health

Valeo also promotes the inclusion of people with disabilities. Historically, disability, whether visible or invisible, has been a major pillar of diversity at Valeo. However, the Group has expanded this pillar under the theme "Capabilities and health" to take a more comprehensive approach to inclusion. This shift broadens the scope from disability alone to encompass any personal, physical, mental, or emotional limitations that could affect work performance. This approach aims to create a truly inclusive environment where every employee can thrive, regardless of their specific capabilities or needs.

In 2021, Valeo implemented a Disability Management Approach aligned with the local regulatory framework and based on the United Nations definition of disability. A network of disability liaison officers has been set up to provide support and advice to employees with disabilities, ensuring that their needs are met while promoting an inclusive working environment.

In 2025, Valeo held various training and awareness-raising sessions on disability, open to all employees. Led by each site's disability liaison officer, the sessions helped to provide participants with a better understanding of the various types of disabilities, as well as the relevant regulations and internal policies. Many sites around the world also organize their own events during Diversity Week each year, some with disability-related activities or educational programs.

The results of these initiatives show that 68% of sites have organized specific initiatives to promote disability-related diversity. In addition, 36% of sites work with companies specializing in the recruitment of people with disabilities. In 2025, Valeo employed 2,055 people with disabilities across the Group, or 2% of its workforce. This increase testifies to the Group's commitment to its diversity, equity and inclusion policies, and demonstrates its ongoing commitment to an inclusive workforce. More specifically, in France, Valeo signed a collective agreement in favor of workers with disabilities in 2012. Since 2022, the rate of direct employment of people with disabilities has been maintained at more than 6% of the workforce, thus complying with the French government obligation to employ people with disabilities.

Following this, Valeo rolled out two key programs for Managers and Professionals worldwide, focused on mental health and stress management in the workplace. The "*Psychological Safety in Practice*" module aims to enhance psychological safety in the workplace by fostering open communication, mutual trust and the prevention of inappropriate behavior. This aims to create an environment where everyone can speak freely and contribute fully to collective success. The Group has also rolled out resilience training for all Managers and Professionals, for better stress management in the workplace. It enables participants to recognize stress and burnout, strengthen personal and collective resilience, and apply practical techniques to cope with work pressures more effectively. Additionally, each country and site implements initiatives tailored to local needs to support employees' mental health. These actions include sharing mental health video and podcast playlists, and providing access to support services from external experts.

In 2025, Diversity Week focused on the theme "Capabilities and health". Health and well-being at work – whether physical, mental or emotional – have been highlighted as essential elements of human diversity and inclusion for all employees. Two main Group-level events were organized during the week: a webinar dedicated to mental health and mental workload at work, and the launch of the Disability Serious Game, an interactive e-learning module dedicated to the inclusion of people with disabilities. These initiatives allowed all employees to become familiar with Valeo's DEI commitments and understand how they can contribute to them.

They raised awareness of the importance of health and well-being at work by integrating these dimensions into the Group's Diversity, Equity and Inclusion approach, and emphasizing that inclusion applies to all employees without exception. At the local level, approximately 94% of sites have also conducted their own initiatives to promote Diversity, Equity and Inclusion, focusing specifically on the theme of "Capabilities and health".

Looking ahead, Valeo plans to reinforce its "*Diversity for Success*" initiative by training management committee members (10 to 12 per site) in its main countries of operation in 2026. The Group will also continue to ensure an inclusive working environment that guarantees equal treatment, with a particular focus on issues related to employee capabilities and health.

Diversity (DR S1-9)

[ESRS S1 § 65]

GENDER BREAKDOWN OF SENIOR-LEVEL MANAGEMENT*

Gender	Number of members	Percentage
Breakdown of Executive Committee members		
Men	10	83%
Women	2	17%
Breakdown of management committee members**		
Men	170	73%
Women	63	27%

* *For more details on the definition of senior management, see Chapter 3, section 3.2.1 "Composition of the Board of Directors", paragraph "Board of Directors' diversity policy", page 118.*

** *The Group's various management committees include the Executive Committee, the Management Committee of each Division, the Product Group Management Committees and the Management Committees of the five main countries (China, Germany, Japan, India, United States).*

BREAKDOWN OF EMPLOYEES BY AGE GROUP

Age group	Number of employees (headcount)	Percentage
Under 30	17,313	20%
30-50 ans	54,067	61%
Over 50	16,623	19%
TOTAL	**88,003**	**100%**

Employees and their breakdown by age, gender, contract type, working time and region have been restated to reflect disposals during the financial year.

Workers with disabilities (DR S1-12)

[ESRS S1 § 79] – [ESRS S1 § 80]

In 2025, Valeo had 2,055 workers with disabilities, or 2% of employees. The proportion of employees with disabilities is stable. This testifies to the Group's commitment to diversity, equity and inclusion, and demonstrates its ongoing commitment to providing opportunities for all employees. 40% of employees with disabilities are women.

Gender equality and equal pay (DR S1-16)

[ESRS S1 § 97]

In 2025, the unadjusted gender pay gap was 32%. This metric represents the difference in the average wage between women and men globally, without adjusting for country, job level or pay structure. Note that a significant proportion of the Group's operators work in countries where the cost of living is relatively low, which can have the effect of widening the overall gap.

To obtain a more precise overview, a complementary analysis was conducted for positions with comparable levels of responsibility. This analysis considers differences in compensation by employee category, level of responsibility and country-specific factors. The data were segmented by country and job level, and then aggregated as a weighted average based on the relevant workforce.

On this basis, the adjusted gender pay gap within Valeo was 3% in 2025.

4.1.3.1.9 Training and skills development

Policies (DR S1-1)

[ESRS S1 § 17]

This sustainability matter falls under Employee Engagement 04 *"Develop Myself & Grow"* and the Group's internal roadmaps. These provisions are part of Human Resources policies and procedures, under the heading "*Learning*".

Valeo is committed to promoting a culture of continuous learning to support the professional development of all its employees in line with the Group's strategic needs and changes in its professions. To this end, Valeo offers annual, individualized training updated each year.

The Group provides employees with dedicated spaces, as well as digital tools and platforms, and regularly informs them of available resources and learning opportunities aligned with business priorities and evolving professional requirements.

Training actions are planned and structured based on close collaboration between managers and HR teams. Needs are prioritized in view of employee expectations, identified skill gaps, the Group's strategic orientations and the specific business requirements of each Division.

The skills development of operators is another special focus. Each year, a dedicated discussion identifies their needs in relation to flexibility objectives, production requirements, feedback received and their development plans.

Finally, Valeo provides structured professional development support. All employees meet with their manager at least once a year to discuss career development, aspirations, skills assessment and development needs. For Managers, Professionals and technicians, an individual development plan is formalized and updated each year. It includes at least one practical component, such as training, on-the-job learning, additional experience or an exposure opportunity.

Targets (DR S1-5)

[ESRS S1 § 44] – [ESRS S1 § 45] – [ESRS S1 § 46] – [ESRS S1 § 47]

Valeo contributes to accelerating talent development, reinforcing corporate values and preparing future leaders through training and skills development initiatives. In 2019, the average number of training hours per employee was 23.4. The targets set for 2026 are 32 hours for Managers and Professionals, and technicians, and 10 hours for Operators. The skills development management system (@*MyLearning*) allows precise and reliable monitoring of the implementation of the annual training plan.

Actions (DR S1-4)

[ESRS S1 § 35] – [ESRS S1 § 37] – [ESRS S1 § 38] – [ESRS S1 § 39] – [ESRS S1 § 40]

As employee training is a tool for developing and retaining talent, Valeo is continuing its internal training efforts. In 2025, 82,509 employees (94% of the headcount) took at least one training course during the year.

To develop distance learning, the Group has introduced continuous in-house technical training for its technicians, engineers and operators, thus fostering innovation at all levels. In 2025, this momentum was amplified by the rollout of a mobile application that allows employees with professional mobile devices to access e-learning modules directly, thereby facilitating access to training wherever they are.

2025 saw a significant increase in training efforts. The results show 36 hours for Managers and Professionals and technicians, and 15 hours for operators, exceeding the initial targets of 32 hours and 10 hours respectively.

BREAKDOWN OF THE FIVE MOST POPULAR TRAINING TOPICS – IN THOUSANDS OF HOURS OF TRAINING IN 2025

The Group offers continuous training for its technicians and engineers to encourage innovation at all levels. In 2025, 436,275 hours of "technical and scientific" training were provided.

As safety and ergonomics are essential levers of commitment and motivation among our employees, the Group has continued its training initiatives to foster awareness of these issues. From induction and throughout their career, employees receive face-to-face and online training specifically dedicated to the identification, control and management of risks (e-learning modules detailing the HSE – Health, Safety and Environment guidelines). In 2025, a total of 285,718 hours of training were devoted to safety, illustrating the priority given to prevention and employee protection.

The Group has also highlighted training through a broad network of experts, designed to provide advanced training on Valeo products, technologies and manufacturing processes. In 2025, Valeo had 1,761 experts in 23 countries, breaking down as 1,245 product experts and 516 process experts. These experts play a vital role in the transmission of knowledge and skills at all levels of the organization.

To promote the development of its talent, Valeo uses the Job Grading system to reinforce Individual Development Plans and career interviews. This system has enabled the Group to update the catalog of jobs and the list of skills expected for each of them, to develop training paths by network and by job, and to support the decision to develop internal employee mobility for all positions throughout the organization. The Career Path intranet application, which features job mapping for each network, gives all employees access to a range of existing roles, future positions and job descriptions. The goal is to empower each employee in his or her own career development.

To support the development of Supervisors and Managers, the Group offers several programs aimed at strengthening their technical, managerial and soft skills: For example, in 2025, 56% of managers completed a training course in the last three years.

- The two-and-a-half-year "INSPIRE Leadership" training program has enabled 575 senior managers to reinforce their management skills – specifically situational leadership – to encourage collaboration within teams, to inspire and to motivate. In 2025, the "Inspire for Future Leaders" program was piloted for top talent, with an official launch scheduled for 2026.
- The Supervisor Academy, launched in 2025, provides supervisors with training to develop technical and interpersonal skills. They learn to communicate effectively with their teams, motivate them, manage conflict and strengthen group dynamics, while gaining an overview of the local laws applicable to their roles.
- To promote individual development, the Group also offers coaching sessions via a dedicated external platform. These sessions allow supervisors and all managers to discuss 360° feedback, define development plans, prepare for career advancement, give managers support during professional transitions, reinforce leadership behaviors, build resilience, manage stress, improve mental health and find practical solutions to specific issues quickly.

Between May and December 2025, the Group launched the Be the Change initiative to help employees adapt their work methods to a rapidly changing industrial, commercial and societal environment. Through 12 episodes covering a range of themes, the initiative offers articles, videos, tips and activities that can easily be integrated into busy schedules. This allows employees to adopt new habits and attitudes for better collaboration and more constructive interpersonal relationships. It also provides the opportunity to learn about and implement training programs.

As part of its digital transformation program, Valeo continued to strengthen its employees' AI skills in 2025 to support their growing expertise in a constantly evolving technological environment. This included the launch of AI4ALL, the AI customization program designed to enable teams to use artificial intelligence more safely, effectively and responsibly. An e-learning module dedicated to AI has been rolled out. Mandatory for R&D teams and project managers, it can be accessed by all employees. The module aims to encourage the widespread, harmonized adoption of new digital tools and support the ongoing development of digital skills. In 2025, Valeo trained 100% of its IT engineers in AI. At the same time, each Division rolled out internal training initiatives. These included the first Light AI Weeks session, a two-week program organized by the LIGHT Division in November 2025. The program aimed to strengthen each team member's AI skills and integrate artificial intelligence into daily work. This initiative will continue throughout 2026.

In 2025, Valeo enhanced its employees' skill development by launching an external language training tool. The Group also provided expanded access to training and professional development via a dedicated external platform, which offers online courses, certifications and diplomas issued by universities and other bodies in a range of fields.

In addition to Group-wide initiatives, each Division also conducts its own actions to support its employees' skills development. In 2025, the POWER Division organized the Power Learning Festival, which aimed to consolidate learning culture within its teams. During the festival, carefully curated educational content was offered to support the development of employees' technical and cross-cutting skills. The BRAIN Division has also structured its training approach around themed playlists. Each month, it determines a development topic and actively promotes it via dedicated newsletters to encourage continuous learning within teams.

Each year, a succession and development plan is drawn up to identify the next stages in the career path of all Managers and Professionals. It is implemented by each entity through an internal candidate selection committee for vacant positions. Each country and site organize annual Career Days to present the different professions in the Company and promote internal mobility. In 2025, 18% of Managers and Professionals benefited from career development opportunities. The average seniority of Valeo Managers and Professionals is 8.2 years in each position.

Annual appraisals have been optimized to provide managers with a more effective and consistent approach that integrates the setting of targets, development plans, training and all development initiatives planned for employees. All Managers, Professionals and operators have a qualitative discussion on their career development with their manager or the human resources team. This performance review not only takes professional performance into account but also compliance with Valeo's behavioral objectives: we are agile, we stand together, and we act with courage. In addition, regular check-ins between managers and employees allow for ongoing discussions on goals, well-being and other matters of concern to employees, thereby promoting their development. The Group also encourages continuous peer feedback to support individual progress and success.

In 2025, the Group launched the Career Hub within the employee career management tool. This centralized platform allows employees to view all available internal opportunities, access mentoring programs and visualize their individual development plans, drawn up by their manager and the career management teams. This initiative was introduced in several countries during Career Days and will gradually be promoted internationally.

The Group continues to strengthen its support of professional development through the Discover My Job and Beyond My Role programs, which allow employees to explore other professions, share their expertise and take on roles as internal trainers or mentors.

Management committees organize Collective Talent Reviews to share perspectives on site talent transparently. This pyramid-based approach, supported by management, covers all levels of the organization, including key and top talent as well as strategic positions. This ensures robust succession plans and structured employee development.

In the future, Valeo plans to offer more attractive and diversified training programs to increase employee participation. By reinforcing the Group's commitment through more attractive training programs, Valeo is promoting skills development and talent acquisition.

Training and talent development (DR S1-13)

[ESRS S1 § 81] – [ESRS S1 § 83]

26 hours of training were completed on average by each employee during the year, an increase of 7 hours compared with 2024.

By gender, women received an average of 24 hours of training, while men received 27 hours.

[ESRS S1 § 84]

All Valeo employees receive regular performance and career development reviews. In 2025, 55% employees participated in an annual review, with rates of 92% for Managers and Professionals, 88% for technicians and 20% for operators. Note that for Managers and Professionals and technicians, only finalized and validated interviews are included in these rates. For operators, only digitized reviews are counted.

4.1.3.1.10 Other work-related rights

Policies (DR S1-1)

[ESRS S1 § 17] – [ESRS S1 § 20]

Valeo supports the Universal Declaration of Human Rights and the United Nations Global Compact, of which the Group has been a signatory since 2004. Respect for and promotion of human rights are part of Valeo's core values and constitute an essential pillar of its Code of Business Ethics and its Human Rights Policy.

In addition, particular attention was paid to the duty of care during interviews and various information reviews conducted as part of Valeo's extensive work to map non-financial risks following the transposition of the 2014 European Directive on the disclosure of non-financial information. This information-gathering improved the identification and definition of risks in the risk map. These risks are classified based on their criticality and their possible existence prior to the introduction of the duty of care law. On the basis of this analysis, Valeo provides a condensed review of its provisions relating to:

- fundamental rights and freedoms: harassment and discrimination, child labor, forced labor;
- health and safety;
- serious environmental breaches.

(see section 4.1.1.2.4 "Statement on due diligence", page 196).

The Group also aims to comply with the ILO Conventions on Fundamental Principles and Rights at Work:

- elimination of discrimination in employment and occupation (Conventions 100 and 111);
- prohibition of child labor (Conventions 138 and 182);
- elimination of forced and compulsory labor (Conventions 29 and 105);
- occupational safety and health (Convention 155);
- respect for weekly rest periods (Conventions 14 and 106);
- freedom of association and collective bargaining (Conventions 87 and 98);
- protection of workers' representatives and union members (Convention 135);
- equal opportunities and equal treatment for men and women workers with family responsibilities and for pregnant women or breast-feeding women (Convention 156);
- safety in the use of chemicals at work (Convention 170).

Many of Valeo's established policies and procedures contribute to the Group's respect for human rights (see policies, actions and outcomes described below). Regulations are changing and the demands of stakeholders (customers, NGOs, civil society) in terms of respect for fundamental rights are mounting.

The Code of Business Ethics includes a chapter dedicated to “Ethics and Human Rights throughout our operations”. The Code of Business Ethics is regularly updated to take into account regulatory and legislative developments and/or to adapt it to the Group's risk maps. The mandatory training program for new managers and professionals includes a module devoted to the Code of Business Ethics so as to share these fundamental values and principles with these new employees on their arrival.

It is also noted that the Code of Business Ethics recommends the use of a secure, anonymous whistleblowing system, in strict compliance with whistleblower protection regulations, to report any proven or suspected violation of a regulation or a Group policy. This system is open to all Valeo employees, external and occasional employees, suppliers and subcontractors, as well as third parties authorized by laws or regulations. The whistleblowing system is visible at all Valeo sites and is regularly promoted.

The Group regularly reviews the content of its human resources procedures and policies regarding compliance with and promotion of fundamental rights. These efforts include the prevention of harassment and discrimination, the fight against child and forced labor, and the promotion of social dialogue (see section 4.1.3.1.4 "Processes to remediate negative impacts and channels for own workforce to raise concerns", page 271).

Valeo aims to ensure that managers and employees are committed to promoting and respecting the values of Ethics, Transparency, Empowerment, Professionalism and Teamwork that are essential to the Group's culture of excellence and integrity.

The Group's sustainability initiatives reflect the spirit of the United Nations Sustainable Development Goals (SDGs), in particular Target 8.7 *"Take immediate and effective measures to eradicate forced labor, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labor, including recruitment and use of child soldiers, and by 2025 end child labor in all its forms*".

Valeo commits not to employ children under the age of 15 (except in the case of work experience for school students) and to comply with ILO conventions on the employment of children. To combat child labor, the Group verifies that none of its employees meets the cumulative criteria for child labor by reviewing payroll records. Valeo combats forced labor and human trafficking.

Indicators relating to freedom of expression and the right to join or form trade unions in accordance with local laws are also taken into account.

This process is based on ILO Conventions 29, 138, 182 and 105, and the United Nations Global Compact.

In addition, as work cannot be performed in degrading, humiliating, dirty or dangerous conditions, Valeo is committed to ensuring decent working and living conditions. This applies to working conditions, dormitories and sanitary facilities. Decent working and living conditions are monitored through random inspections of the entity.

Lastly, Valeo collects and stores certain personal data, both for its operational needs and to comply with its legal obligations.

The Group is committed to protecting the privacy of its employees and the integrity of their personal data.

Valeo strives to ensure adequate protection of the personal data of its employees and that entrusted to it by its customers, suppliers and contacts, in accordance with its data protection program, including the Valeo Data Protection Principles (VDPP).

Valeo has appointed a Data Protection Officer (DPO) to support its efforts to protect personal data. The DPO can be contacted at dpo.external@valeo.com for any requests, questions or complaints.

Inappropriate behavior or breaches of the provisions of the Code of Business Ethics or Human Resources procedures are grounds for disciplinary action, including dismissal.

Targets (DR S1-5)

[ESRS S1 § 44] – [ESRS S1 § 45] – [ESRS S1 § 46] – [ESRS S1 § 47]

To promote and ensure respect for fundamental rights, Valeo is committed to ensuring that all employees, including new hires, receive and sign the Code of Business Ethics. Several paragraphs of the Code of Business Ethics are dedicated to other labor rights in the “Ethics & Human Rights throughout our operations” chapter. In addition, Valeo provides regular and targeted training to raise employee awareness on how to detect and prevent risks of human rights violations.

To combat child labor, the Internal Audit department monitors the "minimum age" indicator, verifying that Valeo's workforce does not include anyone under the age of 15 who has signed an employment or internship contract and has worked for the Company for more than one month. This is verified annually by Internal Audit at a sample of sites and is comprehensively covered in the Social Responsibility Questionnaire. To combat forced labor, the number of rest days per seven-day period is verified once a year via the Corporate Social Responsibility Questionnaire, covering all Valeo sites.

Indicators related to freedom of expression and the right to join or form trade unions, in accordance with local legislation, are also monitored. Decent working and living conditions are monitored through random site visits by entity Vice-Presidents and/or Chief Executive Officers during business trips.

Actions (DR S1-4)

[ESRS S1 § 35] – [ESRS S1 § 37] – [ESRS S1 § 38] – [ESRS S1 § 39] – [ESRS S1 § 40]

In addition to the Code of Business Ethics, the Group's Internal Audit Department has established a specific procedure to ensure the proper application of the human rights policy, in particular concerning child labor and to ensure that employees receive the Code of Business Ethics. This procedure assesses whether the risks associated with hiring employees under the legal working age are adequately addressed and mitigated by Valeo's rules and policies.

As a result of this procedure, more than 99% of employees have formally acknowledged receipt of the Code of Business Ethics. In 2025, 22 sites were audited.

The Group-wide agreement on Corporate Social Responsibility and Sustainable Development, initially signed on July 10, 2012, and renewed on July 1, 2024 between the Group's management and labor unions aims to ensure an appropriate labor framework in line with Valeo's principles of responsibility, Code of Business Ethics and sustainability policy. This agreement promotes labor and environmental practices that go beyond legal and regulatory obligations. The procedures and principles defined in the agreement are being phased in by the subsidiaries at the national and local levels.

In 2025, the Ethics and Compliance Office launched:

- a targeted training campaign to raise awareness among Managers and Professionals in the Health & Safety, Human Resources, Logistics, Maintenance, *Manufacturing*, Purchasing and Sales departments of the issues involved in human rights violations around the world and the need to protect rights. More than 7,500 employees have completed this training;
- a general training campaign on Valeo’s Human Rights policy as part of the annual Ethics and Compliance program. Over 44,000 Managers and Professionals have completed this training.

To reinforce its commitment against harassment, in 2025, Valeo rolled out a global campaign focused on the prevention and management of harassment. At each site, the campaign included:

- Poster displays reaffirming Valeo’s zero-tolerance policy with regard to harassment and inappropriate behavior and encouraging the use of the Whistleblowing System to report potential incidents,

- Release of a new prevention video, subtitled in 21 languages.
- Distribution of a practical handbook for Managers and Professionals ("Detecting and Preventing Harassment and Bullying in the Workplace").

Specific training sessions were also provided to Human Resources managers to support them in processing potential reports of harassment escalated to their level.

Actions planned for the future are in line with those described in section 4.1.3.1.8 "Diversity, equity, inclusion and equal treatment" (see page 279).

Support measures will be implemented for people affected by actual material impacts, in the same way as measures against violence and harassment in the workplace.

Incidents, complaints and severe human rights impacts (DR S1-17)

[ESRS S1 § 100] – [ESRS S1 § 102] – [ESRS S1 § 103] – [ESRS S1 § 104]

In 2025, a total of 3 complaints and incidents of discrimination, including harassment (as defined in Annex II – Acronyms and Glossary of *Commission Delegated Regulation* (EU) 2023/2772), were reported to the Valeo Group. Of these, two were unfounded, and one is still under investigation. This figure includes reports made through Valeo's internal whistleblowing system. In accordance with the Group's Whistleblowing Policy, every eligible report, complaint or incident leads to an investigation that allows the allegations to be assessed and, if necessary, an action plan to be defined and implemented, including corrective and/or disciplinary measures.

In 2025, no fine, penalty or damage was paid in relation to incidents and complaints of discrimination or harassment.

As an OECD multinational enterprise, Valeo is not aware of any complaints filed with the national contact points in 2025.

There were no serious human rights incidents at any Valeo Group entity in 2025. No fines, penalties or damages were paid for serious human rights incidents in 2025.

4.1.3.1.11 Change in Valeo's headcount (DR S1-6)[1]

[ESRS S1 § 50]

Valeo distinguishes two main categories within its own workforce: "employees" and "non-employees". "Employees" are people who have a direct employment relationship with Valeo, whether permanent or temporary. This specifically includes Managers and Professionals, technicians and operators. "Non-employees" include temporary or self-employed workers, as well as people provided by undertakings primarily engaged in employment activities. This distinction allows the Group to better understand the specific needs of each category within its own workforce as part of its talent management strategy.

At December 31, 2025, Valeo had 88,003 employees, a decrease of 8% compared with December 31, 2024. This change is the result of several factors, in particular the sale of the Lübeck site and of the Sensors business. Added to this is the implementation of the BRAIN (Germany) and POWER (Europe and China) restructuring plans aimed at optimizing operating efficiency. Lastly, staffing levels have been adjusted, notably in the LIGHT Division, to encourage natural attrition.

Valeo's total and average workforce, which includes Group employees and the non-employee workforce, as well as the associated expenses, are presented in Chapter 5, section 5.4.6, Note 6 "Personnel expenses and employee benefits" in the notes to the consolidated financial statements, page 405.

NUMBER OF EMPLOYEES BY GENDER

at December 31, 2025

Gender	Number of employees (headcount)	Average monthly headcount
Men	60,120	62,200
Women	27,873	29,181
Not reported	10	8
TOTAL	**88,003**	**91,389**

NUMBER OF EMPLOYEES BY COUNTRY

at December 31, 2025

Country	Number of employees (headcount)	Average monthly headcount
China	13,586	13,829
Mexico	12,085	12,566
France	9,337	10,086

Only countries where the number of employees represents at least 10% of the total number of Group employees are included in this list.

[1] *Employees and their breakdown by gender, contract type, working time and region have been restated to reflect disposals during the financial year.*

NUMBER OF EMPLOYEES BY TYPE OF CONTRACT AND BY GENDER

at December 31, 2025

	Women	Men	Not reported	Total
Number of employees (headcount)	27,873	60,120	10	88,003
Number of permanent employees (headcount)	25,176	54,533	10	79,719
Number of temporary employees (headcount)	2,697	5,587	0	8,284
Number of full-time employees (headcount)	26,817	59,399	10	86,226
Number of part-time employees (headcount)	1,056	721	0	1,777

Gender as reported by employees.
Temporary workers provided by employment-related service companies are included in Valeo's "non-employee" category (see section 4.1.3.1.12 "Change in non-employee workers in Valeo's own workforce", page 289).

NUMBER OF EMPLOYEES BY TYPE OF CONTRACT AND BY GEOGRAPHIC AREA

at December 31, 2025

	Europe	Asia	America	Africa	Total
Number of employees (headcount)	36,946	27,314	16,753	6,990	88,003
Number of permanent employees (headcount)	35,953	20,420	16,751	6,595	79,719
Number of temporary employees (headcount)	993	6,894	2	395	8,284
Number of full-time employees (headcount)	35,226	27,262	16,750	6,988	86,226
Number of part-time employees (headcount)	1,726	52	3	2	1,783

BREAKDOWN OF EMPLOYEE TURNOVER

TOTAL NUMBER OF DEPARTURES	**13,260**
Resignation	6,532
Dismissal	5,805
Retirement	726
Deaths and other	197
Staff turnover rate	**15.1%**
Voluntary employee turnover rate	**7%**
Voluntary turnover of Managers and Professionals*	6.6%

* *The voluntary departure rate for Managers and Professionals may include non-consolidated entities as well as employees absent for more than three months.*

4.1.3.1.12 Change in non-employee workers in Valeo's own workforce (DR S1-7)

[ESRS S1 § 53]

"Non-employee" means temporary or self-employed workers, as well as people provided by undertakings primarily engaged in employment activities (interim employees). Valeo defines a self-employed worker as a person outside Valeo who has worked full-time for Valeo for at least 100 days during the calendar year. Self-employed workers who have worked fewer than 100 days are not included in this definition, to ensure a representative measure of significant contributions to the Company's activity during the year.

[ESRS S1 § 55]

	2024 (FTE)	2025 (FTE)
Self-employed workers[1]	NM	NM
People provided by undertakings primarily engaged in employment activities	10,646	12,213
TOTAL NUMBER OF NON-EMPLOYEES		**12,213**

(1) The number of self-employed workers was published in 2024 at 170. By 2025, this number has been deemed insignificant and is therefore no longer reported.

4.1.3.2 Suppliers' sustainability practices (ESRS S2)

CHALLENGE	POLICIES & ACTIONS	METRICS*
OTHER WORK-RELATED RIGHTS *(1 risk and 1 positive impact)*	• Responsible Purchasing Policy • Code of Business Ethics • Business Partners Code of Conduct; • Supplier sustainability practices self-assessment questionnaire	**92%** of production suppliers evaluated on their sustainability practices *2030 target:* ***96%***

* *2025 data.*

4.1.3.2.1 Interests and views of stakeholders (DR related to ESRS 2 SBM 2)

[ESRS S2 § 9]

Valeo pays particular attention to value chain workers upstream of its own operations.

For more details on how value chain workers could be materially impacted by the Company, see section 4.1.3.2.2 "Material impacts, risks and opportunities and their interaction with strategy and business model", page 290.

For more details on how Valeo integrates these considerations into its strategy and business model, see section 4.1.3.2.3 "Policies related to value chain workers", page 291, and 4.1.3.2.5 "Processes to remediate negative impacts and channels for value chain workers to raise concerns", page 292.

4.1.3.2.2 Material impacts, risks and opportunities and their interaction with strategy and business model (DR linked to ESRS 2 SBM 3)

Pillar	Description of matter	IRO	Position in the value chain	Time horizon
	ESRS S2 – WORKERS IN THE VALUE CHAIN			
Social	**Other work-related/human rights** Financial and image risk for the Group in the event of failure to detect labor or human rights violations by value chain workers.	R		ST
	Other work-related/human rights Positive impact for value chain workers by integrating them into Valeo's overall approach to sustainability, increasing their awareness of other work-related/human rights, and working conditions, helping them gain maturity and improving their organizational resilience.	I+		ST

I- *Negative impact* I+ *Positive impact* R *Risk* O *Opportunities*

Upstream *Own activities* *Downstream*

ST Short term **MT** Medium term **LT** Long term

[ESRS S2 § 10] - [ESRS S2 § 12] - [ESRS S2 § 13]

The analysis of impacts, risks and opportunities focuses without distinction on upstream value chain workers, i.e., workers of tier-one suppliers or below, who may be directly or indirectly affected by the activities of Valeo or its suppliers. The same applies to the analysis of Valeo's dependencies on its value chain and in particular on workers.

To optimize logistics costs, reduce supply chain risks and greenhouse gas emissions, Valeo's purchasing strategy favors sourcing from a panel of suppliers located in the same regional group. The requirements in terms of respect for human rights and working conditions vary according to the different regional groups and could expose Valeo's value chain. As a result, the Group has implemented an approach to raise awareness of sustainability criteria throughout its supplier panel and complies with the conflict minerals provisions of the Dodd-Frank Act (see section 4.1.3.2.6 "Taking action on material impacts, risks and opportunities related to value chain workers", page 292).

[ESRS S2 § 11]

Impacts, risks and opportunities were assessed during workshops jointly organized by the Risk Management Department and the Sustainable Development, External Affairs, Collaborative Research and Technical Regulation Department, as described in section 4.1.1.3.3, "Material impacts, risks and opportunities and their interaction with strategy and business model", page 203. During these workshops, internal contributors identified and assessed impacts, risks and opportunities (IROs) according to the methodology described in section 4.1.1.4.1 "Processes to identify and assess material impacts, risks and opportunities", page 206. For further details on impacts and dependencies on value chain workers, see section 4.1.3.2.6 "Taking action on material impacts, risks and opportunities related to value chain workers", page 292.

4.1.3.2.3 Policies related to value chain workers (DR S2-1)

[ESRS S2 § 16] – [ESRS S2 § 17] – [ESRS S2 § 18] – [ESRS S2 § 19]

As part of its responsible purchasing policy (see section 4.1.4.4 "Responsible purchasing", page 301), Valeo aims to ensure that the Group's human rights commitments are respected throughout its value chain.

Valeo has participated in the UN Global Compact since 2004, the Code of Performance and Best Practices for Customer-Supplier Relations in the Automotive Industry since 2020, and the Charter of Intercompany Relations in France since 2011.

The Group also aims to comply with the ILO conventions on fundamental principles and rights at work, and requires its suppliers to do the same:

- elimination of discrimination in employment and occupation (Conventions 100 and 111);
- prohibition of child labor (Conventions 138 and 182);
- elimination of forced and compulsory labor (Conventions 29 and 105);
- occupational safety and health (Convention 155);
- respect for weekly rest periods (Conventions 14 and 106);
- freedom of association and collective bargaining (Conventions 87 and 98);
- protection of workers' representatives and union members (Convention 135);
- equal rights and opportunities for workers with family responsibilities (Convention 156);
- safety in the use of chemicals at work (Convention 170).

The Code of Business Ethics sets forth the Group's commitments with respect to human rights (see section 4.1.3.1.10 "Other work-related rights", page 286), as also laid out in the Valeo Business Partners Code of Conduct and in the associated handbook.

Finally, value chain workers can use the Whistleblowing System provided by Valeo under the same conditions of confidentiality, security and objectivity as those guaranteed for its own employees. This Whistleblowing System is presented in the Business Partner Code of Conduct and promoted in posters displayed at all Valeo sites.

Business Partners Code of Conduct (BPCC)

To be included in the supplier panel, suppliers must meet Valeo's ethics, integrity and sustainability requirements. In 2015, these requirements were brought together under the Valeo Business Partners Code of Conduct (*BPCC*). This document, which was updated in 2024, incorporates the fundamental principles of the UN Global Compact, the Valeo Code of Business Ethics and a set of fundamental rights including the freedom of association, the elimination of forced labor, the fight against corruption and workplace health and safety. Suppliers are also required to pass the BPCC down to their own value chain workers in general and specifically to employees assigned to Valeo projects. The BPCC is supplemented by five specific handbooks designed to:

- explain the issues and risks that Valeo strives to prevent in terms of anti-corruption, antitrust, export controls and economic sanctions, human rights, and confidentiality and data protection;
- present the program terms;
- detail Valeo's requirements for its Business Partners.

Any supplier that fails to respect these rules of conduct is liable to receive sanctions, ranging from temporary suspension from new Valeo projects to definitive exclusion from the supplier base.

In the event of critical performance or non-compliance with Valeo requirements, a supplier can be placed on "probation" for one year and be required to implement an action plan. If the probation period is not successful, the supplier may be excluded from the supplier base. New suppliers are also placed on probation for at least two years. During this period, the number of projects assigned remains under strict supervision to protect the supplier against the risk of becoming overly dependent on Valeo. With this system, the Group aims to better control its supply chain while building trusting relationships with its suppliers through cooperation on remedial action or improvement programs that are aimed at preventing or limiting operating risks.

The *self-assessment questionnaire (SAQ)* prioritizes commitments with respect to human rights, labor rights, human trafficking and slavery throughout the upstream value chain, through a trickle-down effect.

The responsible purchasing policy is described in section 4.1.4.4 "Responsible purchasing" page 301.

In addition, Valeo engages subcontractors to perform specific services at its many sites. As a result, the Group ensures that its subsidiaries comply with the provisions of national labor law and ILO conventions in their dealings with subcontractors, requiring them to sign and accept the provisions of the Valeo Business Partners Code of Conduct, and in particular the articles concerning employees' fundamental rights.

Integrity towards all stakeholders

The Group expects its business partners to promote the same values, to respect the sustainability principles of the Global Compact and all related laws and to combat inappropriate or illegal behavior.

Respect for human rights and the rights of the child

Valeo combats forced labor and child labor and does not employ children under the age of 15 (apart from work experience for school children). More generally, the Group respects the ILO convention on the employment of children between the ages of 15 and 18, and expects its suppliers and partners to make the same commitment and to comply strictly with all relevant laws.

Similarly, Valeo expects them to ensure that their employment practices are free from forced labor and that workers are compensated in accordance with applicable wage laws, including minimum wage, overtime and mandatory benefits, and are treated equally and fairly.

The Business Partner Code of Conduct and its dedicated Human Rights Handbook set out the Group's requirements with respect to fundamental rights (minimum working age, prohibition against forced labor, respect for freedom of association, etc.), workplace health and safety, and respect for the environment. In addition to Valeo's suppliers' obligation to comply with the Valeo Business Partners Code of Conduct, the Group has included a section related to these topics in the sustainable development practices questionnaire it sends each year to a representative sample of its suppliers.

For further details on remedial actions in the event of human rights impacts, see section 4.1.3.2.6 "Taking action on material impacts, risks and opportunities related to value chain workers" page 292.

4.1.3.2.4 Engaging with value chain workers (DR S2-2)

[ESRS S2 § 22] – [ESRS S2 § 23]

Valeo has not formalized a systematic approach for direct engagement with value chain workers. However, a process audit is conducted at the start of production for each new supplier contract, with oversight by a Valeo Product Quality Process Assurance (PQPA) manager who is able to identify irregularities related to labor and human rights and report them to his or her superiors, in this case the Quality and/or Purchasing Departments of the sites or even the Division/ Group, depending on the severity of the irregularities reported, or through the whistleblowing system. Corrective actions are defined, in accordance with the principles in force at Valeo (see sections 4.1.3.1.6.3 "Social dialogue", page 276 and 4.1.3.1.10 “Other work-related rights”, page 286) and in accordance with international conventions (UN Global Compact, etc.), with the support of the Group Vice-President of the Sustainable Development, External Affairs, Collaborative Research and Technical Regulation Department.

Suppliers are added to the Valeo panel after an evaluation process that includes a review of sustainability criteria, acceptance of the rules set out in the BPCC, and satisfactory *due diligence* for those suppliers covered by Valeo’s *Third-Party Due Diligence* policy.

This ensures compliance with Valeo's requirements in terms of labor law and human rights.

Subsequently, the supplier panel is subject to an annual self-assessment questionnaire covering all sustainability matters so as to maintain the same high standards.

Analysis of a sample of Self-Assessment Questionnaires (SAQ) was initiated in 2024. In 2025, this gave rise to an audit program for the least mature suppliers in identified priority areas, such as Labor Law and Human Rights. This reinforces the effectiveness of engagement efforts and compliance with human rights for value chain workers through their own companies’ practices. Human rights due diligence was also intensified and expanded in high-risk countries and sectors, particularly with regard to the risk of forced labor.

In addition, where applicable, any concerns raised by suppliers or their employees through the whistleblowing system are handled in accordance with Valeo's Whistleblowing Policy (see section 4.1.3.2.5 "Processes to remediate negative impacts and channels for value chain workers to raise concerns", page 292).

For information on global framework agreements or for agreements the Company has with global union federations related to respect of human rights of workers in the value chain, see sections 4.1.3.2.3 "Policies related to value chain workers", page 291, and 4.1.3.2.6 " Taking action on material impacts, risks and opportunities related to value chain workers", page 292.

4.1.3.2.5 Processes to remediate negative impacts and channels for value chain workers to raise concerns (DR S2-3)

[ESRS S2 § 27]

The assessment of the sustainability practices of suppliers and critical suppliers is described in section 4.1.4.4 "Responsible purchasing", page 301.

[ESRS S2 § 28]

The Business Partners Code of Conduct (see section 4.1.3.2.3 "Policies related to value chain workers", page 291) sets out not only Valeo's expectations of its business partners and their employees in terms of integrity and ethics (hereinafter referred to as value chain workers), but also the specific channels set up by the Group for value chain workers to express their concerns or needs directly to the Group.

Indeed, Valeo gives value chain workers the opportunity to speak up and ask for help if they have any doubts about a possible compliance issue, especially if they witness suspicious behavior or suspect that an activity may violate the Code of Conduct or other applicable regulations.

Additionally, they are encouraged to immediately contact their Valeo representative, the Valeo Ethics and Compliance Office (compliance@valeo.com) or the Data Protection Officer for concerns regarding the protection of personal data at dpo.external@valeo.com.

They can also express their concerns confidentially via Valeo's *whistleblowing* system at https://valeo.whistleblowernetwork.net/frontpage. Value chain workers can be assured that any concerns raised will be considered, promptly addressed and, where appropriate, investigated (see section 4.1.3.1.4 "Processes to remediate negative impacts and channels for own workforce to raise concerns", page 271, and section 2.4 “Ethics, Compliance and Personal Data Protection”, page 104).

The Valeo Business Partners Code of Conduct applies to all business partners and their employees, including suppliers, service providers, subcontractors, brokers, customers, distributors, professional organizations, universities, research institutes, and all agents and intermediaries acting for or on behalf of Valeo, regardless of what they do or where in the world they operate. Business partners are responsible for ensuring that the Code is correctly distributed, known, understood and complied with throughout their operations and supply chain (in particular by employees, subcontractors or other agents assigned to a business, contract or assignment related to Valeo).

The Business Partners Code of Conduct is available on the Valeo website (www.valeo.com), as is the Ethics and Compliance library for Business Partners, which includes five specific handbooks on anti-corruption, antitrust, export controls and economic sanctions, human rights, together with confidentiality and data protection.

4.1.3.2.6 Taking action on material impacts, risks and opportunities related to value chain workers (DR S2-4)

[ESRS S2 § 32] – [ESRS S2 § 33] – [ESRS S2 § 33 - AR 43]

Further details on the Company's process for identifying necessary and appropriate actions and its approach to taking action in response to a specific actual or potential negative impact on value chain workers, together with a description of its risk management process related to value chain workers, can be found in section 4.1.3.2.5 "Processes to remediate negative impacts and channels for value chain workers to raise concerns", page 292.

[ESRS S2 § 30] – [ESRS S2 § 34] – [ESRS S2 § 37] – [ESRS S2 § 38] – [ESRS S2 § 43]

During the reporting period, the Group took the following actions as part of its responsible sourcing policy and in line with its commitments regarding human rights and working conditions for value chain workers:

- a reminder of Valeo's commitment and requirements regarding the prevention of human rights violations, by sending:
  - the BPCC to suppliers identified as critical due to their location or activity;
  - the *Human Rights Handbook for Business Partners* annexed to the BPCC to the entire supplier panel;

- as part of its duty of care plan, increased use of the supplier self-assessment questionnaire (SAQ) on sustainability practices to cover 92% of its production supplier panel, including questions on labor rights, human rights, human trafficking and slavery in the value chain;
- audits based on a representative sample according to the level of criticality related to the type of industry and region of operation, as well as the size of the company;
- analysis of suppliers' deviations from Valeo's sustainability requirements based on due diligence conducted at the company level, and decision-making on actions to be taken, including the implementation of corrective actions;
- training and awareness-raising actions related to Valeo's sustainability requirements, delivered through Valeo's dedicated training modules and the CDP Supply Chain program, supplemented by special in-person sessions held during Purchasing conventions. In 2025, two major regional conventions were held in India and France;
- raising the awareness of the Group's Purchasing Executive Committee on the follow-up of action plans with suppliers and on updates to existing and future regulatory requirements;
- application of the requirements of the Dodd-Frank Act (which resulted in audits of the value chain of the suppliers concerned) relating to conflicts in mining areas;
- as part of enhanced oversight of Southeast Asian countries and the electronic value chain, and prior to the divestment of Valeo's sites in Malaysia at the end of 2025, compliance work was carried out in line with Responsible Business Alliance (RBA) standards. The Group anticipated that, following the divestment, the new owner of the site would become a supplier as of January 1, 2026. This exercise enabled the Group to identify areas for improvement and corrective actions to be implemented at the site, particularly with respect to social and environmental matters.

Valeo monitors and evaluates the effectiveness of these actions through:

- any reports stemming from the whistleblowing system or the self-assessment questionnaire campaign on suppliers' sustainability practices (see section 4.1.3.2.4 "Engaging with value chain workers", page 292);
- the response rate to the CMRT/EMRT questionnaires (see "Conflict minerals" below).

Duty of care plan – Regular assessment of the situation of suppliers

Non-financial risk mapping was initially used to identify and assess risk factors specific to the duty of care with regard to suppliers' sustainability practices, and was then complemented by the double materiality assessment. This work confirmed the relevance of the existing tools and assessment criteria used within the Group.

This is especially so for fundamental rights, including the fight against harassment and discrimination, child labor and forced labor: the supplier onboarding processes, *due diligence*, various supplier site audits and supplier self-assessment questionnaires (SAQs) incorporate these themes. These tools provide a regular assessment of suppliers' practices, initiatives and policies regarding duty-of-care challenges, covering a growing proportion of Valeo's supplier panel (in 2025, it covered a panel of suppliers representing 92% of the amount of direct production purchases).

The situation of the Group's activities is assessed regularly by measuring the extent to which the various roadmaps have been rolled out, in particular the "5 Axes" roadmaps and regular internal audits. The results of the monitoring indicators are reported annually in this document, and the indicators are subject to annual review.

Conflict minerals

In 2013, Valeo's Purchasing Department aligned its sourcing processes with the American *Dodd-Frank Wall Street Reform and Consumer Protection Act* of July 21, 2010 on *conflict minerals* (title XV) in a joint effort to end the financing of violent conflict in the Democratic Republic of the Congo (DRC) and neighboring countries, which is financed in part by mining and the mineral trade. Valeo requires all its suppliers to comply with the 2010 *Dodd-Frank Wall Street Reform and Consumer Protection Act*. In addition, a specific initiative introduced in conjunction with the Research and Development Department allows the Group to better identify potential sources of conflict minerals. For example, according to the 2025 report based on 2024 data, 90% of suppliers identified using this initiative provided the Group with the standard form on conflict minerals using the Conflict Mineral Reporting Template (CMRT). Suppliers are also requested to submit the *Extended Mineral Reporting Template (EMRT)*. These two *templates*, developed by the Responsible Minerals Initiative (RMI), promote responsible behavior throughout supply chains to reduce the social and environmental risks of mining. Value chain players are integrated into the RMI's prevention and audit actions. Valeo ensures compliance with these requirements not only through a dedicated internal team, but also through an external service provider whose expertise is recognized in the market.

Outcome of actions and actions planned for the future

Outcome of actions:

- no known major incidents in the upstream value chain;
- systematization of Valeo's responses to customer requests regarding supplier compliance with sustainability criteria through standardized implementation processes;
- addition of a dedicated questionnaire for carriers;
- implementation of an audit program for the most critical suppliers based on the SAQ survey results;
- Out of approximately 4,000 Valeo suppliers, considering that the most significant risks lie with production suppliers, the independent third-party verification process showed, based on several levels of screening, that fewer than 50 suppliers exhibit serious deviations across the following four criteria: labor rights, climate and environmental matters, human rights, and human trafficking. Based on this analysis, appropriate action plans were implemented, ranging from monitoring the remediation of identified deviations to the removal of these suppliers from the purchasing panel. This deviation verification process is conducted on a recurring annual basis and targets approximately 200 new suppliers from one year to the next.

Actions planned for the future:

- renewal of self-assessment campaigns regarding suppliers' sustainability practices (SAQ);
- continuous improvement of survey content;
- extension of the supplier awareness program regarding Valeo's Ethics and Compliance expectations and challenges;
- supplier audit renewals based on campaign findings (SAQ);
- continued analysis of supplier deviations from Valeo's sustainable development requirements and follow-up of corrective actions.

Contribution to policies related to value chain workers:

- improvement in working conditions and human rights throughout Valeo's upstream ecosystem.

For those affected by actual material impacts caused by Valeo's activities, the Group conducts due diligence and takes into account the human rights and working conditions of upstream value chain workers in its sourcing decisions for new companies or resources from existing companies.

Operating expenses (OpEx) relating to the implementation of its responsible purchasing policy can be summarized as the amount of internal and external resources required to carry out annual sustainability assessments and due diligence.

The Purchasing, Sustainable Development and Ethics and Compliance functions are involved in managing the impacts and implementing the measures described above. The Group also allocates funds for this purpose, in particular for the self-assessment questionnaire, which is outsourced to a third party, as well as the conduct of Business Partner Due Diligence.

4.1.3.2.7 Targets related to managing material impacts, risks and opportunities related to value chain workers (DR S2-5)

[ESRS S2 § 41]

Despite the difficulty of gaining direct access to suppliers' employees, Valeo addresses human rights and labor law topics through the Sustainable Development Self-Assessment Questionnaire (SAQ). In line with its policy objectives, the Group's coverage rates are increasing. Having achieved the 2025 target of 92% coverage of the production supplier panel, the target is now set at 94% for 2026 and 96% by 2030. Valeo is also targeting a 75% response rate on human rights topics in the 2026 campaign.

4.1.3.3 Consumers and end-users (ESRS S4)

CHALLENGE	POLICIES & ACTIONS	METRICS*
PERSONAL SAFETY *(1 positive impact and 1 opportunity)*	• Code of Business Ethics • Business Partners Code of Conduct • Product safety management system • ISO/SAE certification	**N/A**

** 2025 data.*

4.1.3.3.1 Interests and views of consumers and end-users (DR related to ESRS 2 SBM 2)

[ESRS S4 § 8]

At the outset, it is important to note that Valeo's position in the value chain makes it a supplier to its direct customers, which act as intermediaries between Valeo and the end-users of the products it sells. This intermediation limits the Group's influence and direct impact on consumers and end-users. The following sections should therefore be read in the light of this information.

Valeo's strategy is based on the Strategic Product Plan (SPP), which takes into account changes in consumer (end-user) and customer (OEM) expectations, regulations, the market and competitive benchmarking.

4.1.3.3.2 Material impacts, risks and opportunities and their interaction with strategy and business model (DR linked to ESRS 2 SBM 3)

Pillar	Description of matter	IRO	Position in the value chain	Time horizon
	ESRS S4 – CONSUMERS AND END-USERS			
Social	**Personal safety of consumers and end-users** Positive impact of Valeo ADAS products for consumers, end-users and vulnerable road users.	I+	Upstream / Own activities / Downstream	ST
	Personal safety of consumers and end-users Growth opportunity for the Group's active and passive safety systems aimed at preventing or minimizing road traffic accidents, which are mainly caused by human error (ADAS).	O	Upstream / Own activities / Downstream	ST

I- *Negative impact* I+ *Positive impact* R *Risk* O *Opportunities*

Upstream *Own activities* *Downstream*

ST Short term **MT** Medium term **LT** Long term

[ESRS S4 § 9] – [ESRS S4 § 10]

Impacts, risks and opportunities were assessed during workshops jointly organized by the Risk Management Department and the Sustainable Development, External Affairs, Collaborative Research and Technical Regulation Department, as described in section 4.1.1.3.3, "Material impacts, risks and opportunities and their interaction with strategy and business model", page 203. During these workshops, internal contributors identified and assessed impacts, risks and opportunities (IROs) according to the methodology described in section 4.1.1.4.1 "Processes to identify and assess material impacts, risks and opportunities", page 206.

4.1.3.3.3 Impacts related to consumer and/or end-user safety

4.1.3.3.3.1 Policies related to consumer and end-user safety (DR S4-1)

Increased end-user safety, innovations in the mobility market and growing product complexity are reflected in regular changes in the regulatory framework. The Group is committed to fully complying with the regulations and standards applicable to its products in order to supply safe products, i.e., products that do not present unreasonable risks.

Valeo's commitment to product safety is an integral part of its corporate culture and is enshrined in its Code of Business Ethics. The product safety management system is implemented in accordance with all applicable requirements and standards, and takes into account best practices given the Group's position in the value chain.

The Group's aim is to ensure, as far as possible and within the limits of Valeo's responsibility given its position in the value chain, a safe product for the end-user.

This policy applies to all of the Group's products and services. Its implementation is the responsibility of the Group Chief Technology Officer and the Divisions' R&D Directors, as well as:

- the R&D network during the development phase;
- the industrial network during the production phase;
- the quality network during the use phase.

The safety management system applies to all of the Group's products and services. Its implementation is the responsibility of the Group Chief Technology Officer and the Divisions' R&D Directors. It is aimed primarily at Valeo's employees and has a direct impact on the Group's relations with its customers and suppliers.

Valeo communicates its policy to all stakeholders through the Code of Business Ethics (Product Integrity Charter) and the Business Partners Code of Conduct (Regulatory and Technology Compliance – Product Safety & Quality) to ensure their awareness and compliance.

To measure the effectiveness of its policy, Valeo has set itself the goal of subjecting 100% of its projects to an independent review process that meets the requirements of the relevant standards (notably ISO 26262) and the development of safety files to verify that the result has been achieved.

Valeo is represented in international standard-setting groups (SAE, ISO, IEEE, etc.) and contributes to the development of new safety standards (notably ISO 26262 Ed3, ISO 21448 Ed2 and PAS 8800).

In compliance with IATF 16949, during volume production, the Purchasing, Industrial and Quality functions, driven by the same total quality approach, seek to ensure that components and materials purchased are appropriate and meet the requisite quality standards, and also ensure that production processes are stable.

In the event of non-compliance, Valeo strictly applies the requirements of IATF 16949, which includes a root cause analysis and the implementation of systemic corrective action plans.

Data security includes the protection of personal data. The personal data protection principles set out in Valeo's dedicated compliance program also apply to the products and services that Valeo designs, manufactures and markets, notably with respect to the design of products and systems that involve or require the collection and processing of personal data.

In addition, in line with its commitment to end-user safety, Valeo has obtained ISO/SAE certification, the global benchmark for automotive cybersecurity. This certification is crucial for consumers, as it guarantees that Valeo's advanced driving assistance systems (ADAS), software, and onboard electronics are designed, developed and managed in such a way as to be protected against digital threats such as hacking and data manipulation. For drivers and passengers, this certification guarantees increased and uninterrupted vehicle safety. It ensures the integrity of vital functions, such as braking and steering, and the confidentiality of personal data, despite the increase in automotive connectivity.

[ESRS S4 § 16]

Valeo supports and respects internationally recognized human rights, notably as set out in the International Bill of Rights and the ILO Conventions. Many of Valeo's established policies and procedures contribute to this commitment and form the basis of the Group's human rights policy. Valeo aims to prevent adverse impacts on human rights stemming directly from its global operations, its products, services or its business relationships. Among other aspects, the policy sets out the Group's expectations of its suppliers. Regulations are changing and the demands of stakeholders (customers, NGOs, civil society) in terms of respect for fundamental rights are mounting (see section 4.1.4.4 "Responsible purchasing", page 301).

4.1.3.3.3.2 Action on material impacts, risks and opportunities related to consumer and end-user safety (DR S4-4)

General product safety

[ESRS S4 § 31] Valeo has implemented a product safety management system that reaffirms the Group's commitment to product safety and is based on four pillars: product safety policy, management of associated risks, safety assurance, and safety culture.

[ESRS S4 § 32] With the exception of Valeo Service, Valeo does not interact directly with end-users, but with automakers. For products under the Group's responsibility, a complaint processing and early-warning procedure is in place at all sites.

[ESRS S4 § 33] The Group has taken out specific insurance policies to cover the risk that products may be recalled and protect itself against civil liability claims, and to help it respond effectively to the financial impact of recalls. However, it is uncertain whether these available guarantees taken out by the Group would be adequate to cover the full financial consequences of any such claims. In any case, criminal liability risk cannot be insured and certain coverage exclusions can be applied.

[ESRS S4 § 36] Following the implementation of the safety management system, training for Research and Development and project networks will be intensified in 2026.

Personal data protection

[ESRS S4 § 31] Valeo has implemented a comprehensive personal data protection compliance program that includes a large number of policies, procedures, guidelines, forms and contractual clauses, as well as a detailed training and awareness program.

[ESRS S4 § 32] – [ESRS S4 § 34] This program and these tools help to develop and maintain technical, physical, organizational and structural measures including:

- the effective implementation of data protection principles and the incorporation of measures to protect the rights of individuals and meet the requirements of applicable data protection laws (the "*privacy by design*" principle);
- a strict protocol for the use of data relating to tests and pilot products, audits and controls to ensure the security of personal data;
- a personal data processing register in compliance with applicable regulations, including a module specifically designed by Valeo for data processed in the context of the development of certain products and the related tests ("Products and Tests" module);
- regular targeted training depending on the purpose of processing (HR, purchasing, R&D, etc.), including on the use of the personal data processing register;
- the possibility for any employee or third party to report any non-compliance in the processing of personal data or any violation of the rules on the protection of personal data via the Valeo whistleblowing system or to the Data Protection Officer at the following address: dpo.external@valeo.com;
- the possibility for any data subject to exercise his or her rights with the Data Protection Officer at the above address.

When the Group acts as a *data processor*, it complies with the obligations applicable to this status and with the instructions given by its client.

[ESRS S4 § 33] Action planned or underway to pursue material opportunities for consumers and end-users are described in section 4.2.2.2 "Policies related to consumer and end-user information and social inclusion", page 368.

[ESRS S4 § 36] Material risks related to consumers and/or end-users are integrated into the Group's risk management system (see Chapter 2 "Risks and Risk Management" page 83).

[ESRS S4 § 37] The Research and Development, Quality, Ethics and Compliance functions are responsible for managing material impacts.

4.1.3.3.3.3 Targets related to managing material impacts, risks and opportunities related to consumer and end-user safety (DR S4-5)

As an automotive supplier, Valeo is not in direct contact with consumers and end-users. Therefore, no specific targets have been set. However, end-user safety is an absolute priority for the Group, addressed through close partnerships with automaker customers. These customers set their own targets, and Valeo integrates their health, safety, privacy and human rights requirements at every stage of the product development cycle.

4.1.3.3.4 Engaging with consumers and end-users (DR S4-2)

[ESRS S4 § 20] – [ESRS S4 § 21]

As an automotive supplier, Valeo is not in direct contact with consumers and end-users. Interaction with end-users is addressed via automaker customers. Product development choices directly reflect consumer and end-user expectations, such as the design of ADAS systems tailored for all categories of drivers.

See section 4.2.2.2 "Information and social inclusion of consumers and/or end-users", page 368 for further details.

4.1.3.3.5 Processes to remediate negative impacts and channels for consumers and end-users to raise concerns (DR S4-3)

General product safety

[ESRS S4 § 25] As Valeo, with the exception of Valeo Service, is not in direct contact with consumers and end-users, there are no specific channels in this area. Such channels are managed directly by automakers. At the time of writing, Valeo Service was in the process of implementing the necessary measures to comply with the General Product Safety Regulation (EU) 2023/988.

Personal data protection

[ESRS S4 § 25] – [ESRS S4 § 26]

As indicated in section 4.1.3.3.4.2 "Action on material impacts, risks and opportunities related to consumer and end-user safety", page 295, any employee or third party may report any non-compliance in the processing of personal data or any violation of the rules on the protection of personal data through the Valeo whistleblowing system or to the Data Protection Officer at the following address: dpo.external@valeo.com.

The whistleblowing system and the processing of reports are described in section 4.1.3.3.4.2 "Remediation of negative impacts and channels for workers to raise concerns", paragraph [ESRS S1 § 33], page 271 and in section 2.4 "Ethics, Compliance and Personal Data Protection", page 104.

4.1.4 Governance information – Business conduct

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

How does compliance serve as a key performance driver for Valeo?

Compliance is a fundamental protective and preventive framework designed to ensure the Group's long-term viability and sustainability by enabling it to operate within a secure, standardized environment while mitigating legal, financial and reputational risks.

It has become an essential prerequisite and a core requirement for Valeo's entire ecosystem, including customers, suppliers, rating agencies and banks. Customers demand flawlessness and consider regulatory compliance a baseline expectation. These expectations require Valeo to anticipate regulatory developments and demonstrate the agility necessary to manage the impact of new regulations on our operations and ongoing projects.

What makes Valeo's approach to ethics and compliance stand out?

Valeo's approach is based on two main principles:

1. Monitoring: We actively monitor regulatory and geopolitical developments – including economic sanctions, export controls, antitrust laws and U.S., European and Asian regulations – to integrate changes immediately, adapt our compliance programs and implement appropriate measures, procedures and tools. Examples of this foresight include the proactive management of U.S. ICTS (Information and Communications Technology & Services) regulations regarding vehicle component integration and assisting in managing restrictions imposed by China on rare earth exports.
2. Integration: We integrate monitoring mechanisms directly into Valeo's project management systems and tools, particularly for R&D and Purchasing. This includes feasibility analyses for competition law and monitoring of export controls, project compliance management, best practices and tagging. The objective of compliance is to be fully integrated into project methodologies, ensuring it becomes a routine practice rather than an additional administrative burden.

> "Compliance is a fundamental protective and preventive framework designed to ensure the Group's long-term viability and sustainability."

What are Valeo's primary challenges and concrete achievements in this field?

Our main challenge is assessing the integrity of our supply chain and business partners to ensure their compliance with key anti-corruption and forced labor regulations and economic sanctions. The challenge is to exclude from our ecosystem any business partners that fail to meet Valeo's rigorous compliance standards – such as those potentially involved in bribery or the diversion of technology to sanctioned countries or entities, such as Russia or Iran.

Some of our key achievements include:

- The automation of integrity due diligence through specialized AI-powered databases and the implementation of a pre-qualification and risk-weighting methodology. This system calculates and assigns a risk level (scarlet, red, yellow or green), enabling highly trained and responsive teams to prioritize and accelerate file processing.
- The integration of compliance at the heart of our operational tools. Our R&D tools now feature checkpoints and questionnaires that allow project teams to validate the legal feasibility of their initiatives upfront – particularly regarding antitrust and export control laws. This ensures that project execution aligns with our policies.

MATTERS	POLICIES & ACTIONS	METRICS*
CORPORATE CULTURE *(1 opportunity and 1 positive impact)*	• Valeo's Code of Business Ethics • Business Partners Code of Conduct • Internal whistleblowing system • Compliance programs • Assessment of suppliers' sustainability practices	**92%** of production suppliers evaluated on their sustainability practices *2030 target:* ***96%***
SUPPLIER RELATIONSHIPS *(1 risk and 1 negative impact)*	• Valeo's Code of Business Ethics • Business Partners Code of Conduct • Supplier payment policy • Responsible Supplier Relationships Charter • Supply Chain Finance Program	**N/A**

** 2025 data.*

4.1.4.1 Administrative, management and supervisory bodies (ESRS 2 GOV-1)

[ESRS G1 § 5]

As an international company, Valeo ensures that its business is conducted in compliance with national and transnational legal, ethical and compliance rules. Governance at different levels of the company contributes to the Group's objective of integrity.

Board of Directors

The primary role of the Board of Directors is to determine the direction of the Company's business strategies, with particular consideration for the social and environmental impacts of its operations. Within this framework, the Group's strategy and operations take into account social and environmental responsibilities.

The role, responsibilities, tasks and achievements of the Board of Directors with regard to business conduct are described in Chapter 3 "Corporate Governance", section 3.2.2 "Preparation and organization of the Board of Directors' work", page 139.

The skills and expertise of the members of the Board of Directors, particularly on business conduct matters, as well as their previous experience in the sector, are described in Chapter 3 "Corporate governance", section 3.2.1 "Composition of the Board of Directors", paragraph "Presentation of directors at December 31, 2025 and at January 1, 2026", page 122. Directors also receive training, including on business conduct matters. The training policy for directors is described in Chapter 3 "Corporate governance", section 3.2.2 "Preparation and organization of the Board of Directors' work", paragraph "Training of directors", page 141.

Specialized Board Committees

To facilitate the smooth functioning of the Board and contribute effectively to the preparation of its decisions on business conduct, the Board calls on the Audit & Risks Committee, which is responsible for periodically reviewing the Group's Ethics and Compliance Policy and the related systems and procedures.

The composition, role, tasks and achievements of the Audit & Risks Committee with regard to business conduct are described in Chapter 3 "Corporate governance", section 3.2.2 "Preparation and organization of the Board of Directors' work", page 139.

Chief Executive Officer and Executive Committee

In addition, the Chief Executive Officer has the broadest powers to act in all circumstances in the Company's name, within the limits of the corporate purpose and subject to the law, the Company's articles of association or the Internal Procedures. He represents the Company in its relations with third parties and implements the Group's compliance strategy.

The Chief Executive Officer is assisted in his duties by Valeo's Executive Committee, of which he is Chairman. The Executive Committee is responsible for reviewing the operational management of the Divisions, coordinating project management and contributing to the implementation of the Group's strategy. During its meetings, the Executive Committee addresses several sustainability-related matters, including the carbon neutrality contribution plan, safety at sites, the Group's compliance policy, and diversity and gender balance. Within the Committee, business conduct matters are reviewed by the Chief Ethics, Compliance and Data Protection Officer, a member of the Executive Committee.

Ethics, Compliance and Personal Data Protection Office

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

The organization of the Ethics, Compliance and Personal Data Protection Office is described in Chapter 1 "Presentation of Valeo", section 1.2.4 "Functional structure", paragraph "the Ethics, Compliance and Personal Data Protection Department", page 58.

4.1.4.2 Identification and assessment of material impacts, risks and opportunities related to business conduct (ESRS 2 IRO-1)

Pillars	Description of matter	IRO	Position in the value chain	Time horizon
	ESRS G1 – BUSINESS CONDUCT			
Governance	**Corporate culture** Opportunity of promoting and respecting a culture of excellence, business ethics and integrity (transparency, accountability, professionalism and teamwork), with positive effects, particularly in terms of reputational impact, for Valeo.	O	Upstream / Own activities	ST
	Corporate culture Positive impact on people, particularly business partners, who benefit from the Group's values of business ethics and integrity, as well as its culture of excellence (transparency, accountability, professionalism and teamwork).	I+	Upstream / Own activities / Downstream	ST
	Supplier relationships Negative impact on suppliers resulting from unfair behavior toward them by the Group as regards (i) the prevention of late payments and (ii) their social and environmental performance (leading by example).	I-	Upstream	ST
	Supplier relationships Failure to comply with contractual payment terms could have consequences for suppliers and their relationship with the Group, adversely impacting the Group's purchasing conditions in the medium and long term, and leading to negative impacts on Valeo's financial performance.	R	Upstream / Own activities	ST

I- *Negative impact* I+ *Positive impact* R *Risk* O *Opportunities*

Upstream *Own activities* *Downstream*

ST Short term **MT** Medium term **LT** Long term

[ESRS G1 § 6]

Impacts, risks and opportunities were assessed during workshops jointly organized by the Risk Management Department and the Sustainable Development, External Affairs, Collaborative Research and Technical Regulation Department, as described in section 4.1.1.3.3, "Material impacts, risks and opportunities and their interaction with strategy and business model", page 203. During these workshops, internal contributors identified and assessed impacts, risks and opportunities (IROs) according to the methodology described in section 4.1.1.4.1 "Processes to identify and assess material impacts, risks and opportunities", page 206.

[ESRS 2 MDR – A§69]

The IRO-related initiatives of ESRS G1 are often integrated into broader action plans, for which Valeo does not always have sufficiently granular data needed to track the current and future resources allocated to each action (BP 2).

4.1.4.3 Corporate culture and business conduct (DR G1-1)

[ESRS G1 § 7]

Key elements of Valeo's corporate culture and business conduct rules

Valeo's values, principles and compliance programs are set forth in the Group's Code of Business Ethics (available on the valeo.com website), which applies to all employees and members of the Board of Directors, subsidiaries and joint ventures controlled by Valeo throughout the world, as well as to all employees and directors of those entities.

The code is aligned with the following frameworks and standards:

- United Nations Global Compact;
- Universal Declaration of Human Rights;
- conflict minerals legislation;
- personal data protection laws and regulations;
- export control laws and regulations and economic sanctions;
- anti-corruption and anti-bribery laws and regulations;
- antitrust laws and regulations;
- laws and regulations regarding the prevention of forced labor;
- laws and regulations on artificial intelligence (AI).

Available in 22 languages, it is based on the following four pillars: Respect for human rights, Products, technology and compliance, Business integrity, Responsibility to Valeo.

Built on the same principles and values, the Valeo Business Partner Code of Conduct (BPCC) applies to all partners and their personnel, including service providers, subcontractors, brokers, customers, distributors, professional bodies, universities, research institutes, and all agents and intermediaries – regardless of their role or location.

These two codes are implemented by the Human Resources and Purchasing Departments respectively, coordinated by the Ethics, Compliance and Personal Data Protection Office.

Valeo has set itself the following targets:

- distribution of the Code of Business Ethics to 100% of new employees (the Code had already been distributed to all Valeo employees in 2023);
- distribution of the Business Partner Code of Conduct to 100% of Valeo's new suppliers.

To monitor the effectiveness of its Ethics and Compliance Policy, Valeo conducts regular audits to ensure compliance with these codes of conduct.

[ESRS G1 § 10]

Internal whistleblowing system

The internal whistleblowing system, intended for prevention and detection purposes within a culture of transparency and risk management, is described in section 4.1.3.1.4 “Remediation of negative impacts and channels for workers to raise concerns”, paragraph [ESRS S1 § 33], page 271 and in section 2.4 “Ethics, Compliance and Personal Data Protection”, page 104.

Compliance Programs

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

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

They come with a range of awareness and training campaigns aimed at newcomers, as well as Managers and Professionals, along with those people identified as the most exposed in light of the results of risk mapping.

Training courses, whether generic or targeted in light of a particular need or activity, are subject to rigorous and systematic monitoring by the Group's Human Resources Department and the Ethics, Compliance and Personal Data Protection Office, with mandatory catch-up sessions. Awareness-raising involves recurring and regular communication campaigns.

The Compliance Programs are rolled out globally by the Ethics, Compliance and Personal Data Protection Office, with the support *of Compliance Champions*, *Data Protection Champions* and *Data Protection Officers*, who are experienced executives known and acknowledged by their peers and their teams. Drawing on their detailed knowledge of the specificities of their network, country, Division or Activity, they help relay all of the programs to their teams, and guide employees on these challenges, thereby actively supporting their implementation at all levels of the organization.

Actions to reinforce its corporate culture and compliance with its business conduct rules

To reinforce its corporate culture and compliance with its business conduct rules, Valeo implemented the following key actions throughout its operations and value chain during the reporting year:

- rollout of the anti-corruption action plan following the 2024 update of corruption and influence peddling risk mapping;
- implementation of the artificial intelligence policy;
- assessment of anti-competitive practice risks within the sales, R&D, project and purchasing teams;
- rollout of a targeted training and awareness plan for the prevention of certain anti-competitive practices;
- rollout of the Antitrust Self-Assessment Questionnaire in addition to the related risk assessment;
- incorporation of obligations for the prevention of forced labor and human rights violations into the business partner due diligence policy;
- reorganization and digitalization of due diligence procedures to address the expansion of legal scope and related customer requirements;
- finalization and implementation of Valeo's new R&D / Projects module in the personal data protection management system;

- global communication campaign to promote the use of the whistleblowing system in the fight against harassment, and training for human resources managers on how to handle reports;
- launch of an initiative to assess compliance with the Personal Data Protection Program by the Data Protection Champions, Data Protection Officers and employees;
- continuous monitoring and management of economic sanctions imposed by the European Union and United States.

During the coming year, the Group plans to take the following new actions, among others:

- establishment of a Data Protection Academy to provide advanced training to Data Protection Champions and Data Protection Officers;
- personal data protection communication campaign;
- strengthening of the Export Control program in response to the geopolitical context of import/export restrictions and subsequent economic sanctions.

4.1.4.4 Responsible purchasing (DR G1-2)

[ESRS G1 § 14] – [ESRS G1 § 15]

Supplier relationship management policy

As a tier-one automotive supplier, Valeo is at the heart of the automotive industry supply chain. It is an order-giver to tier-two and lower-tier suppliers and a supplier of technologies and systems to automakers. Valeo conducts its business in compliance with applicable standards, regulations, and laws, as well as with the Group's own sustainability and ethics requirements, as set forth in its Code of Business Ethics and its Business Partners Code of Conduct (see section 4.1.3.2.3 "Policies relating to value chain workers", page 291).

In dealing with its suppliers, the Group places priority on:

- quality;
- industrial location;
- competitiveness;
- compliance.

Valeo's purchasing policy is built on three directives:

- quality and service, which aims to ensure optimal products, process and service quality;
- competitiveness, one of the key constraints in the automotive sector;
- innovation and advanced technology to support Valeo's strategic choices.

Payment terms policy

The Group's payment terms policy is in strict compliance with applicable local regulations. The general purchasing terms and conditions applicable in each country reflect the same local requirements.

The payment terms policy is described in section 4.1.4.5 Payment practices, page 303.

Sustainable development requirements

Valeo's global presence and customer base, as well as its quest for competitiveness, require the development of a panel of suppliers in the most competitive areas. However, the Group, through the Sustainable Development, External Affairs, Collaborative Research and Technical Regulation Department, pays particular attention to ensuring that its suppliers comply strictly with the Valeo Business Partners Code of Conduct, with special emphasis on respect for labor rights, human dignity and the environment.

The keys to achieving sustainability in purchasing policy involve:

- facilitating an understanding of the risks of a breakdown in the supply chain by taking into account a wider range of risk factors, known as sustainability factors (integrating the governance, social, environmental and fundamental rights dimensions, etc.);
- preventing risks of human rights violations, specifically forced labor, through in-depth due diligence in this area;
- boosting suppliers' competitiveness by guiding them toward continuous improvement practices in terms of optimizing logistics and environmental costs, reducing energy costs, etc.;
- putting down deep roots in local ecosystems, applying a purchasing location policy at a regional level. As part of Valeo's Carbon Neutrality Contribution Plan, the competitiveness of suppliers is being strengthened by paying greater attention to their ability to manage their overall carbon impact (sourcing, transformation, transport, end-of-life) and to set greenhouse gas emissions reduction targets for their own operations and those of their suppliers.

This policy is implemented by the Purchasing function, which is organized around two main areas:

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

The requirements of this policy are implemented through:

- regular communication of the BPCC to the supplier panel, as well as the specific associated handbooks;
- the definition and continuous improvement of the self-assessment questionnaire (SAQ) on sustainable development practices, launched in 2016;
- the annual ESG (environmental, social and governance) assessment of a supplier panel via the self-assessment questionnaire (SAQ);
- the monitoring of actions taken to reduce greenhouse gas (GHG) emissions from purchased components through quarterly meetings of the R&D Purchasing Committee and the CAP 50 Committee;
- specific audits of suppliers in purchasing segments and/or located in areas identified as critical or at risk, under the direction of the Sustainable Development, External Affairs, Collaborative Research and Technical Regulation Department.

The policy uses the following references:

- Responsible Supplier Relationships Charter applicable in France;
- United Nations Global Compact;
- International Charter of Human Rights and the ILO Conventions.

Internally, the teams involved in implementing this policy are the Purchasing, CAP 50, R&D, 4R, Ethics & Compliance and Sustainable Development teams; externally, the responsibility falls to Valeo's suppliers, subcontractors and, through a trickle-down effect, their own suppliers and subcontractors.

In 2025, the sustainable development practices assessment campaign covered 92% of production purchases.

The policy also refers to upstream Scope 3 CO_2 emission reduction targets (see section 4.1.2.3.4 “CAP 50: Transition plan for climate change mitigation”, page 229) and the 4R Program (see section 4.1.2.6.2 “Circular economy: 4R program”, page 256) with respect to sustainable supply chains.

Integration of suppliers into the Valeo panel

The selection of suppliers and the awarding of contracts are subject to a specific process that allows objective and rigorous analysis of the various award criteria. The criteria for selecting suppliers and awarding bids/contracts include:

- economic factors;
- financial;
- logistics;
- corporate governance;
- environmental factors;
- social factors (respect for fundamental rights, environmental protection, employee health and safety, and quality);
- ethical and compliance risks.

Over 90% of the mandatory items in the supplier qualification questionnaire relate to non-economic criteria. For instance, sustainable development criteria are given a weighting of close to 20% in the supplier's final score, and any failure to meet these criteria automatically disqualifies suppliers from being included in Valeo's supplier base. In 2020, these requirements were reinforced by the inclusion of criteria relating to suppliers' carbon performance and the establishment of objectives for reducing their carbon trajectory over ten years, in line with Valeo's objectives. These requirements are circulated and evaluated annually by suppliers in the Valeo panel. Before any supply agreement is awarded, suppliers must undergo the following qualification process:

- each supplier is required to complete a detailed questionnaire to enable Valeo to identify potential risks and to determine the overall level of risk. Based on these evaluations, Valeo checks the main requirements, highlights potential weaknesses and decides whether it needs to examine certain issues further during a visit to the supplier's plant. If so, an audit team composed of Group buyers, quality specialists and engineers is selected and sent to the site to verify the information given by the supplier. Following the site visit, the team decides whether or not the supplier can be included on the supplier panel, possibly following the implementation of an improvement plan jointly agreed with the supplier;
- when Valeo receives an order from a customer, the components and systems required are requested from a selection of suppliers belonging to the Valeo Panel described above.

The specific requirements of the tender are recorded in the Valeo Requirements File. Once received, bids are reviewed by a selection and award committee, chaired by global segment buyers. It selects one or more suppliers, which are then officially appointed. A Supplier Quality Engineer from the project team monitors the development and industrialization of components and guides the supplier through final component qualification. If necessary, Valeo's laboratories perform interim design reviews, run tests and take any special measures required. In any event, Valeo always performs an on-site audit.

Assessment of suppliers' sustainable development practices

As part of the Group's policy of supporting its suppliers along the entire supply chain, the Sustainable Development, External Affairs, Collaborative Research and Technical Regulation, Purchasing and Quality departments evaluate the sustainable development practices of suppliers based on a self-assessment questionnaire.

This questionnaire covering 12 topics covers a representative sample of suppliers accounting for 92% of the value of the Group's production purchases in 2025. Valeo enhanced the content of its assessment by creating a dedicated questionnaire for carriers. These questionnaires are collected and analyzed with the help of an independent third-party, a major player in the sector.

Depending on the results of the assessment, an audit campaign is then carried out on suppliers whose responses are the most critical. These audits are conducted with suppliers in Europe, Asia (China, Japan, India, and Thailand), and North America (United States and Mexico). They provide an additional dimension of support in the suppliers' approach to sustainable development (see "Assessment of critical suppliers' sustainable development practices", page 302).

The variety of the suppliers audited (by commodity, segment, company size, etc.) enabled Valeo to grasp the diversity of sustainable development practices, to learn lessons and to take the necessary corrective actions in the event of failings or inadequacy in respect of the Group's sustainable development standards.

Assessment of critical suppliers' sustainable development practices

The aim of the assessment and interview program is to spread the culture of sustainable development, particularly among suppliers whose responses were the most critical in terms of the environment, labor law, human rights, resource use, human trafficking and slavery. This program is based on a methodology of data verification and face-to-face or remote interviews, with presentation of action plans and follow-up of corrective actions.

In 2025, the Purchasing teams, supported by the Sustainable Development teams, conducted 94 interviews and audits with these identified suppliers.
In 2026, the selection criteria for target suppliers will be re-evaluated.

The key takeaways from these interviews are as follows:

- an absence of alarming situations or risks in respect of human rights, health and safety, or environmental damage;
- the need for follow-up actions to bring suppliers to the highest levels of qualification under the Valeo sustainable development standards.

The results of the action plans defined with each supplier will be measured through the 2026 survey results.

Results of assessments of suppliers' sustainable development practices in 2025

As in previous years, Valeo continued its in-depth assessment of its suppliers' work in the field of sustainable development, based on its annual self-assessment questionnaire on sustainable development choices, with a representative sample of suppliers covering 92% of the Group's production purchases.

The response rate to the survey was between 59% and 71%, depending on the topics covered, relatively stable compared to 2024, despite the increased scope and the update of the topics of human trafficking and slavery.

For its first edition in 2025, the questionnaire dedicated to carriers achieved an 80% response rate.

One of the factors that explained this response rate was closer monitoring of the level of supplier maturity relating to the greenhouse gas emissions reduction criteria included in the questionnaire and considered in contract award reviews. For example, the assessment found that:

- more than 70% of suppliers that answered the questionnaire calculate their carbon footprint for at least one scope, and 62% of them disclose it;
- more than 77% of suppliers who responded to the questionnaire said they had an environmental policy;
- only 3.5% of suppliers that answered the questionnaire report to not have a written labor policy on one of the following topics: discrimination, freedom of association and collective bargaining, health and safety in the workplace, wages and social benefits, working time;
- 71% of suppliers that answered the questionnaire have a written human rights policy.

With this type of questionnaire, Valeo hopes to transmit its CSR experience to its suppliers by communicating quality and responsibility requirements, which are important aspects in risk management, and to set an example to encourage its suppliers to apply the same principles throughout the supply chain.

Actions planned for the future include continuous improvement and increasing the response rate to the supplier self-assessment questionnaire.

To limit or remedy any negative impacts caused by Valeo's activities, the Group is committed to limiting the risks of interdependence by maintaining a limited volume of business in relation to the supplier's total sales.

This applies to the entire Purchasing function as well as to the operating entities.

Continuation of existing programs

In 2025, Valeo continued to strengthen measures to ensure the continuity and performance of its supplier base with the following programs, tools and questionnaires:

- the supplier insurance program, put together with one of the leading players in the market. Suppliers signing up to the program reduce their exposure to risk of a vehicle recall in the event of defects in the delivered product;
- the Supply Chain Finance program, a reverse factoring program that enables suppliers to obtain favorable finance conditions and therefore ensure their financial resilience;
- the Restore Supplier Quality (RSQ) program, for suppliers that show signs of possible quality failings. Valeo liaises closely with the supplier's management to reduce the number of incidents impacting end-product quality;
- self-assessment questionnaire on sustainable development, submitted to 92% of the supplier panel. In 2025, Valeo initiated an audit of its most critical suppliers based on an evaluation of their sustainable development practices;
- internal tools to evaluate financial risk and the supplier's transparent business allocation process. This reflects Valeo's commitment to supporting its suppliers in their own quality initiatives, and to integrating them into Group projects.

2025 was marked by significant geopolitical tensions, reflected by export control measures and/or increased tariffs on certain trade flows. These factors tended to limit market globalization and reduce access to certain markets for the supplier panel, thereby increasing the level of risk. Despite this, the Group's purchasing organization as a whole showed excellent resilience, ensuring uninterrupted deliveries to all Valeo customers.

For 2026, the Sustainable Development SAQ coverage target is set at 94% of the production supplier panel by purchasing volume. The 2030 target is 96%, as part of a continuous improvement process. The percentage increase of one point already corresponds to several hundred additional medium-sized to small suppliers surveyed. This illustrates Valeo's determination to move towards an almost total evaluation of its suppliers. The scope will expand to include suppliers selected based on risk criteria, such as country of origin or industrial sector, as necessary.

Valeo is also targeting an average response rate of 70% for the 2026 campaign.

The improvement program for supplier sustainable development practices launched in 2025 will continue, targeting suppliers considered critical with respect to priority issues criteria.

4.1.4.5 Payment practices (DR G1-6)

[ESRS G1 § 33]

Valeo is not in a position to provide 2025 data on the average time taken to pay an invoice from the date on which the contractual or legal payment period begins, in number of days. The Group is developing a tool to produce data relating to past due payments in all of its operating regions.

However, Valeo's payment policy complies with the regulations in force in the various countries in which the Group operates.

Notably, in France, Valeo signed the Charter of Intercompany Relations, now known as the Responsible Supplier Relations Charter, on January 10, 2012. The aim is to build balanced long-term relationships between large corporations and their suppliers, with the parties acknowledging and respecting each other's rights and obligations. The charter requires that each signatory appoint a supplier representative to act as an internal mediator to facilitate the settlement of any disputes with suppliers and to help develop healthy long-term relationships. The internal mediator was appointed on March 13, 2012 and is still in place.

In addition, the Supply Chain Finance program, implemented by the Finance network in collaboration with the Purchasing network, is based on the principle of reverse factoring, enabling suppliers to obtain favorable financing conditions.

As of December 31, 2025, the Group was involved in two legal proceedings for late payment, including one in the Americas and one in Europe. These disputes represent a total amount of approximately 55,000 euros and the Group is committed to resolving them as quickly as possible.

4.1.5 Specific information – Innovation

CHALLENGE	POLICIES & ACTIONS	METRICS*
INNOVATION *(1 opportunity and 1 positive impact)*	• Optimized, targeted R&D efforts • Open innovation and partnership ecosystems	**€24.6bn** in new order intake **48%** of order intake consisting of innovative products **1,419** patents filed

* *2025 data.*

4.1.5.1 Identification and assessment of innovation-related impacts, risks and opportunities

Pillars	Description of matter	IRO	Position in the value chain	Time horizon
	SPECIFIC INFORMATION – INNOVATION			
Specific	**Innovation** In a challenging international context, opportunity for the Group to align with fundamental trends and transformations in the automotive sector (electrification, SDV, artificial intelligence, etc.) through initiatives, partnerships and other approaches that could favorably impact financial results (order intake, financial optimization, etc.).	O	Upstream, Own activities, Downstream	ST
	Innovation Positive impact on people resulting from the Group's innovation strategy (including in the area of artificial intelligence) and its effects on its ecosystem: creation of links and fostering of close ties with the ecosystem through collaborative research (in accordance with compliance rules).	I+	Upstream, Own activities, Downstream	ST

I- *Negative impact* I+ *Positive impact* R *Risk* O *Opportunities*

Upstream *Own activities* *Downstream*

ST Short term **MT** Medium term **LT** Long term

Impacts, risks and opportunities were assessed during workshops jointly organized by the Risk Management Department and the Sustainable Development, External Affairs, Collaborative Research and Technical Regulation Department, as described in section 4.1.1.3.3, "Material impacts, risks and opportunities and their interaction with strategy and business model", page 203. During these workshops, internal contributors identified and assessed impacts, risks and opportunities (IROs) according to the methodology described in section 4.1.1.4.1 "Processes to identify and assess material impacts, risks and opportunities", page 206.

4.1.5.2 Innovation strategy and vision of future mobility

Innovation plays a central role in Valeo's strategy. It is the key driver of growth and transformation in any market. Its essential role is to create value by introducing new products, services or business models, or by significantly improving existing ones. It enables companies to differentiate themselves, capture new market share, increase their competitiveness and, ultimately, respond more effectively and meaningfully to evolving consumer needs. Innovation drives efficiency, fosters disruption and paves the way for new revenue streams by rendering obsolete technologies and inefficient methods redundant.

In addition to this classic economic dynamic, innovation plays a crucial role in sustainability. It is the essential means of decoupling economic growth from environmental impact. Through Research and Development (R&D), it enables the design of low-carbon solutions (sustainable materials, renewable energy, circular economy), the optimization of value chains (waste reduction, green logistics) and the creation of technologies that solve social and environmental challenges (pollution control, access to water, energy efficiency). In short, innovation is not just a matter of competitiveness, it is a strategic necessity for ensuring long-lasting economic activity in accordance with the planetary boundaries.

Innovation is in Valeo's DNA and is the driving force behind its growth, in line with its mission to create cleaner, safer and smarter mobility for all.

For Valeo, innovation is not merely a Group activity, it is the central strategic engine of its current roadmap, particularly through the "Elevate 2028" strategic plan and its vision for future mobility.

Indeed, "Elevate 2028" aims to consolidate Valeo's technological leadership in order to outperform the automotive market and generate profitable growth. Innovation is the key to achieving this goal, focusing on the five megatrends that are transforming the industry:

1. Electrification is guiding us on the market: decarbonizing mobility and aiming to become the champion of electrification in all its forms. This includes the development of affordable electrification solutions (48V systems) and High-Voltage systems (magnet-free electric motors, power electronics, optimized battery thermal management) to maximize range and energy efficiency.

2. Acceleration of Advanced Driver Assistance Systems (ADAS): improving safety and advancing autonomous driving. This covers the design and production of sensors (LiDAR SCALA™, radars, cameras) combined with AI-enabled perception software to interpret the vehicle's environment and make driving decisions, integrated into increasingly powerful electronic control units.

3. Reinvention of the Interior Experience: transforming the cabin into a smart, connected space. This involves human-machine interface (HMI) systems, thermal management of the cabin and software technologies designed to personalize the experience and ensure the well-being and safety of the driver and passengers.

4. Style, performance, safety and durability of lighting: using light as a means of communication and safety. This includes intelligent lighting systems (HD, adaptive lighting) that communicate with pedestrians and other vehicles, as well as interior lighting solutions.

5. Innovation through software - Software-defined vehicles (SDVs): software will play a central role in the vehicles of the future. Vehicles will be scalable and updatable to enhance the user experience or add new features. Valeo accordingly offers application software solutions or software embedded in electronic control units across all original equipment activities.

Finally, beyond Passenger Cars, Valeo is developing applications and innovations for other forms of mobility (two-wheelers, light urban vehicles such as the Mobilize Duo), as well as for commercial vehicles and trucks, thereby underscoring its comprehensive vision of mobility.

Without forgetting its environmental and societal impacts, Valeo is committed to developing innovations that contribute to its carbon neutrality contribution objective (CAP 50 plan), quantifying their positive impact (e.g., reduction of CO_2 emissions achieved by customers through Valeo technologies).

4.1.5.3 Governance, R&D organization and associated resources

Innovation at Valeo is based on a decentralized global organization supported by optimized and targeted investment, making the Group a leading patent filer in France and worldwide.

Governance and organization

The R&D organization is directly aligned with mobility megatrends (cars that are safer, electric, and that are software-defined vehicles (SDVs)), and is structured by division.

Other technological trends related to software-defined vehicles (SDVs), artificial intelligence and sustainability are cross-functional subjects addressed by all three Valeo divisions.

Governance

Valeo's R&D management is based on a decentralized governance model aligned with the Group's four strategic areas (Electrification, ADAS, Interior Experience and Lighting). Each operational division (POWER, BRAIN and LIGHT) is responsible for drawing up its own annual Strategic Product Plan (SPP). This structured process enables each entity to define its technology and product roadmap for the years to come with great precision. The annual SPP describes specific innovations, necessary R&D investments, human resources and associated positioning objectives (market share), while ensuring alignment with market trends.

Product Marketing teams carry out qualitative and quantitative surveys to develop a fuller understanding of users' mobility expectations, factoring in new usage patterns related to electric, autonomous and connected vehicles. These surveys are generally conducted across the three major regions – Europe, China and the United States – to meet increasingly specific needs. These surveys are correlated with the needs expressed by automakers. The findings, along with benchmarking results, enable Valeo to draw up the most appropriate roadmaps.

The SPP is then presented to and validated by Valeo's General Management. This process ensures both the relevance of innovations to market needs and the optimal allocation of annual R&D investments.

Operational organization

Innovation is managed within the Divisions, which bring together R&D centers and engineering teams around specific technological platforms:

- POWER Division: Powertrain systems and thermal management solutions for all types of electrified vehicles (48V, High Voltage), as well as solutions for electric micro-mobility;
- BRAIN Division: Artificial intelligence, software, sensors (LiDAR, Radars, Cameras), electronic control units and solutions for advanced driving assistance systems and driving automation;
- LIGHT Division: Exterior (adaptive, HD) and interior lighting systems, plus wiper systems for improved visibility;
- Valeo Service activity: Adaptation and marketing of the Group's technological innovations for the aftermarket, including professional training (via the Valeo Tech Academy) for electric vehicles and ADAS systems.

Valeo also leverages a global R&D presence to remain as close as possible to its markets and customers, particularly in Asia. The Group operates 59 Research and Development (R&D) centers worldwide, alongside its distribution centers. This international footprint ensures an open innovation approach and allows technologies to be adapted to the specificities of local markets.

Innovation resources

In 2025, R&D expenditure reached over 2 billion euros, or almost 11% of sales.

Valeo's investment is structurally geared toward recruiting and developing key skills, particularly in software and artificial intelligence (AI). The Group employs AI Experts dedicated exclusively to AI R&D. These experts are often affiliated with structures such as Valeo.ai (AI research center).

Continuous training programs and technological partnerships (notably with Google Cloud) enable employees to upskill in generative AI technologies, allowing them to become "augmented employees". A hackathon was organized to familiarize engineers with AI tools and generate new projects.

4.1.5.4 Open innovation and partnership ecosystems

Innovation at Valeo is fundamentally open in order to capture external technologies and talent, thereby shortening time-to-market for disruptive solutions. To this end, the Group relies on a dense and targeted network of collaborations.

Partner ecosystem

Strategic partnerships with technology leaders

Valeo establishes alliances with major players to ensure its competitiveness in key areas, including software and AI:

- **Software and computing platforms:** collaborations with tech giants are crucial. One example is the 2023 partnership with Qualcomm, confirmed in 2025, for high-performance computing platforms for advanced driving assistance systems (ADAS) and software-defined vehicles (SDVs);
- **Artificial Intelligence (AI) and Cloud:** the 2024 partnership with Google Cloud aims to accelerate the use of generative AI and cloud computing tools to optimize R&D, notably through code simulation tools;
- **Reducing dependence on rare earths:** since 2024, Valeo has been collaborating with its peer MAHLE to develop and mass-produce externally excited synchronous motors (EESM). This technology is crucial for two strategic reasons. First, it eliminates the use of rare earth elements, such as neodymium and dysprosium, used in permanent magnets. Second, the collaboration focuses on an innovative cooling system for the motor. This optimizes the power-to-weight ratio and ensures sustained performance, or high continuous power, for high-voltage platforms and high-power vehicles.
- **Battery optimization:** since 2022, Valeo has been partnering with TotalEnergies to develop thermal management solutions for the battery – the heart of an electric vehicle. Temperature control is essential for increasing range, extending service life and, above all, enabling safe ultra-fast charging. R&D teams from Valeo (thermal systems specialists) and TotalEnergies (high-performance dielectric fluid supplier) are working together on immersion cooling technology. This approach promises to reduce system weight while maximizing safety and charging performance;
- **Lighting:** in collaboration with Ennostar, Valeo has been developing high-definition (HD) lighting systems and innovative LED solutions for communication lighting and smart surfaces since 2025. While often lower profile, these partnerships are crucial for integrating software functions into lighting systems.

These examples illustrate the Group's determination to redefine technological standards through alliances with leaders in their respective fields, and not simply to improve existing technologies.

Collaboration with Research Ecosystems

Collaborative and partnership-based research is central to the innovation roadmap, driven by various levers for action:

- **an internal community** within R&D teams focused on partnership activities: recognizing that the capacity to innovate requires a strong partnership focus in R&D, the internal organization reflects the ambition to connect with partnership-based and collaborative research. Within the R&D organization of the divisions (i.e., 81 technological platforms), regional and national teams have been established to support research partners and collaborative funding requirements. Similarly, expert communities help federate external ecosystems within their specific fields and scientific communities through three-year "research mandates". Finally, the technical disciplines (materials, mechatronics, electronics, etc.) also manage partnership roadmaps aimed at gradually increasing the maturity of new technological fields, in support of Valeo's product R&D roadmap (SPP).
- **active participation** in European and national multi-partner research consortia and programs: participation in projects involving new domains and technologies allows for a broader spectrum of partners and shares the financial risks associated with project non-success. Valeo is a participant in European framework programs, including Horizon Europe, Europe's flagship R&D&I (Research and Development and Innovation) program, as well as targeted programs such as those related to electrification (2Zero), autonomous and connected vehicles (CCAM), electronics and software (Chips JU). Valeo has also been participating, since 2023 and continuing to date, in the European FEDERATE project, the objective of which is to bring together a community around the software-defined vehicle (SDV). In 2025, the European Commission launched a broader program covering all automotive software building blocks (from hardware to software), known as ECAVA. Valeo is a member of its structuring committee. At the national level, Valeo is a major player in the collaborative research ecosystem. Alongside its research partners, it has received support through the France 2030 investment plan, notably via CORAM (Steering Committee for Automobile and Mobility Research);
- **technological dialogue** at national and European level with public bodies in charge of major structuring initiatives for the sector. This takes place within broad frameworks covering diverse technologies, such as the ERTRAC platform (European Road Transport Research Advisory Council), which Valeo co-chairs alongside BMW. ERTRAC, the official technological platform of the European

Commission dedicated to collaborative research in the automotive industry, It is responsible for guiding and consolidating ground mobility research policy (excluding rail) for European Union bodies. Its primary objective is to guide mobility players toward sustainable solutions through roadmaps validated by all stakeholders. Valeo is also involved in specific initiatives, such as the European joint R&D undertaking on electronics known as the Chips JU. Within this undertaking, Valeo chairs the industry component of a tripartite model comprising the Commission, Member States and industry representatives. This role comes with strong involvement in INSIDE, one of the three bodies involved in the governance of the Chips JU. INSIDE is dedicated to collaborative, cross-sector research in software and embedded intelligent systems;

- **strategic partnerships** with the leading global research organizations: Valeo maintains numerous strategic partnerships with a broad scientific and academic community, including INRIA (French National Institute for Research in Digital Science and Technology), the CEA (French Alternative Energies and Atomic Energy Commission), Telecom ParisTech, Mines ParisTech, École Polytechnique, the Fraunhofer-Gesellschaft institute, Shanghai Jiao Tong University, Madras University in India and the CNRS (French National Center for Scientific Research). Since 2024, Valeo entered into a framework agreement with the CEA, ushering in a new five-year program covering research areas including sustainable design, artificial intelligence, intelligent systems, cybersecurity and software-defined vehicles (SDVs). Simultaneously, since 2024, Valeo entered into a similar agreement with imec (Interuniversity Microelectronics Centre) regarding advanced developments in microelectronics. This partnership approach extends to academia through support for and creation of university chairs aimed at fostering high-potential research and innovation. Examples include the ELS (Embedded Lighting Systems) industrial teaching chair; two chairs with Telecom ParisTech, one focused on big data and AI and the other on connected vehicles and cybersecurity; and a joint laboratory with Telecom ParisTech.

Societal research collaborations

Workshop as part of the EHESS (École des Hautes Études en Sciences Sociales)

The year 2025 was marked by a workshop on the societal value of autonomous vehicles such as robotaxis or autonomous shuttles as innovations for Japan-based communities. Discussions also focused on Japan's declining and aging population, which is seen as a challenge for existing and future mobility systems. These workshops were based on work funded by the Valeo Chair of the France Japan Foundation on "New technologies, robotics and demographics in Japan", and thanks to contributions from the Japanese universities of Chuo, PRILIT and Yamanashi Gakuin. Through these studies, conducted annually, Valeo is committed to a dimension of social collaboration between excellent research players, both French (EHESS - École des Hautes Études en Sciences Sociales) and Japanese (universities, research centers).

Collaborative research in Sweden

On two occasions, Valeo took part in collaborative research projects and participated in societal and geopolitical discussions with Swedish partners:

- as part of ERTRAC, in September 2025, Valeo took part in two days of discussions on the need for funded pre-competitive collaborative research. These discussions were held at Scania's research center in Sweden, with a focus on autonomous and electric mobility for commercial vehicles;
- at the invitation of the Swedish Royal Academy of Engineering Sciences (IVA), in December 2025, Valeo presented its vision of the electronics value chain in the world's major regional markets, based on a principle of fairness and respect for trade rules.

Collaboration with startups and other ecosystems

To collaborate with innovative and agile startups and offer differentiating solutions, Valeo accesses innovations, disruptions and various industries worldwide through:

- **venture capital**: the Group invests in funds such as Cathay Innovation, Iris Capital, Trucks VC and Maniv;
- **local partners,** such as the Autotech Council, Choose Paris Region, incubators, research centers, universities and companies creating spin-offs;
- **“champion” employees** selected within the Divisions and regions.

This multifaceted approach to open innovation enables Valeo to multiply its R&D efforts, rapidly integrate the most advanced technologies, and reduce time-to-market for its innovations.

4.1.5.5 Innovation results and performance

The effectiveness of Valeo's innovation strategy and R&D investment can be quantified by its technological lead and commercial impact.

Intellectual property

The Group measures its innovation efforts and technological edge through its patent filing performance.

Valeo consistently ranks among the leading patent filer in France (according to INPI rankings) and among the top filers in the automotive sector, both globally and at the European level.

In 2025, Valeo filed 1419 patents, 31% of which in France, 22% in Germany and 20% in China. Valeo's active patent portfolio is one of the largest in the industry, reflecting its ability to protect innovations in its key areas. These patents are critical as they provide a technological barrier to entry for competitors.

External recognition

Recognition by independent bodies reinforces the credibility of Valeo's innovation efforts:

Industry awards

Valeo has received several major awards, such as the PACE Award (Premier Automotive Suppliers' Contribution to Excellence), one of the most prestigious honors for automotive suppliers. Valeo has won this award multiple times for disruptive technologies including:

- LiDAR SCALA™ 3 in 2024 (for level 3 and 4 autonomous driving);
- 48V eAccess electrification system in 2021 (for electric micro-mobility solutions);
- Gen 2 Pendulum Dual Mass Flywheel in 2022 (for improved powertrain comfort and efficiency).

Labels and Certifications

Valeo has obtained various certifications and labels, such as ISO/SAE 21434 Certification (Automotive Cybersecurity) in 2024 for cybersecurity risk management across the entire lifecycle of vehicle electronic systems. System security and data protection have become paramount with the rise of software-defined vehicles (SDV). This certification demonstrates that Valeo's development processes and products, particularly its advanced driving assistance systems and control units, meet the highest safety standards and international regulatory requirements (UN R155). This represents a major commercial advantage in relation to automakers.

Commercial impact

The success of the Group's innovation policy is also reflected in its commercial success, with the generation of sales and order intake:

- innovations – defined as products not in production three years prior – accounted for 48% of order intake in 2025;
- order intake totaled 24.6 billion euros. At the IAA Mobility 2025 motor show in Munich, Valeo CEO Christophe Périllat said: "Valeo has booked 9 billion euros in orders for products aimed at software-defined vehicles in the last three years. That represents more than 10% of the company's total orders during this period."

4.1.5.6 Flagship innovations and key solutions

Valeo's positioning in strategic areas (Electrification, ADAS, Interior Experience, Lighting, Software Innovation) is further illustrated by countless products and technologies currently being marketed or set for release in the near future.

Electrification: performance and affordability

Valeo's innovation is reflected in solutions covering the entire electric vehicle spectrum, from micro-mobility to high-end vehicles.

- **48-Volt systems:** Valeo promotes 48V electrification systems that make hybridization more affordable and adaptable across a wide range of vehicles. This includes belt starter generator (BSG) systems for micro-hybridization and electric driving assistance solutions for urban vehicles;
- **Magnet-free electric motors:** The development of motors using EESM technology (in partnership with MAHLE) enhances energy efficiency, reduces weight and eliminates reliance on rare earths;
- **Smart thermal management:** The focus on heat pump solutions and integrated cooling modules (in partnership with TotalEnergies) is essential for maximizing battery range and enabling ultra-fast charging in all weather conditions.

Autonomous driving and ADAS: perception and safety

Valeo is a leader[1] in the sensors and software intelligence required for autonomous driving.

- **LiDAR SCALA™ 3:** a key component for level 3 (hands-off) autonomous driving, LiDAR SCALA™ 3 can reconstruct a 3D image of the environment, even in challenging weather conditions. Software and AI are central to multi-sensor data fusion;
- **Automated parking systems:** Valeo develops solutions that enable vehicles to park themselves (with or without the driver being present), using cameras, radars and ultrasonic sensors.

Reinvention of Interior Experience and Lighting

Valeo's innovations are transforming the user experience and vehicle communication.

- **HD Communication Lighting:** Valeo's high-definition (HD) lighting systems use thousands of light pixels. These headlamps do more than simply light up the road. They can also project signals – such as arrows and warnings – on to the roadway to communicate with the driver or pedestrians, thereby enhancing safety for all road users;
- **Wellness technologies:** Valeo also offers innovations that improve in-cabin comfort. Air quality management systems with fine particle and pollutant filtration and personalized human-machine interfaces (HMI) are among the Group's core priorities.

Software and artificial Intelligence (AI)

The sector's transformation toward software-defined vehicles (SDVs) positions software as the heart of innovation and one of Valeo's chief growth drivers. The Group has capitalized on its expertise in software and systems to launch a dedicated offering, Valeo anSWer.

[1] *According to internal estimates*

Valeo anSWer is a comprehensive, open, scalable and modular platform of software solutions and services. It enables automakers to adapt to new vehicle architectures while shortening time-to-market and reducing development costs:

- **Applications (apps)**: Valeo leverages its recognized expertise across four strategic areas to provide ready-to-use software applications. This includes the complete ADAS suite (perception, data fusion and motion planning functions for autonomous driving and parking), intelligent lighting software and algorithms for electric motors and thermal management;
- **Middleware (vOS)**: the platform integrates middleware that ensures seamless communication between applications and powerful System-on-Chip (SoC) units, ensuring real-time performance and cybersecurity for critical systems. This is the integrative layer that allows applications to run independently of the underlying microprocessors and electronic control units;
- **Services and Maintenance:** in addition to the initial software product, Valeo anSWer includes a comprehensive range of engineering services including software architecture consulting, integration, validation, testing and lifecycle software maintenance via over-the-air (OTA) remote updates.

By positioning Valeo anSWer as an offering compatible with the open-source ecosystem, Valeo directly addresses the needs of automakers seeking to accelerate the development of smart, connected vehicles. This initiative bolsters Valeo's leadership in the SDV market, a position specifically recognized by the 2024 Global Company of the Year award from market research firm Frost & Sullivan for its leadership in the software revolution.

Artificial Intelligence (AI) initiatives

Artificial intelligence (AI) is a cornerstone of Valeo's transformation and innovation strategy, deployed on two levels: product innovation and internal efficiency.

The Group's product innovation draws on Valeo.ai, its global AI research center established in 2017. The Paris-based center focuses its deep learning efforts on overcoming the scientific challenges of safe automated driving. AI is used for Advanced Perception in ADAS systems (sensor data fusion) and for Vehicle Trajectory Planning.

At the same time, Valeo has launched the Valeo4All initiative, which focuses on Group-wide adoption of generative artificial intelligence (GenAI). In partnership with players such as Google Cloud, Valeo4All aims to create "augmented employees" by using GenAI to improve the efficiency and productivity of R&D teams (e.g., coding assistance and simulation optimization) and support operational excellence (e.g., assisted troubleshooting in industrial maintenance and technical knowledge management). This dual approach ensures that Valeo maintains both a technological lead in its products and a competitive edge in its processes.

4.1.5.7 Innovation outlook and challenges

One of the Group's strengths is its ability to anticipate market shifts and adapt its roadmap and future orientations accordingly. Every factor, whether an opportunity or a threat, is analyzed to ensure a tailored and reasoned response.

Roadmap and future priorities

For the years to come, Valeo is committed to consolidating its technological lead and improving R&D efficiency, while maintaining its capacity for innovation. This is made possible by the standardization of project development, the addition of skills mainly in cost-competitive countries, and the use of artificial intelligence.

In response to the market shift toward software-defined vehicles (SDVs), priority is being given to software integration, AI and electronic architecture, transitioning Valeo from a component supplier into a full-system and software provider.

At the same time, the group is developing new services and business models to generate value beyond hardware, notably through the monetization of services such as over-the-air (OTA) updates and features on demand.

Finally, diversification is a major focus, applying Valeo's proven technologies (electrification and ADAS) to new high-growth markets – including micro-mobility and autonomous delivery vehicles – and exploring new value spaces such as data centers.

4.1.6 Appendices

Appendix 1 – Cross-reference table (DR related to ESRS 2 § 15 and § 56)

Disclosure Requirement	Data points		SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law	Section	Page
ESRS 2 BP-1		**General basis for preparation of the sustainability statements**					**4.1.1.1.1** **4.1.1.1.2**	**189** **190**
ESRS 2 BP-2		**Disclosures in relation to specific circumstances**					**4.1.1.1.3**	**191**
ESRS 2 GOV-1		**The role of the administrative, management and supervisory bodies**					**4.1.1.2.1**	**193**
ESRS 2 GOV-1	21 (d)	Board's gender diversity	x			x	4.1.1.2.1	193
ESRS 2 GOV-2		**Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies**					**4.1.1.2.2**	**196**
ESRS 2 GOV-2	21 (e)	Percentage of board members who are independent				x	4.1.1.2.2	196
ESRS 2 GOV-3		**Integration of sustainability-related performance in incentive schemes**					**4.1.1.2.3**	**196**
ESRS 2 GOV-4		**Statement on due diligence**					**4.1.1.2.4**	**196**
ESRS 2 GOV-4	30	Statement on due diligence	x				4.1.1.2.4	196
ESRS 2 GOV-5		**Risk management and internal controls over sustainability reporting**					**4.1.1.2.5**	**198**
ESRS 2 SBM-1		**Strategy, business model and value chain**					**4.1.1.3.1**	**199**
ESRS 2 SBM-1	40 (d) i	Involvement in activities related to fossil fuel activities	x	x	x		Not applicable	
ESRS 2 SBM-1	40 (d) ii	Involvement in activities related to chemical production	x		x		Not applicable	
ESRS 2 SBM-1	40 (d) iii	Involvement in activities related to controversial weapons	x		x		Not applicable	
ESRS 2 SBM-1	40 (d) iv	Involvement in activities related to cultivation and production of tobacco			x		Not applicable	
ESRS 2 SBM-2		**Interests and views of stakeholders**					**4.1.1.3.2**	**199**
ESRS 2 SBM-3		**Material impacts, risks and opportunities and their interaction with strategy and business model**					**4.1.1.3.3**	**203**
ESRS 2 IRO-1		**Description of the processes to identify and assess material impacts, risks and opportunities**					**4.1.1.4.1**	**206**
ESRS 2 IRO-2		**Disclosure requirements in ESRS covered by the undertaking's sustainability statement**					**4.1.1.4.2**	**210**

Disclosure Requirement	Data points		SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law	Section	Page
ESRS 2 GOV-3 E1		**Integration of sustainability-related performance in incentive schemes**					**4.1.2.3.1**	**222**
ESRS E1-1		**Transition plan for climate change mitigation**					**4.1.2.3.4**	**229**
ESRS E1-1	14	Transition plan to reach climate neutrality by 2050				x	4.1.2.3.4	229
ESRS E1-1	16 (g)	Undertakings excluded from Paris-aligned benchmarks		x	x		Not applicable	
ESRS 2 SBM-3 E1		**Material impacts, risks and opportunities and their interaction with strategy and business model**					**4.1.2.3.2**	**223**
ESRS 2 IRO-1 E1		**Description of the processes to identify and assess material climate-related impacts, risks and opportunities**					**4.1.2.3.3**	**224**
ESRS E1-2		**Policies related to climate change mitigation and adaptation**					**4.1.2.3.5**	**235**
ESRS E1-3		**Actions and resources in relation to climate change policies**					**4.1.2.3.6**	**236**
ESRS E1-4		**Targets related to climate change mitigation and adaptation**					**4.1.2.3.7**	**238**
ESRS E1-4	34	GHG emission reduction targets	x	x	x		4.1.2.3.7	238
ESRS E1-5		**Energy consumption and mix**					**4.1.2.3.8**	**241**
ESRS E1-5	38	Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors)	x				4.1.2.3.8	241
ESRS E1-5	37	Energy consumption and mix	x				4.1.2.3.8	241
ESRS E1-5	40-43	Energy intensity associated with activities in high climate impact sectors	x				4.1.2.3.8	241
ESRS E1-6		**Gross Scopes 1, 2, 3 and Total GHG emissions**					**4.1.2.3.9**	**242**
ESRS E1-6	44	Gross Scopes 1, 2, 3 and Total GHG emissions	x	x	x		4.1.2.3.9	242
ESRS E1-6	53-55	Gross GHG emissions intensity		x	x		4.1.2.3.9	242
ESRS E1-7		**GHG absorption and mitigation projects financed through carbon credits**					**4.1.2.3.10**	**244**
ESRS E1-7	56	GHG removals and carbon credits				x	4.1.2.3.10	244
ESRS E1-8		**Internal carbon pricing**					**4.1.2.3.11**	**244**

Disclosure Requirement	Data points		SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law	Section	Page
ESRS E1-9		**Anticipated financial effects from material physical and transition risks and potential climate-related opportunities**					**4.1.2.3.12**	**244**
ESRS E1-9	66	Exposure of the benchmark portfolio to climate-related physical risks				x	4.1.2.3.12	244
ESRS E1-9	66 (a); 66 (c)	Disaggregation of monetary amounts by acute and chronic physical risk Location of significant assets at material physical risk			x		4.1.2.3.12	244
ESRS E1-9	67 (c)	Breakdown of the carrying value of the undertaking's real estate assets by energy-efficiency classes			x		4.1.2.3.12	244
ESRS E1-9	69	Degree of exposure of the portfolio to climate-related opportunities				x	4.1.2.3.12	244
ESRS IRO-1 E2		**Description of the processes to identify and assess material pollution-related impacts, risks and opportunities**					**4.1.2.4.1**	**245**
ESRS E2-1		**Politiques en matière de pollution**					**4.1.2.4.2**	**245**
ESRS E2-2		**Actions et ressources relatives à la pollution**					**4.1.2.4.3**	**247**
ESRS E2-3		**Targets related to pollution**					**4.1.2.4.4**	**247**
ESRS E2-4		**Pollution of air, water and soil**					**Not material**	
ESRS E2-4	28	Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil	x				Not material	
ESRS E2-5		**Substances of concern and substances of very high concern**					**4.1.2.4.5**	**248**
ESRS E2-6		**Anticipated financial effects from pollution-related impacts, risks and opportunities**					**4.1.2.4.6**	**249**
ESRS IRO-1 E3		**Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities**					**4.1.2.5.1**	**250**
ESRS E3-1		**Policies related to water and marine resources**					**4.1.2.5.2**	**251**
ESRS E3-1	9	Water and marine resources	x				4.1.2.5.2	251
ESRS E3-1	13	Dedicated policy	x				4.1.2.5.2	251
ESRS E3-1	14	Sustainable oceans and seas	x				Not applicable	
ESRS E3-2		**Actions and resources related to water and marine resources**					**4.1.2.5.3**	**251**
ESRS E3-3		**Targets related to water and marine resources**					**4.1.2.5.4**	**252**

Disclosure Requirement	Data points		SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law	Section	Page
ESRS E3-4		**Water consumption**					**4.1.2.5.5**	**253**
ESRS E3-4	28 (c)	Total percentage of water recycled and reused	x				4.1.2.5.5	253
ESRS E3-4	29	Total water consumption in cu.m per net revenue on own operations	x				4.1.2.5.5	253
ESRS E3-5		**Anticipated financial effects from water and marine resources-related impacts, risks and opportunities**					**4.1.2.5.6**	**254**
ESRS E4-1		**Transition plan and consideration of biodiversity and ecosystems in strategy and business model**					**Not material**	
ESRS 2 SBM-3 E4		**Material impacts, risks and opportunities and their interaction with strategy and business model**					**Not material**	
ESRS 2 SBM-3 E4	16 (a) i	Activities negatively affecting biodiversity-sensitive areas	x				Not material	
ESRS 2 SBM-3 E4	16 (b)	Breakdown of sites according to impacts and dependencies	x				Not material	
ESRS 2 SBM-3 E4	16 (c)	Biodiversity-sensitive areas affected	x				Not material	
ESRS IRO-1 E4		**Description of the processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities**					**Not material**	
ESRS E4-2		**Policies related to biodiversity and ecosystems**					**Not material**	
ESRS E4-2	24 (b)	Sustainable land/agriculture practices or policies	x				Not material	
ESRS E4-2	24 (c)	Sustainable oceans/seas practices or policies	x				Not material	
ESRS E4-2	24 (d)	Policy to prevent deforestation	x				Not material	
ESRS E4-3		**Actions and resources related to biodiversity and ecosystems**					**Not material**	
ESRS E4-4		**Targets related to biodiversity and ecosystems**					**Not material**	
ESRS E4-5		**Impact metrics related to biodiversity and ecosystems change**					**Not material**	
ESRS E4-6		**Anticipated financial effects from biodiversity and ecosystem-related impacts, risks and opportunities**					**Not material**	
ESRS IRO-1 E5		**Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities**					**4.1.2.6.1**	**255**
ESRS E5-1		**Policies related to resource use and circular economy**					**4.1.2.6.2.1** **4.1.2.6.3.1** **4.1.2.6.4.1**	**256** **260** **261**

Disclosure Requirement	Data points		SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law	Section	Page
ESRS E5-2		**Actions and resources related to resource use and circular economy**					**4.1.2.6.2.2 4.1.2.6.3.2 4.1.2.6.4.2**	**256 260 262**
ESRS E5-3		**Targets related to resource use and circular economy**					**4.1.2.6.2.3 4.1.2.6.3.3 4.1.2.6.4.3**	**258 260 262**
ESRS E5-4		**Resource inflows**					**4.1.2.6.3.4**	**261**
ESRS E5-5		**Resource outflows**					**4.1.2.6.4.4**	**263**
ESRS E5-5	37 (d)	Non-recycled waste	x				4.1.2.6.4.4	263
ESRS E5-5	39	Hazardous waste and radioactive waste	x				4.1.2.6.4.4	263
ESRS E5-6		**Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities**					**4.1.2.6.5**	**264**
ESRS 2 SBM-2 S1		**Interests and views of stakeholders**					**4.1.3.1.1**	**268**
ESRS 2 SBM-3 S1		**Material impacts, risks and opportunities and their interaction with strategy and business model**					**4.1.3.1.2**	**269**
ESRS 2 SBM-3 S1	14 (f)	Forced labor risk	x				4.1.3.1.2	269
ESRS 2 SBM-3 S1	14 (g)	Child labor risk	x				4.1.3.1.2	269
ESRS S1-1		**Policies related to own workforce**					**4.1.3.1.6.1 4.1.3.1.6.2 4.1.3.1.6.3 4.1.3.1.7 4.1.3.1.8 4.1.3.1.9 4.1.3.1.10**	**273 275 276 277 279 284 286**
ESRS S1-1	20	Human rights policy commitments	x				4.1.3.1.10	286
ESRS S1-1	21	Due diligence policies on issues addressed by the fundamental International Labour Organization Conventions 1 to 8			x		4.1.3.1.10	286
ESRS S1-1	22	Processes and measures for preventing trafficking in human beings	x				4.1.3.1.10	286
ESRS S1-1	23	Workplace accident prevention policy or management system	x				4.1.3.1.7	277
ESRS S1-2		**Processes for engaging with own workers and workers' representatives about impacts**					**4.1.3.1.3**	**270**
ESRS S1-3		**Processes to remediate negative impacts and channels for own workers to raise concerns**					**4.1.3.1.4**	**271**
ESRS S1-3	32 (c)	Grievance/complaints handling mechanisms	x				4.1.3.1.4	271

Disclosure Requirement	Data points		SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law	Section	Page
ESRS S1-4		**Taking action on material impacts, and approaches to mitigating material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions and approaches**					**4.1.3.1.6.1** **4.1.3.1.6.2** **4.1.3.1.6.3** **4.1.3.1.7** **4.1.3.1.8** **4.1.3.1.9** **4.1.3.1.10**	**273** **275** **276** **277** **279** **284** **286**
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ESRS S3-2		**Processes for engaging with affected communities about impacts**					**Not material**	
ESRS S3-3		**Processes to remediate negative impacts and channels for affected communities to raise concerns**					**Not material**	
ESRS S3-4		**Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions**					**Not material**	
ESRS S3-4	36	Human rights issues and incidents	x				Not material	
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ESRS G1-3		**Prevention and detection of corruption and bribery**					**Not material**	
ESRS G1-4		**Incident of corruption or bribery**					**Not material**	
ESRS G1-4	24 (a)	Fines for violation of anti-corruption and anti-bribery laws	x			x	Not material	
ESRS G1-4	24 (b)	Standards of anti-corruption and anti-bribery	x				Not material	
ESRS G1-5		**Political engagement and lobbying activities**					**Not material**	
ESRS G1-6		**Payment practices**					**4.1.4.5**	**303**

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ii) ESRS 2 GOV-3: Integration of sustainability-related performance in incentive schemes;	4.1.1.2.3	Page 196
iii) ESRS 2 SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model.	4.1.1.3.3	Page 203
b) Engaging with affected stakeholders. This is addressed under:		
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iv) ESRS 2 MDR-P;		
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Appendix 4 – GRI – SASB – TCFD cross-reference tables

SASB (Sustainability Accounting Standards Board) industry standard

Sustainability disclosure topics and accounting metrics

Themes	Accounting indicators	Category	Unit of measure	Code	Chapters/ Sections
Energy management	(1) Total energy consumed, (2) Share of grid electricity, (3) Share of renewable energy	Quantitative	Gigajoules *(GJ)*, Percentage *(%)*	TR-AP-130a.1	4.1.2.3.8
Waste management	(1) Total amount of industrial waste, (2) Proportion of hazardous waste, (3) Proportion of recycled waste	Quantitative	In metric tons *(t)*, Percentage *(%)*	TR-AP-150a.1	4.1.2.6.4.4
Product safety	Number of customer recalls, number of products recalled	Quantitative	Number	TR-AP-250a.1	N/A
Energy-efficient design	Sales derived from products contributing to energy efficiency and/or reducing greenhouse gas emissions(1)	Quantitative	Euros	TR-AP-410a.1	4.1.2.2.2
Purchases of raw materials	Description of the management of risks associated with the use of hazardous materials	Discussion and Analysis	N/A	TR-AP-440a.1	4.1.2.4
Material recycling	Share of products sold that are recyclable	Quantitative	Percentage *(%)*	TR-AP-440b.1	4.1.2.6.4.4
	Share of supplies containing recycled or reconditioned materials	Quantitative	Percentage *(%)*	TR-AP-440b.2	4.1.2.6.3.4

(1) See sustainable development glossary, page 357.

Activity metrics

Metrics	Category	Unit of measure	Code	Chapters/Sections
Number of parts produced	Quantitative	Number	TR-AP-000.A	—
Weight of parts produced	Quantitative	Metric tons *(t)*	TR-AP-000.B	—
Area of manufacturing plants	Quantitative	In square meters (*sq.m*)	TR-AP-000.C	—

Cross-reference table with the Global Reporting Initiative (GRI)

GRI code	GRI publication	GRI category	Disclosure requirement	ESRS disclosure requirement	Data-point	Description	Section
GRI 2	General Disclosures 2021	2-12 b	Role of the highest governance body in overseeing the management of impacts	ESRS 2 GOV-1	22c	Description of management's role in the governance processes, controls and procedures used to monitor, manage and oversee impacts, risks and opportunities	4.1.1.2.1
		2-12 b-i	Role of the highest governance body in overseeing the management of impacts	ESRS S1-3	27c	Function and most senior role within the undertaking that has operational responsibility for ensuring that this engagement happens, and that the results inform the undertaking's approach	4.1.3.1.4
		2-12; 2-13; 2-16 2-12-b-ii; 2-12-c; 2-13-b; 2-16-a	Role of the highest governance body in overseeing the management of impacts; Delegation of responsibility for managing impacts; Communication of critical concerns	ESRS 2 GOV-2	26a	Following information: whether, by whom and how frequently the administrative, management and supervisory bodies, including their relevant committees, are informed about material impacts, risks and opportunities; the implementation of due diligence, and the results and effectiveness of policies, actions, metrics and targets adopted to address them	4.1.1.2.2
		2-12; 2-24 2-12-a; 2-24-a-ii	Role of the highest governance body in overseeing the management of impacts; Embedding policy commitments	ESRS 2 GOV-2	26b	Disclosure of how administrative, management and supervisory bodies consider impacts, risks and opportunities when overseeing strategy, decisions on major transactions and risk management process	4.1.1.2.2
		2-13 a	Delegation of responsibility for managing impacts	ESRS 2 GOV-1	22ci	Information on whether that role is delegated to a specific management-level position or committee and how oversight is exercised over that position or committee	4.1.1.2.1
		2-13 b	Delegation of responsibility for managing impacts	ESRS 2 GOV-1	22cii	Information about the reporting lines to the administrative, management and supervisory bodies	4.1.1.2.1
		2-14 a to b	Role of the highest governance body in sustainability reporting	ESRS 2 GOV-5	36a AR11	Description of risk management and internal controls over sustainability reporting	4.1.1.2.5
				ESRS 2 GOV-5	36b AR11	Description of risk assessment approach followed	4.1.1.2.5
				ESRS 2 GOV-5	36c AR11	Description of main risks identified and their mitigation strategies	4.1.1.2.5
				ESRS 2 GOV-5	36d AR11	Description of how the undertaking integrates the findings of its risk assessment and internal controls as regards the sustainability reporting process into relevant internal functions and processes	4.1.1.2.5
				ESRS 2 GOV-5	36e AR11	Description of periodic reporting of findings of risk assessment and internal controls to administrative, management and supervisory bodies	4.1.1.2.5
		2-16 b	Communication of critical concerns	ESRS 2 GOV-2	26c	List of the material impacts, risks and opportunities addressed by the administrative, management and supervisory bodies, or their relevant committees during the reporting period	4.1.1.2.2

GRI code	GRI publication	GRI category	Disclosure requirement	ESRS disclosure requirement	Data-point	Description	Section
		2-17 a	Collective knowledge of the highest governance body	ESRS 2 GOV-1	23 AR5	Disclosure of how administrative, management and supervisory bodies determine whether appropriate skills and expertise are available or will be developed to oversee sustainability matters	4.1.1.2.1
		2-19 b	Remuneration policies	ESRS 2 GOV-3	29 AR7	Integration of sustainability-related performance in incentive schemes	4.1.1.2.3
				ESRS 2 GOV-3	29a	Description of key characteristics of incentive schemes	4.1.1.2.3
				ESRS 2 GOV-3	29b	Description of specific sustainability-related targets and (or) impacts used to assess performance of members of administrative, management and supervisory bodies	4.1.1.2.3
				ESRS 2 GOV-3	29c	Disclosure of how sustainability-related performance metrics are considered as performance benchmarks or included in remuneration policies	4.1.1.2.3
				ESRS E1.GOV-3	13	Disclosure of how climate-related considerations are factored into remuneration of members of administrative, management and supervisory bodies	4.1.1.2.3
		2-2 a	Entities included in the organization's sustainability reporting	ESRS 2 BP-1	5	General basis for preparation of the sustainability statements	4.1.1.1.1
		2-2 b	Entities included in the organization's sustainability reporting	ESRS 2 BP-1	5bi	Scope of consolidation of consolidated sustainability statement is same as for financial statements	4.1.1.1.2
		2-20 a-i	Process to determine remuneration	ESRS 2 GOV-3	29e	Description of the level in the undertaking at which the terms of incentive schemes are approved and updated.	4.1.1.2.3
		2-23 a-i	Policy commitments	ESRS S1-1	21 AR12	Disclosure of whether and how policies are aligned with relevant internationally recognized instruments	4.1.3.1
		2-23 b-i	Policy commitments	ESRS S1-1	20	Description of relevant human rights policy commitments relevant to own workforce	4.1.3.1.10
		2-23 b-ii	Policy commitments	ESRS S1-1	19	Policies to manage material impacts, risks and opportunities related to own workforce, including for specific groups within workforce or all own workforce	4.1.3.1.6 4.1.3.1.7 4.1.3.1.8 4.1.3.1.9 4.1.3.1.10
				ESRS S1-1	24c	Disclosure of specific policy commitments related to inclusion and (or) positive action for people from groups at particular risk of vulnerability in own workforce	4.1.3.1.8
		2-25 b to c	Processes to remediate negative impacts	ESRS S1-3	32a AR27	Disclosure of general approach to and processes for providing or contributing to remedy where undertaking has caused or contributed to a material negative impact on people in its own workforce	4.1.3.1.4
		2-25 Guidance to 2-25-d to e	Processes to remediate negative impacts	ESRS S1-3	32d	Disclosure of processes through which undertaking supports or requires availability of channels	4.1.3.1.4

GRI code	GRI publication	GRI category	Disclosure requirement	ESRS disclosure requirement	Data-point	Description	Section
		2-25 Guidance to 2-25-e	Processes to remediate negative impacts	ESRS S1-17	103b AR103-AR106	Number of complaints filed through channels for own workforce to raise concerns	4.1.3.1.10
		2-25 to 26 2-25-d to e; 2-26-a-i	Processes to remediate negative impacts; Mechanisms for seeking advice and raising concerns	ESRS S1-3	32e AR32	Disclosure of how issues raised and addressed are tracked and monitored and how effectiveness of channels is ensured	4.1.3.1.4
		2-27 a	Compliance with laws and regulations	ESRS G1-4	24a	Number of convictions for violation of anti-corruption and anti-bribery laws	Not material
		2-27 b	Compliance with laws and regulations	ESRS G1-4	24b	Amount of fines for violation of anti-corruption and anti-bribery laws	Not material
				ESRS S1-17	103c AR103-AR106	Amount of material fines, penalties, and compensation for damages as a result of violations regarding social and human rights factors	4.1.3.1.10
				ESRS S1-17	104b AR103-AR106	Amount of material fines, penalties, and compensation for severe human rights issues and incidents connected to own workforce	4.1.3.1.10
		2-29 a	Approach to stakeholder engagement	ESRS S1-2	20b	Disclosure of general approach in relation to engagement with people in its own workforce	4.1.3.1.3
		2-29 a-iii	Approach to stakeholder engagement	ESRS S1-2	27e AR24	Disclosure of how effectiveness of engagement with its own workforce is assessed	4.1.3.1.3
		2-29 a-iii; Guidance to 2-29-a-iii	Approach to stakeholder engagement	ESRS S1-2	28 AR23	Disclosure of steps taken to gain insight into perspectives of people in its own workforce that may be particularly vulnerable to impacts and (or) marginalized	4.1.3.1.3
		2-29 Guidance to 2-29-a-ii	Approach to stakeholder engagement	ESRS S1-2	27a	Engagement occurs with own workforce or their representatives	4.1.3.1.3
				ESRS S1-2	27b AR19	Disclosure of stage at which engagement occurs, type of engagement and frequency of engagement	4.1.3.1.3
		2-30 a	Collective bargaining	ESRS S1-8	60a AR66	Percentage of its total employees covered by collective bargaining agreements	4.1.3.1.6.3
		2-30 Guidance to 2-30-a	Collective bargaining	ESRS S1-8	60b	Percentage of its employees covered by collective bargaining agreements are within coverage rate by country (in the EEA)	4.1.3.1.6.3
				ESRS S1-8	60c	The undertaking shall disclose outside the EEA, the percentage of its own employees covered by collective bargaining agreements by region	4.1.3.1.6.3
				ESRS S1-8	AR70	Own workforce in region (non-EEA) covered by collective bargaining agreements by coverage rate and by region	4.1.3.1.6.3
		2-4 a-i	Restatements of information	ESRS 2 BP-2	13a	Explanation of changes in preparation and presentation of sustainability information and reasons for them	4.1.1.1.3.4
		2-4 a-ii	Restatements of information	ESRS 2 BP-2	13b	Disclosure of revised comparative figures	4.1.1.1.3.4
		2-6 b-i; d	Activities, value chain and other business relationships	ESRS 2 SBM-1	40ai AR12-AR13	Description of significant groups of products and (or) services offered	4.1.1.3.1
				ESRS 2 SBM-1	40aii AR12-AR13	Description of significant markets and (or) customer groups served	4.1.1.3.1

GRI code	GRI publication	GRI category	Disclosure requirement	ESRS disclosure requirement	Data-point	Description	Section
		2-7 a	Employees	ESRS 2 SBM-1	40aiii AR12-AR13	Total number of employees (head count)	4.1.1.3.1
				ESRS S1-6	50a	Characteristics of undertaking's employees - number of employees in countries with 50 or more employees representing at least 10% of total number of employees [table]	4.1.3.1.11
				ESRS S1-6	50a AR57	Number of employees in countries with 50 or more employees representing at least 10% of total number of employees	4.1.3.1.11
				ESRS S1-6		Average number of employees in countries with 50 or more employees representing at least 10% of total number of employees	4.1.3.1.11
		2-7 b-i to iii	Employees	ESRS S1-6	50b	Characteristics of undertaking's employees - information on employees by contract type and gender [table]	4.1.3.1.11
				ESRS S1-6	50b-51	Number of employees (head count or full-time equivalent)	4.1.3.1.11
				ESRS S1-6		Average number of employees (head count or full-time equivalent)	4.1.3.1.11
		2-7 b-iv	Employees	ESRS S1-6	52a	Number of full-time employees by head count or full-time equivalent	4.1.3.1.11
		2-7 b-iv to v	Employees	ESRS S1-6	52	Further detailed breakdown by gender and by region [table]	4.1.3.1.11
		2-7 b-v	Employees	ESRS S1-6	52b	Number of part-time employees, and breakdowns by gender and by region	4.1.3.1.11
		2-7 d to e	Employees	ESRS S1-6	50e AR58	Disclosure of contextual information necessary to understand data (employees)	4.1.3.1.11
		2-8 a	Workers who are not employees	ESRS S1-7	55a	Number of non-employees in own workforce - people provided by undertakings primarily engaged in employment activities	4.1.3.1.12
				ESRS S1-7		Number of non-employees in own workforce - self-employed people	4.1.3.1.12
				ESRS S1-7	55a AR61	Number of non-employees in own workforce	4.1.3.1.12
		2-9 b	Governance structure and composition	ESRS 2 GOV-1	22a	Information about identity of administrative, management and supervisory bodies or individual(s) within body responsible for oversight of impacts, risks and opportunities	4.1.1.2.1
		2-9 c-i	Governance structure and composition	ESRS 2 GOV-1	21a	Number of executive members	4.1.1.2.1
				ESRS 2 GOV-1		Number of non-executive members	4.1.1.2.1
		2-9 c-ii	Governance structure and composition	ESRS 2 GOV-1	21e	Percentage of board members who are independent	4.1.1.2.1
		2-9 c-vii	Governance structure and composition	ESRS 2 GOV-1	21c AR5	Information about member's experience relevant to sectors, products and geographic locations of undertaking	4.1.1.2.1
				ESRS 2 GOV-1	23a	Information about sustainability-related expertise that bodies either directly possess or can leverage	4.1.1.2.1
				ESRS 2 GOV-1	23b	Description of how those skills and expertise relate to the undertaking's material impacts, risks and opportunities	4.1.1.2.1
		2-9 c-viii	Governance structure and composition	ESRS 2 GOV-1	21b	Information about representation of employees and other workers	4.1.1.2.1

GRI code	GRI publication	GRI category	Disclosure requirement	ESRS disclosure requirement	Data-point	Description	Section
GRI 2; 3	General Disclosures 2021; Material Topics 2021	2-24; 3-3 2-24-a-iii to iv; Guidance to 3-3-d-i	Embedding policy commitments; Management of material topics	ESRS S1-4	AR35	Disclosure of how undertaking seeks to use leverage with relevant business relationships to manage material negative impacts affecting own workforce	4.1.3.1.6 4.1.3.1.7 4.1.3.1.8 4.1.3.1.9 4.1.3.1.10
		2-25; 3-3 2-25-a; 3-3-d-ii	Processes to remediate negative impacts; Management of material topics	ESRS S1-1	20c	Disclosure of general approach in relation to measures to provide and (or) enable remedy for human rights impacts	4.1.3.1.10
GRI 2; 403	General Disclosures 2021; Occupational Health and Safety 2018	2-25; 403-2 2-25-b; 403-2-b	Processes to remediate negative impacts; Hazard identification, risk assessment, and incident investigation	ESRS S1-3	32b AR28	Disclosure of specific channels in place for its own workforce to raise concerns or needs directly with undertaking and have them addressed	4.1.3.1.4
		2-25; 403-2 Guidance to 2-5-e; 403-2-b	Processes to remediate negative impacts; Hazard identification, risk assessment, and incident investigation; External assurance	ESRS S1-3	33	Policies regarding protection against retaliation for individuals that use channels to raise concerns or needs are in place	4.1.3.1.4
GRI 2; 405	General Disclosures 2021; Diversity and Equal Opportunity 2016	2-7; 405-1 2-7-a; 405-1-b-i	Employees; Diversity of governance bodies and employees	ESRS S1-6	50a	Characteristics of undertaking's employees - number of employees by gender [table]	4.1.3.1.11
				ESRS S1-6	50a AR57	Number of employees (headcount)	4.1.3.1.11
				ESRS S1-6		Average number of employees (head count)	4.1.3.1.11
		2-9; 405-1 2-9-c-v to vi; 405-1-a-i to iii	Governance structure and composition; Diversity of governance bodies and employees	ESRS 2 GOV-1	21d	Percentage of members of administrative, management and supervisory bodies	4.1.1.2.1
		2-9; 405-1 2-9-c-v; 405-1-a-i	Governance structure and composition; Diversity of governance bodies and employees	ESRS 2 GOV-1	21d	Board's gender diversity	4.1.1.2.1
GRI 201	Economic Performance 2016	201-1 a-i	Direct economic value generated and distributed	ESRS E1-5	43	Total net income (financial statements)	4.1.2.3.8
				ESRS E1-6	AR55	Net revenue	4.1.2.3.9
		201-2 a-i	Financial implications and other risks and opportunities due to climate change	ESRS E1.SBM-3	18	Type of climate-related risk	4.1.2.3.3
GRI 202	Market Presence 2016	202-1 a; c to d	Ratios of standard entry level wage by gender compared to local minimum wage	ESRS S1-10	69 AR72-AR74	All employees are paid adequate wage, in line with applicable benchmarks	4.1.3.1.6
				ESRS S1-10	70	Percentage of employees paid below the applicable adequate wage benchmark	4.1.3.1.6
GRI 203	Indirect Economic Impacts 2016	203-2 a to b	Significant indirect economic impacts	ESRS S1-4	AR41	Indication of whether any such initiatives are designed also to support the achievement of one or more Sustainable Development Goals	4.1.3.1.6 4.1.3.1.7 4.1.3.1.8 4.1.3.1.9 4.1.3.1.10
GRI 205	Anti-corruption 2016	205-2 d to e	Communication and training about anti-corruption policies and procedures	ESRS G1-3	21b AR4	The percentage of functions-at-risk covered by training programs	Not mate-rial
				ESRS G1-3	AR8	Prevention and detection of corruption or bribery - anti-corruption and bribery training table	Not mate-rial

GRI code	GRI publication	GRI category	Disclosure requirement	ESRS disclosure requirement	Data-point	Description	Section
GRI 3	Material Topics 2021	3-3	Management of material topics	ESRS E2-3	22 AR19	Tracking effectiveness of policies and actions through targets	4.1.2.4.4
				ESRS E3-3	22	Tracking effectiveness of policies and actions through targets related to water and marine resources	4.1.2.5.4
				ESRS E4-3	27	Actions and resources related to biodiversity and ecosystems	Not material
				ESRS E5-3	23	Tracking effectiveness of policies and actions through targets	4.1.2.6.2.3 4.1.2.6.3.3 4.1.2.6.4.3
				ESRS S1-4	37	Action plans and resources to manage its material impacts, risks, and opportunities related to its own workforce	4.1.3.1.6 4.1.3.1.7 4.1.3.1.8 4.1.3.1.9 4.1.3.1.10
				ESRS S1-5	46 AR50-AR52	Targets set to manage material impacts, risks and opportunities related to own workforce	4.1.3.1.6 4.1.3.1.7 4.1.3.1.8 4.1.3.1.9 4.1.3.1.10
		3-1 a-i	Process to determine material topics	ESRS 2 BP-1	5c AR1	Disclosure of extent to which sustainability statement covers upstream and downstream value chain	4.1.1.1.1
		3-3 e-iii	Management of material topics	ESRS S1-4	AR33c	Disclosure of how far undertaking has progressed in efforts during reporting period	4.1.3.1.6 4.1.3.1.7 4.1.3.1.8 4.1.3.1.9 4.1.3.1.10
		3-3 e-iv	Management of material topics	ESRS S1-4	AR33d	Aims for continued improvement	4.1.3.1.6 4.1.3.1.7 4.1.3.1.8 4.1.3.1.9 4.1.3.1.10
		3-3 a to b	Management of material topics	ESRS S1-17	104a AR105	Number of severe human rights issues and incidents connected to own workforce	4.1.3.1.10
		3-3 b	Management of material topics	ESRS E2.IRO-1	11c AR9	Disclosure of results of materiality assessment (pollution)	4.1.2.4.1
		3-3 c	Management of material topics	ESRS E1-2	25 AR16-AR18	Sustainability matters addressed by policy for climate change	4.1.2.3.5
				ESRS S1-1	24a	Specific policies aimed at elimination of discrimination are in place	4.1.3.1.8
		3-3 d-i to ii	Management of material topics	ESRS S1-4	AR33a	Disclosure of general and specific approaches to addressing material negative impacts	4.1.3.1.6 4.1.3.1.7 4.1.3.1.8 4.1.3.1.9 4.1.3.1.10
		3-3 d-i to iii	Management of material topics	ESRS E2-2	19 AR14	Layer in mitigation hierarchy to which resources can be allocated to (pollution)	4.1.2.4.3
				ESRS S1-1	24d	How these policies are implemented through specific procedures to ensure discrimination is prevented, mitigated and acted upon once detected, as well as to advance diversity and inclusion in general.	4.1.3.1.8

GRI code	GRI publication	GRI category	Disclosure requirement	ESRS disclosure requirement	Data-point	Description	Section
		3-3 d-ii	Management of material topics	ESRS S1-4	38b	Disclosure on whether and how action has been taken to provide or enable remedy in relation to actual material impact	4.1.3.1.6 4.1.3.1.7 4.1.3.1.8 4.1.3.1.9 4.1.3.1.10
		3-3 d-iii	Management of material topics	ESRS S1-4	38c	Description of additional initiatives or actions with primary purpose of delivering positive impacts for own workforce	4.1.3.1.6 4.1.3.1.7 4.1.3.1.8 4.1.3.1.9 4.1.3.1.10
				ESRS S1-4	AR33b	Disclosure of initiatives aimed at contributing to additional material positive impacts	4.1.3.1.6 4.1.3.1.7 4.1.3.1.8 4.1.3.1.9 4.1.3.1.10
		3-3 e-i	Management of material topics	ESRS S1-4	38d AR38-AR39	Description of how effectiveness of actions and initiatives in delivering outcomes for own workforce is tracked and assessed	4.1.3.1.6 4.1.3.1.7 4.1.3.1.8 4.1.3.1.9 4.1.3.1.10
		3-3 e-ii; Guidance to 3-3-e-ii	Targets related to climate change mitigation and adaptation	ESRS E1-4	33	Disclosure of how GHG emissions reduction targets and (or) any other targets have been set to manage material climate-related impacts, risks and opportunities	4.1.2.3.7
		3-3 f	Management of material topics	ESRS S1-2	27	Disclosure of whether and how perspectives of own workforce inform decisions or activities aimed at managing actual and potential impacts	4.1.3.1.3
				ESRS S1-4	39 AR34	Description of process through which it identifies what action is needed and appropriate in response to particular actual or potential negative impact on own workforce	4.1.3.1.6 4.1.3.1.7 4.1.3.1.8 4.1.3.1.9 4.1.3.1.10
				ESRS S1-5	47b	Disclosure of whether and how own workforce or workforce representatives were engaged directly in tracking performance against targets	4.1.3.1.6 4.1.3.1.7 4.1.3.1.8 4.1.3.1.9 4.1.3.1.10
				ESRS S1-5	47c	Disclosure of whether and how own workforce or workforce representatives were engaged directly in identifying lessons or improvements as result of undertaking's performance	4.1.3.1.6 4.1.3.1.7 4.1.3.1.8 4.1.3.1.9 4.1.3.1.10
		3-3 Guidance to 3-3-a	Management of material topics	ESRS SBM-3	14b	Material negative impacts occurrence (own workforce)	4.1.3.1.2
				ESRS SBM-3	14c	Description of activities that result in positive impacts and types of employees and non-employees in its own workforce that are positively affected or could be positively affected	4.1.3.1.2

GRI code	GRI publication	GRI category	Disclosure requirement	ESRS disclosure requirement	Data-point	Description	Section
		3-3 Guidance to 3-3-d	Management of material topics	ESRS E3-2	18	Layer in mitigation hierarchy to which action and resources can be allocated to (water and marine resources)	4.1.2.5.3
				ESRS S1-4	43	Disclosure of resources allocated to the management of material impacts	4.1.3.1.6 4.1.3.1.7 4.1.3.1.8 4.1.3.1.9 4.1.3.1.10
				ESRS S1-4	AR48	Description of internal functions that are involved in managing impacts and types of action taken by internal functions to address negative and advance positive impacts	4.1.3.1.6 4.1.3.1.7 4.1.3.1.8 4.1.3.1.9 4.1.3.1.10
		3-3 Guidance to 3-3-e-ii	Management of material topics	ESRS E1-4	34e-16a AR26	GHG emission reduction target is science based and compatible with limiting global warming to one and half degrees Celsius	4.1.2.3.7
				ESRS E2-3	25	Pollution-related target is mandatory (required by legislation)/voluntary	4.1.2.4.4
		3-3; 303-1, 303-1c	Management of material topics; Interactions with water as a shared resource	ESRS E3-2	17 AR19-AR21	Actions and resources related to water and marine resources	4.1.2.5.3
GRI 3; 306	Material Topics 2021; Waste 2020	3-3; 306-2 306-2-a	Management of material topics; Management of significant waste-related impacts	ESRS E5-2	19	Actions and resources related to resource use and circular economy	4.1.2.6.2.2
GRI 3; 403	Material Topics 2021; Occupational Health and Safety 2018	3-3; 403-9 to 10 3-3-d-I; 403-9-c-iii; 403-9-d; 403-10-c-iii	Management of material topics; Work-related injuries; Work-related ill health	ESRS S1-4	38a	Description of action taken, planned or underway to prevent or mitigate negative impacts on own workforce	4.1.3.1.6 4.1.3.1.7 4.1.3.1.8 4.1.3.1.9 4.1.3.1.10
GRI3; 408; 409	Material Topics 2021; Child Labor 2016; Forced or Compulsory Labor 2016	3-3; 408-1; 409-1 3-3-c; 408-1-c; 409-1-b	Management of material topics; Operations and suppliers at significant risk for incidents of child labor; Operations and suppliers at significant risk for incidents of forced or compulsory labor	ESRS S1-1	22	Policies explicitly address trafficking in human beings, forced labor or compulsory labor and child labor	4.1.3.1.10
GRI 3; GRI 201	Material Topics 2021; Economic Performance 2016	3-3 201-2 a-iv to v	Management of material topics; Financial implications and other risks and opportunities due to climate change	ESRS E1-3	28	Actions and resources related to climate change mitigation and adaptation	4.1.2.3.6
GRI 301	Materials 2016	301-1 a	Materials used by weight or volume	ESRS E5-4	31a	Overall total weight of products and technical and biological materials used during the reporting period	4.1.2.6.3.4
		301-1 to 2 301-1-2.1.4; 301-2-2.3	Materials used by weight or volume; Recycled input materials used	ESRS E5-4	32 AR24	Description of methodologies used to calculate data and key assumptions used	4.1.2.6.3.4

GRI code	GRI publication	GRI category	Disclosure requirement	ESRS disclosure requirement	Data-point	Description	Section
GRI 302	Energy 2016	302-1 a	Energy consumption within the organization	ESRS E1-5	38a AR33	Fuel consumption from coal and coal products	4.1.2.3.8
				ESRS E1-5	38b AR33	Fuel consumption from crude oil and petroleum products	4.1.2.3.8
				ESRS E1-5	38c AR33	Fuel consumption from natural gas	4.1.2.3.8
				ESRS E1-5	38d AR33	Fuel consumption from other fossil sources	4.1.2.3.8
		302-1 b	Energy consumption within the organization	ESRS E1-5	37ci	Fuel consumption from renewable sources, including biomass	4.1.2.3.8
				ESRS E1-5	37ciii	Consumption of self-generated non-fuel renewable energy	4.1.2.3.8
		302-1 c	Energy consumption within the organization	ESRS E1-5	37cii	Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	4.1.2.3.8
				ESRS E1-5	38e AR33	Consumption of purchased or acquired electricity, heat, steam, or cooling from fossil sources	4.1.2.3.8
		302-1 e	Energy consumption within the organization	ESRS E1-5	37 AR35	Total energy consumption	4.1.2.3.8
				ESRS E1-5	37a AR33	Total energy consumption from fossil sources	4.1.2.3.8
				ESRS E1-5	37b	Total energy consumption from nuclear sources	4.1.2.3.8
				ESRS E1-5	37c	Total energy consumption from renewable sources	4.1.2.3.8
		302-3 a to d	Energy intensity	ESRS E1-5	40 AR36	Energy intensity from activities in high climate impact sectors (total energy consumption per net revenue)	4.1.2.3.8
GRI 303	Water and Effluents 2018	303-1 a to b	Interactions with water as a shared resource	ESRS IRO-1	8a AR1-AR15	Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities	4.1.2.5.1
		303-1 c	Interactions with water as a shared resource	ESRS IRO-1	8b	Disclosure of how consultations have been conducted (water and marine resources)	4.1.2.5.1
		303-1 d	Interactions with water as a shared resource	ESRS E3-3	24 AR22	(Local) ecological threshold and entity-specific allocation were taken into consideration when setting water and marine resources target	4.1.2.5.4
				ESRS E3-3	25	Adopted and presented water and marine resources-related target is mandatory (based on legislation)	4.1.2.5.4
		303-3 a	Water withdrawal	ESRS E3-4	AR32	Total water withdrawals	4.1.2.5.5
		303-4 a	Water discharge	ESRS E3-4	AR32	Total water discharges	4.1.2.5.5
		303-5 a	Water consumption	E3-4	28a	Total water consumption	4.1.2.5.5
		303-5 b	Water consumption	ESRS E3-4	28b AR28	Total water consumption in areas at water risk, including areas of high-water stress	4.1.2.5.5
		303-5 d	Water consumption	ESRS E3-4	28e AR29	Disclosure of contextual information regarding water consumption	4.1.2.5.5

GRI code	GRI publication	GRI category	Disclosure requirement	ESRS disclosure requirement	Data-point	Description	Section
GRI 304	Biodiversity 2016	304-1 a-iv	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	ESRS E4-5	35	Number of sites owned, leased or managed in or near protected areas or key biodiversity areas that undertaking is negatively affecting	Not material
				ESRS IRO-1	19a AR7d	Activities negatively affecting biodiversity sensitive areas	Not material
				ESRS IRO-1		Undertaking has sites located in or near biodiversity-sensitive areas	Not material
				ESRS SBM-3	16aii	Breakdown of material sites located in or near biodiversity-sensitive area	Not material
		304-1 to 2 304-1-a-v; 304-2-b	GHG emissions intensity	ESRS E4-5	35	Area of sites owned, leased or managed in or near protected areas or key biodiversity areas that undertaking is negatively affecting	Not material
		304-2 a	Significant impacts of activities, products and services on biodiversity	ESRS SBM-3	16ai	Activities related to sites located in or near biodiversity-sensitive areas negatively affect these areas where conclusions or necessary mitigation measures have not been implemented or are ongoing	Not material
		304-2 a-i; a-v to vi	Significant impacts of activities, products and services on biodiversity	ESRS E4-5	38	Disclosure of metrics considered relevant (land-use change, freshwater-use change and (or) sea-use change)	Not material

GRI code	GRI publication	GRI category	Disclosure requirement	ESRS disclosure requirement	Data-point	Description	Section
GRI 305	Emissions 2016	305-1 a	Direct (Scope 1) GHG emissions	ESRS E1-6	48a AR43	Gross scope 1 GHG emissions	4.1.2.3.9
		305-1 to 3 1-d; 2-d; 3-e; 5-c	Direct (Scope 1) GHG emissions; Direct (Scope 2) GHG emissions; Other indirect (Scope 3) GHG emissions; Reduction of GHG emissions	ESRS E1-4	34c	Disclosure of past progress made in meeting target before current base year	4.1.2.3.7
		305-1 to 3 1-e to g; 2-e to g; 3-f to g	Direct (Scope 1) GHG emissions; Direct (Scope 2) GHG emissions; Other indirect (Scope 3) GHG emissions	ESRS E1-6	AR39b	Disclosure of methodologies, significant assumptions and emissions factors used to calculate or measure GHG emissions	4.1.2.3.9
		305-1 to 3 2.2.5; 2.4.5; 2.6.5	Direct (Scope 1) GHG emissions; Direct (Scope 2) GHG emissions; Other indirect (Scope 3) GHG emissions	ESRS E1-6	AR41	GHG emissions - by country, operating segments, economic activity, subsidiary, GHG category or source type	4.1.2.3.9
		305-1 to 3 305-1-a; 305-2-a; 305-2-b; 305-3-a	Direct (Scope 1) GHG emissions; Direct (Scope 2) GHG emissions; Other indirect (Scope 3) GHG emissions	ESRS E1-6	44 AR39	Gross Scopes 1, 2, 3 and Total GHG emissions	4.1.2.3.9
		305-1 to 3	Direct (Scope 1) GHG emissions; Direct (Scope 2) GHG emissions; Other indirect (Scope 3) GHG emissions	ESRS E1-6	44-52a AR47	Total GHG emissions (location-based)	4.1.2.3.9
				ESRS E1-6	44-52b AR47	Total GHG emissions (market-based)	4.1.2.3.9
				ESRS E1-6	52a AR47	Scope 2 location-based	4.1.2.3.9
				ESRS E1-6	52b AR47	Scope 2 market-based	4.1.2.3.9
		305-2 a	Direct (Scope 2) GHG emissions	ESRS E1-6	49a AR45	Gross location-based Scope 2 GHG emissions	4.1.2.3.9
		305-2 b	Direct (Scope 2) GHG emissions	ESRS E1-6	49b AR45	Gross market-based Scope 2 GHG emissions	4.1.2.3.9
		305-3 a	Other indirect (Scope 3) GHG emissions	ESRS E1-6	51 AR46	Gross scope 3 GHG emissions	4.1.2.3.9

GRI code	GRI publication	GRI category	Disclosure requirement	ESRS disclosure requirement	Data-point	Description	Section
		305-3 d	Other indirect (Scope 3) GHG emissions	ESRS E1-6	AR46i	List of Scope 3 GHG emissions categories included in inventory	4.1.2.3.9
		305-3	Other indirect (Scope 3) GHG emissions	ESRS E1-6	AR46d	Total Gross indirect (Scope 3) GHG emissions	4.1.2.3.9
				ESRS E1-6	AR46i	Disclosure of why Scope 3 GHG emissions category has been excluded	4.1.2.3.9
		305-4 a to c	GHG emissions intensity	ESRS E1-6	53 AR53	GHG emissions intensity, location-based (total GHG emissions per net revenue)	4.1.2.3.9
				ESRS E1-6		GHG emissions intensity, market-based (total GHG emissions per net revenue)	4.1.2.3.9
		305-5 a to d	GHG emission reduction	ESRS E1-4	34a-34 b	Absolute value of location-based Scope 2 Greenhouse gas emissions reduction	4.1.2.3.7
				ESRS E1-4		Absolute value of Scope 1 Greenhouse gas emissions reduction	4.1.2.3.7
				ESRS E1-4		Absolute value of Scope 3 Greenhouse gas emissions reduction	4.1.2.3.7
				ESRS E1-4		Absolute value of market-based Scope 2 Greenhouse gas emissions reduction	4.1.2.3.7
				ESRS E1-4		Absolute value of total Greenhouse gas emissions reduction	4.1.2.3.7
		305-7 2.14.2	Emissions of nitrogen oxides (NOx) and sulfur oxides (SOx) and other significant air emissions	ESRS E2-4	28a AR21-AR22	Pollution of air, water and soil	Not material
		305-7 a	Emissions of nitrogen oxides (NOx) and sulfur oxides (SOx) and other significant air emissions	ESRS E2-4	28a AR21-AR22	Emissions to air by pollutant	Not material
		305-7 b to c	Emissions of nitrogen oxides (NOx) and sulfur oxides (SOx) and other significant air emissions	ESRS E2-4	30b	Description of measurement methodologies (pollution of air, water and soil)	Not material
				ESRS E2-4	30c	Description of process(es) to collect data for pollution-related accounting and reporting	Not material
		GRI 305-5 a	GHG emission reduction	ESRS E1-3	29b	Achieved GHG emission reductions	4.1.2.3.6

GRI code	GRI publication	GRI category	Disclosure requirement	ESRS disclosure requirement	Data-point	Description	Section
GRI 306	Effluents and Waste 2016	306-2 a	Waste by type and disposal method	ESRS E5-2	20e AR13	Description of actions taken to prevent waste generation	4.1.2.6.4.2
				ESRS E5-2	20f	Description of optimization of waste management in line with the waste hierarchy	4.1.2.6.4.2
		306-2 c	Waste by type and disposal method	ESRS IRO-1	11a AR1-AR6	Disclosure of methodologies, assumptions and tools used in the screening in order to identify actual and potential impacts, risks and opportunities in own operations and upstream and downstream value chain	4.1.2.6.1
		306-2-a	Waste by type and disposal method	ESRS E5-2	20b	Description of higher rates of use of secondary raw materials (recyclates)	4.1.2.6.3.2
				ESRS E5-2	20c	Description of application of circular design	4.1.2.6.2.2
				ESRS E5-2	AR12	Information about collective action on development of collaborations or initiatives increasing circularity of products and materials	4.1.2.6.2.2
				ESRS E5-2	AR13a	Description of contribution to circular economy	4.1.2.6.2.2
				ESRS E5-5	36b	Disclosure of the reparability of products	4.1.2.6.2.4
		306-2 to 5 306-2-c; 306-3-b; 306-4-e; 306-5-e	Waste by type and disposal method; Significant spills; Transport of hazardous waste; Water bodies affected by water discharges and/or runoff	ESRS E5-5	40 AR33	Description of methodologies used to calculate data (waste generated)	4.1.2.6.4.4
		306-3 a	Significant spills	ESRS E5-5	37a	Total amount of waste generated	4.1.2.6.4.4
				ESRS E5-5	39	Total hazardous waste	4.1.2.6.4.4
		306-3 to 4; 305-5 3-a; 4-a; 5-a	Significant spills; Reduction of GHG emissions; Other indirect (Scope 3) GHG emissions; GHG emissions intensity	ESRS E5-5	38	Disclosure of composition of waste	4.1.2.6.4.4
		306-3 to 5 306-3-a; 306-4-a; 306-5-a	Significant spills; Transport of hazardous waste; Water bodies affected by water discharges and/or runoff	ESRS E5-5	38a	Disclosure of waste streams relevant to undertaking's sector or activities	4.1.2.6.4.4
				ESRS E5-5	38b	Disclosure of materials that are present in waste	4.1.2.6.4.4

GRI code	GRI publication	GRI category	Disclosure requirement	ESRS disclosure requirement	Data-point	Description	Section
		306-4 c-iii	Transport of hazardous waste	ESRS E5-5	37b	Hazardous waste diverted from disposal	4.1.2.6.4.4
				ESRS E5-5		Non-hazardous waste diverted from disposal	4.1.2.6.4.4
				ESRS E5-5	37bi	Non-hazardous waste diverted from disposal due to preparation for reuse	4.1.2.6.4.4
				ESRS E5-5	37bii	Hazardous waste diverted from disposal due to recycling	4.1.2.6.4.4
				ESRS E5-5		Non-hazardous waste diverted from disposal due to recycling	4.1.2.6.4.4
				ESRS E5-5	37biii AR31	Hazardous waste diverted from disposal due to other recovery operations	4.1.2.6.4.4
				ESRS E5-5		Non-hazardous waste diverted from disposal due to other recovery operations	4.1.2.6.4.4
		306-5 c-iv	Water bodies affected by water discharges and/or runoff	ESRS E5-5	37c	Hazardous waste directed to disposal	4.1.2.6.4.4
				ESRS E5-5		Non-hazardous waste diverted from disposal	4.1.2.6.4.4
				ESRS E5-5	37ci	Hazardous waste directed to disposal by incineration	4.1.2.6.4.4
				ESRS E5-5		Non-hazardous waste directed to disposal by incineration	4.1.2.6.4.4
				ESRS E5-5	37cii	Hazardous waste directed to disposal by landfilling	4.1.2.6.4.4
				ESRS E5-5		Non-hazardous waste directed to disposal by landfilling	4.1.2.6.4.4

GRI code	GRI publication	GRI category	Disclosure requirement	ESRS disclosure requirement	Data-point	Description	Section
GRI 401	Employment 2016	401-1 b	New employee hires and employee turnover	ESRS S1-6	50c	Percentage of employee turnover	4.1.3.1.11
				ESRS S1-6	50c AR59	Number of employee who have left undertaking	4.1.3.1.11
		401-2 a-ii to v; b	Benefits provided to full-time employees that are not provided to temporary or part-time employees	ESRS S1-11	75 AR75	Social protection employees by country [table] by types of events and type of employees	4.1.3.1.6.2
		401-2 a-ii; b	Benefits provided to full-time employees that are not provided to temporary or part-time employees	ESRS S1-11	74a	All employees in own workforce are covered by social protection, through public programs or through benefits offered, against loss of income due to sickness	4.1.3.1.6.2
		401-2 a-iii; b	Benefits provided to full-time employees that are not provided to temporary or part-time employees	ESRS S1-11	74c	All employees in own workforce are covered by social protection, through public programs or through benefits offered, against loss of income due to employment injury and acquired disability	4.1.3.1.6.2
		401-2 a-iv; b	Benefits provided to full-time employees that are not provided to temporary or part-time employees	ESRS S1-11	74d	All employees in own workforce are covered by social protection, through public programs or through benefits offered, against loss of income due to parental leave	4.1.3.1.6.2
		401-2 a-v; b	Benefits provided to full-time employees that are not provided to temporary or part-time employees	ESRS S1-11	74e	All employees in own workforce are covered by social protection, through public programs or through benefits offered, against loss of income due to retirement	4.1.3.1.6.2
		401-3 a	Parental leave	ESRS S1-15	93a AR96-AR97	Percentage of employees entitled to take family-related leave	4.1.3.1.6.1
		401-3 b	Parental leave	ESRS S1-15	93b	Percentage of entitled employees that took family-related leave by gender [table]	4.1.3.1.6.1
				ESRS S1-15		Percentage of entitled employees that took family-related leave	4.1.3.1.6.1
GRI 403	Occupational Health and Safety 2018	403-1 a	Occupational health and safety management system	ESRS S1-1	23	Workplace accident prevention policy or management system	4.1.3.1.7
		403-8 a-i	Workers covered by an occupational health and safety management system	ESRS S1-14	88a AR80	Percentage of people in its own workforce who are covered by the undertaking's health and safety management system based on legal requirements and/or recognized standards or guidelines	4.1.3.1.7
		403-8 a-ii to iii	Workers covered by an occupational health and safety management system	ESRS S1-14	90	Percentage of own workforce who are covered by health and safety management system based on legal requirements and (or) recognized standards or guidelines and which has been internally audited and (or) audited or certified by external party	4.1.3.1.7
		403-9 a-iii; b-iii	Work-related injuries	ESRS S1-14	88c	Number of recordable work-related accidents for own workforce	4.1.3.1.7
				ESRS S1-14		Rate of recordable work-related accidents for own workforce	4.1.3.1.7
		403-9	Work-related injuries	ESRS S1-14	88e AR89-AR95	Number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health related to employees	4.1.3.1.7
		403-9 to 10 a-i; b-i	Work-related injuries; Work-related ill health	ESRS S1-14	88b AR89-AR91	Number of fatalities in own workforce as result of work-related injuries and work-related ill health	4.1.3.1.7
		403-9 to 10 b-i	Work-related injuries; Work-related ill health	ESRS S1-14	88b AR89-AR91	Number of fatalities as result of work-related injuries and work-related ill health of other workers working on undertaking's sites	4.1.3.1.7

GRI code	GRI publication	GRI category	Disclosure requirement	ESRS disclosure requirement	Data-point	Description	Section
GRI 404	Training and Education 2016	404-1 a-i	Average hours of training per year per employee	ESRS S1-13	83b AR78	Average number of training hours per person for employees	4.1.3.1.9
				ESRS S1-13		Average number of training hours by gender [table]	4.1.3.1.9
		404-1; 404-3 404-1-a-ii; 404-3-a	Average hours of training per year per employee; Percentage of employees receiving regular performance and career development reviews	ESRS S1-13	84 AR79	Average number of employees that participated in regular performance and career development reviews by employee category	4.1.3.1.9
				ESRS S1-13		Percentage of employees that participated in regular performance and career development reviews by employee category [table]	4.1.3.1.9
		404-3 a	Percentage of employees receiving regular performance and career development reviews	ESRS S1-13	83a AR77	Training and skills development indicators gender [table]	4.1.3.1.9
				ESRS S1-13		Percentage of employees receiving regular performance and career development reviews	4.1.3.1.9
GRI 405	Diversity and Equal Opportunity 2016	405-1 a-i; b-i	Diversity of governance bodies and employees	ESRS S1-9	66a	Number of employees (head count) at top management level	4.1.3.1.8
				ESRS S1-9		Percentage of employees at top management level	4.1.3.1.8
		405-1 b-ii	Diversity of governance bodies and employees	ESRS S1-9	66b	Number of employees (head count) between 30 and 50 years old	4.1.3.1.8
				ESRS S1-9		Number of employees (head count) over 50 years old	4.1.3.1.8
				ESRS S1-9		Number of employees (head count) under 30 years old	4.1.3.1.8
		405-1 b-iii	Diversity of governance bodies and employees	ESRS S1-12	79	Percentage of persons with disabilities amongst employees subject to legal restrictions on collection of data	4.1.3.1.8
		405-2 a to b	Ratio of basic salary and remuneration of women to men	ESRS S1-16	97a AR98-AR99	Gender pay gap	4.1.3.1.8
				ESRS S1-16	98	Gender pay gap breakdown by employee category and/or country/segment [table]	4.1.3.1.8
GRI 406	Anti-corruption 2016	406-1 a	Incidents of discrimination and corrective actions taken	ESRS S1-17	103a	Number of incidents of discrimination [table]	4.1.3.1.10
				ESRS S1-17	103a AR103-AR106	Number of incidents of discrimination [table]	4.1.3.1.10
GRI 408	Child Labor 2016	408-1 a-i; b-i	Operations and suppliers at significant risk for incidents of child labor	ESRS SBM-3	14gi	Information about type of operations at significant risk of incidents of child labor	4.1.3.1.10
		408-1 a-i; b-ii	Operations and suppliers at significant risk for incidents of child labor	ESRS SBM-3	14gii	Information about countries or geographic areas with operations considered at significant risk of incidents of child labor	4.1.3.1.10
GRI 409	Forced or Compulsory Labor 2016	409-1 a-i	Operations and suppliers at significant risk for incidents of forced or compulsory labor	ESRS SBM-3	14fi	Information about type of operations at significant risk of incidents of forced labor or compulsory labor	4.1.3.1.10
		409-1 a-ii	Operations and suppliers at significant risk for incidents of forced or compulsory labor	ESRS SBM-3	14fii	Information about countries or geographic areas with operations considered at significant risk of incidents of forced labor or compulsory labor	4.1.3.1.10

Task Force on Climate-related Financial Disclosures (TCFD) cross-reference table

	TCFD Recommendations	Chapters/Sections
GOVERNANCE		
Disclose the organization's governance around climate-related risks and opportunities	a) Describe the board's oversight of climate-related risks and opportunities	4.1.1.2.1 "Composition and role of the Board of Directors (DR GOV-1)"
	b) Describe management's role in assessing and managing climate-related risks and opportunities	4.1.1.2.1 "Composition and role of the Board of Directors (DR GOV-1)"
STRATEGY		
Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material	a) Describe the climate-related risks and opportunities the undertaking has identified over the short, medium and long term	4.1.2.3.3 "Identification and assessment of material climate-related impacts, risks and opportunities (DR linked to ESRS 2 IRO-1)"
	b) Describe the impact of climate-related risks and opportunities on the organizations' businesses, strategy and financial planning	4.1.2.3.3 "Identification and assessment of material climate-related impacts, risks and opportunities (DR related to ESRS 2 IRO-1)"
	c) Describe the resilience of the undertaking's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	4.1.2.3.3 "Identification and assessment of material climate-related impacts, risks and opportunities (DR related to ESRS 2 IRO-1)" 4.1.2.3.4 "CAP 50: Transition plan for climate change mitigation (DR E1-1)"
RISK MANAGEMENT		
Disclose how the organization identifies, assesses and manages climate-related risks	a) Describe the undertaking's processes for identifying and assessing climate-related risks	4.1.2.3.3 "Identification and assessment of material climate-related impacts, risks and opportunities (DR related to ESRS 2 IRO-1)"
	b) Describe the undertaking's processes for managing climate-related risks	4.1.2.3.3 "Identification and assessment of material climate-related impacts, risks and opportunities (DR related to ESRS 2 IRO-1)" 4.1.2.3.4 "CAP 50: Transition plan for climate change mitigation (DR E1-1)"
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the undertaking's overall risk management	4.1.2.3.3 "Identification and assessment of material climate-related impacts, risks and opportunities (DR related to ESRS 2 IRO-1)"
METRICS AND TARGETS		
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is significant	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	4.1.2.3.3 "Identification and assessment of material climate-related impacts, risks and opportunities (DR related to ESRS 2 IRO-1)"
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas emissions, and the related risks	4.1.2.3.4 "CAP 50: Transition plan for climate change mitigation (DR E1-1)"
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	4.1.2.3.4 "CAP 50: Transition plan for climate change mitigation (DR E1-1)" 4.1.2.3.7 "A clear vision for contributing to carbon neutrality by 2050 with an ambitious intermediate target for 2030 (DR E1-4)" 4.1.2.3.9 "Reduction of greenhouse gas emissions within the framework of the Carbon Neutrality Contribution Plan for 2050 (DR E1-6)"

Appendix 5 – Table of sustainability metrics

ENVIRONMENTAL METRICS

Metrics	Disclosure Requirement	Chapter/ section	Unit	2024	2025
EUROPEAN GREEN TAXONOMY					
Taxonomy-eligible proportion of sales		4.1.2.2.2	%	18	23
Taxonomy-aligned proportion of sales		4.1.2.2.2	%	18	23
Taxonomy-eligible proportion of CapEx		4.1.2.2.2	%	15	9
Taxonomy-aligned proportion of CapEx		4.1.2.2.2	%	14	9
Taxonomy-eligible proportion of OpEx		4.1.2.2.2	%	21	22
Taxonomy-aligned proportion of OpEx		4.1.2.2.2	%	21	22
E1 CLIMATE CHANGE					
Percentage of plants certified ISO 50001		4.1.2.3.4	%	64	69
Share of low-carbon electricity purchased		4.1.2.3.6	%		64
Third-party emissions avoided		4.1.2.3.7	$MtCO_2eq.$	6.4	6.1
E1-5 Energy consumption and mix					
Total energy consumption	**E1-5 37 AR35**	**4.1.2.3.8**	**Mwh**	**2,690,365**	**2,607,900**
Total fossil energy consumption	**E1-5 37a AR33**	**4.1.2.3.8**	**Mwh**	**1,055,934**	**933,887**
Share of fossil sources in total energy consumption	**E1-5 AR34**	**4.1.2.3.8**	**%**	**39%**	**36%**
Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources	E1-5 38e AR33	4.1.2.3.8	Mwh	480,294	378,496
Fuel consumption from natural gas	E1-5 38c AR33	4.1.2.3.8	Mwh	487,369	471,129
Fuel consumption from other fossil sources	E1-5 38d AR33	4.1.2.3.8	Mwh	68,352	67,182
Fuel consumption from crude oil and petroleum products	E1-5 38b AR33	4.1.2.3.8	Mwh	19,919	17,081
Fuel consumption from coal and coal products	E1-5 38a AR33	4.1.2.3.8	Mwh	NM	NM
Total energy consumption from nuclear sources	**E1-5 37b**	**4.1.2.3.8**	**Mwh**	**201,883**	**204,631**
Share of consumption from nuclear sources in total energy consumption	**E1-5 AR34**	**4.1.2.3.8**	**%**	8%	**8%**
Total renewable energy consumption	**E1-5 37c**	**4.1.2.3.8**	**Mwh**	**1,432,548**	**1,469,383**
Share of renewable sources in total energy consumption	**E1-5 AR34-AR71**	**4.1.2.3.8**	**%**	53%	**56%**
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	E1-5 37cii	4.1.2.3.8	Mwh	1,417,095	1,434,927
Consumption of self-generated non-fuel renewable energy	E1-5 37ciii	4.1.2.3.8	Mwh	15,453	33,822
Fuel consumption from renewable sources, including biomass	E1-5 37ci	4.1.2.3.8	Mwh	NM	634
Non-renewable energy production	**E1-5 39**	**4.1.2.3.8**	**Mwh**	**0**	**0**
Renewable energy production	**E1-5 39**	**4.1.2.3.8**	**Mwh**	15,453	**33,822**
Net revenue from activities in high climate impact sectors	**E1-5 AR38b**	**4.1.2.3.8**	**€m**	**21,492**	**20,903**

Metrics	Disclosure Requirement	Chapter/ section	Unit	2024	2025
Net revenue (other)	E1-5 AR38b	4.1.2.3.8	€m	0	0
Total net revenue (financial statements)	**E1-5 AR38b**	**4.1.2.3.8**	**€m**	**21,492**	**20,903**
Total energy consumption from activities performed in sectors with high climate impact	**E1-5 41**	**4.1.2.3.8**	**Mwh**	**2,690,365**	**2,607,900**
Energy intensity associated with activities performed in high climate impact sectors	**E1-5 40 AR36**	**4.1.2.3.8**	**Mwh/€m**	**125**	**125**
Increase in the number of sites equipped with solar panels		4.1.2.3.8		22	39
E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions					
Total GHG emissions (location-based)	**E1-6 44-52a AR47**	**4.1.2.3.9**	**$tCO_2eq.$**	**41,653,123**	**41,977,753**
Total GHG emissions (market-based)	**E1-6 44-52b AR47**	**4.1.2.3.9**	**$tCO_2eq.$**	**41,128,099**	**41,503,892**
Gross scope 1 GHG emissions	**E1-6 48a AR43**	**4.1.2.3.9**	**$tCO_2eq.$**	**164,569**	**158,122**
Gross location-based Scope 2 GHG emissions	**E1-6 49a AR45**	**4.1.2.3.9**	**$tCO_2eq.$**	**816,042**	**714,695**
Gross market-based Scope 2 GHG emissions	**E1-6 49b AR45**	**4.1.2.3.9**	**$tCO_2eq.$**	**291,018**	**240,834**
Total Gross indirect (Scope 3) GHG emissions	**E1-6 51 AR46**	**4.1.2.3.9**	**$tCO_2eq.$**	**40,672,513**	**41,104,936**
(1) Purchased goods and services	E1-6 AR46d	4.1.2.3.9	$tCO_2eq.$	7,573,369	7,649,133
(2) Capital goods	E1-6 AR46d	4.1.2.3.9	$tCO_2eq.$	167,420	151,940
(3) Fuel and energy-related Activities (not included in Scope 1 or Scope 2)	E1-6 AR46d	4.1.2.3.9	$tCO_2eq.$	148,709	144,236
(4) Upstream transportation and distribution	E1-6 AR46d	4.1.2.3.9	$tCO_2eq.$	300,889	325,176
(5) Waste generated in operations	E1-6 AR46d	4.1.2.3.9	$tCO_2eq.$	27,637	26,915
(6) Business travel	E1-6 AR46d	4.1.2.3.9	$tCO_2eq.$	40,807	36,698
(7) Employee commuting	E1-6 AR46d	4.1.2.3.9	$tCO_2eq.$	176,688	147,970
(8) Upstream leased assets	E1-6 AR46d	4.1.2.3.9	$tCO_2eq.$	0	0
(9) Downstream transportation	E1-6 AR46d	4.1.2.3.9	$tCO_2eq.$	387,903	389,734
(10) Processing of sold products	E1-6 AR46d	4.1.2.3.9	$tCO_2eq.$	380,000	380,000
(11) Use of sold products	E1-6 AR46d	4.1.2.3.9	$tCO_2eq.$	30,489,590	30,985,634
(12) End-of-life treatment of sold products	E1-6 AR46d	4.1.2.3.9	$tCO_2eq.$	320,000	320,000
(13) Downstream leased assets	E1-6 AR46d	4.1.2.3.9	$tCO_2eq.$	0	0
(14) Franchises	E1-6 AR46d	4.1.2.3.9	$tCO_2eq.$	0	0
(15) Investments	E1-6 AR46d	4.1.2.3.9	$tCO_2eq.$	659,500	547,500
Percentage of Scope 3 GHG emissions calculated using primary data	E1-6 AR46g	4.1.2.3.9	%	0%	0%
Total location-based Scope 1 & 2 GHG emissions	**E1-6 50**	**4.1.2.3.9**	**$tCO_2eq.$**	**980,610**	**872,817**
Total market-based Scope 1 & 2 GHG emissions	**E1-6 50**	**4.1.2.3.9**	**$tCO_2eq.$**	**455,586**	**398,956**
Total GHG emissions (location-based) by net revenue	**E1-6 53 AR53**	**4.1.2.3.9**	**$tCO_2eq./$ €m**	**1,938**	**2,008**
Total GHG emissions (market-based) by net revenue	**E1-6 53 AR53**	**4.1.2.3.9**	**$tCO_2eq./$ €m**	**1,914**	**1,986**

Metrics	Disclosure Requirement	Chapter/ section	Unit	2024	2025
Total net revenue (financial statements)	**E1-6 AR55**	**4.1.2.3.9**	**€m**	**21,492**	**20,903**
Net revenue used to calculate GHG intensity	E1-6 AR55	4.1.2.3.9	€m	21,492	20,903
Net revenue (other)	E1-6 AR55	4.1.2.3.9	€m	0	0
Share of electricity consumption covered by contractual instruments		4.1.2.3.9	%	Not available	66.13
E2 POLLUTION					
E2-5 Substances of concern and substances of very high concern					
Total amounts of substances of very high concern in products	**E2-5 34**	**4.1.2.4.5**	**t**	**193**	**206**
of which CMR: Carcinogenic, Mutagenic or Reprotoxic	E2-5 34	4.1.2.4.5	t	151	162
of which ED: EnDocrine disruptor for human health or the environment.	E2-5 34	4.1.2.4.5	t	0	9.534
of which PBT: Persistent, Bioaccumulative and Toxic	E2-5 34	4.1.2.4.5	t	40	51
of which vPvB: very Persistent and very Bioaccumulative	E2-5 34	4.1.2.4.5	t	0	0
of which PMT: Persistent, Mobile and Toxic	E2-5 34	4.1.2.4.5	t	0	0
of which vPvM: very Persistent, very Mobile	E2-5 34	4.1.2.4.5	t	0	0
of which SVHC: substances of very high concern without label	E2-5 34	4.1.2.4.5	t	2	1
Substances of very high concern generated or used in production	**E2-5 34**	**4.1.2.4.5**	**t**	**735**	**807**
of which CMR: Carcinogenic, Mutagenic or Reprotoxic	E2-5 34	4.1.2.4.5	t	735	807
of which ED: EnDocrine disruptor for human health or the environment	E2-5 34	4.1.2.4.5	t	Not available	0.03
E3 WATER AND MARINE RESOURCES					
E3-4 Water consumption					
Total water consumption	**E3-4 28a**	**4.1.2.5.5**	**cu.m**	**790,451**	**780,140**
Water consumption intensity ratio	**E3-4 29**	**4.1.2.5.5**	**cu.m/€m**	**37**	**37**
Total water consumption in areas of water stress, including areas of high-water stress	E3-4 28b AR28	4.1.2.5.5	cu.m	277,030	310,210
Total water withdrawals	**E3-4 AR32**	**4.1.2.5.5**	**cu.m**	**2,609,927**	**2,480,844**
Water withdrawal intensity ratio	**E3-4 AR31**	**4.1.2.5.5**	**cu.m/€m**	**121**	**119**
Total water discharged	**E3-4 AR32**	**4.1.2.5.5**	**cu.m**	**1,819,476**	**1,700,704**
Total water recycled and reused	E3-4 28c	4.1.2.5.5	cu.m	292,220	419,341
Total water stored	E3-4 28d	4.1.2.5.5	cu.m	Not material	Not material
Changes in water storage	E3-4 28d	4.1.2.5.5	cu.m	Not material	Not material
E3-5 Anticipated financial effects from water-related impacts, risks and opportunities					

Metrics	Disclosure Requirement	Chapter/ section	Unit	2024	2025
E5 CIRCULAR ECONOMY					
E5-4 Resource inflows					
Overall total weight of products and materials used	**E5-4 31a**	**4.1.2.6.3**	**kt**	**1,656**	**1,450**
Metals	E5-4 31a	4.1.2.6.3	kt	1,145	1,064
Resins	E5-4 31a	4.1.2.6.3	kt	330	296
Packaging	E5-4 31a	4.1.2.6.3	kt	106	75
Other	E5-4 31a	4.1.2.6.3	kt	74	15
E5-5 Resource outflows					
Total amount of waste generated	**E5-5 37a**	**4.1.2.6.4**	**t**	**264,247**	**258,151**
Non-hazardous waste diverted from disposal due to preparation for reuse	**E5-5 37b**	**4.1.2.6.4**	**t**	**220,771**	**218,251**
Non-hazardous waste diverted from disposal due to recycling	E5-5 37bii	4.1.2.6.4	t	204,999	207,011
Reused non-hazardous waste	E5-5 37bi	4.1.2.6.4	t	2,449	0
Non-hazardous waste - other recovery operations	E5-5 37biii	4.1.2.6.4	t	13,324	11,240
Disposed of non-hazardous waste	**E5-5 37c**	**4.1.2.6.4**	**t**	**19,105**	**14,125**
Landfilled non-hazardous waste	E5-5 37cii	4.1.2.6.4	t	12,803	10,664
Incinerated non-hazardous waste	E5-5 37ci	4.1.2.6.4	t	6,302	3,461
Non-hazardous waste - other disposal operations	E5-5 37ciii	4.1.2.6.4	t	0	0
Total hazardous waste	**E5-5 39**	**4.1.2.6.4**	**t**	**24,371**	**25,865**
Hazardous waste diverted from disposal due to recycling or re-use	**E5-5 37b**	**4.1.2.6.4**	**t**	**16,576**	**19,743**
Hazardous waste diverted from disposal due to recycling	E5-5 37bii	4.1.2.6.4	t	9,996	14,116
Reused hazardous waste	E5-5 37bi	4.1.2.6.4	t	0	0
Hazardous waste - other recovery operations	E5-5 37biii	4.1.2.6.4	t	6,580	5,627
Disposed of hazardous waste	**E5-5 37c**	**4.1.2.6.4**	**t**	**7,794**	**6,122**
Landfilled hazardous waste	E5-5 37cii	4.1.2.6.4	t	1,955	1,161
Incinerated hazardous waste	E5-5 37ci	4.1.2.6.4	t	5,839	4,961
Hazardous waste - other disposal operations	E5-5 37ciii	4.1.2.6.4	t	0	0
Total non-recycled waste	**E5-5 37d**	**4.1.2.6.4**	**t**	**26,899**	**20,247**
Percentage of non-recycled waste	**E5-5 37d**	**4.1.2.6.4**	**%**	**10**	**8**
Percentage of waste sent to landfill	**E5-5 37d**	**4.1.2.6.4**	**%**	**6**	**5**

SOCIAL METRICS

Metrics	Disclosure Requirement	Chapter/section	2024	2025
S1 OWN WORKFORCE				
S1-6 Characteristics of the undertaking's employees*				
Number of employees	**S1-6 50a/50a AR57**	**4.1.3.1.11**	**95,284**	**88,003**
Women			30,510	27,873
Men			64,767	60,120
Not reported			7	10
Average number of employees	**S1-6 50a/50a AR57**	**4.1.3.1.11**	**98,289**	**91,389**
Women			31,479	29,181
Men			66,803	62,200
Not reported			7	8
Number of employees in countries with 50 or more employees representing at least 10% of total employees	**S1-6 50a/50a AR57**	**4.1.3.1.11**		
China			14,507	13,586
Mexico			12,925	12,085
France			10,854	9,337
Average number of employees in countries with 50 or more employees representing at least 10% of total employees	**S1-6 50a/50a AR57**	**4.1.3.1.11**		
China			14,704	13,829
Mexico			13,080	12,566
France			11,146	10,086
Number of employees by type of contract and by gender	**S1-6 50b**	**4.1.3.1.11**		
Permanent	**S1-6 50b-51**	**4.1.3.1.11**	**85,895**	**79,719**
Women			27,439	25,176
Men			58,449	54,533
Not reported			7	10
Temporary	**S1-6 50b-51**	**4.1.3.1.11**	**9,389**	**8,284**
Women			3,071	2,697
Men			6,318	5,587
Not reported			0	0
Number of full-time employees	**S1-6 52a**	**4.1.3.1.11**	**93,298**	**86,226**
Women			29,304	26,817
Men			63,987	59,399
Not reported			7	10
Number of part-time employees	**S1-6 52b**	**4.1.3.1.11**	**1,986**	**1,777**
Women			1,206	1,056
Men			780	721
Not reported			0	0
Number of employees by region	**S1-6 51**	**4.1.3.1.11**		
Europe			40,260	36,946
Permanent	S1-6 51	4.1.3.1.11	38,988	35,953
Temporary	S1-6 51	4.1.3.1.11	1,272	993
Full-time	S1-6 52a	4.1.3.1.11	38,326	35,226

Metrics	Disclosure Requirement	Chapter/section	2024	2025
Part-time	S1-6 52b	4.1.3.1.11	1,934	1,726
Asia			29,612	27,314
Permanent	S1-6 51	4.1.3.1.11	22,054	20,420
Temporary	S1-6 51	4.1.3.1.11	7,558	6,894
Full-time	S1-6 52a	4.1.3.1.11	29,565	27,262
Part-time	S1-6 52b	4.1.3.1.11	47	52
America			18,023	16,753
Permanent	S1-6 51	4.1.3.1.11	18,020	16,751
Temporary	S1-6 51	4.1.3.1.11	3	2
Full-time	S1-6 52a	4.1.3.1.11	18,020	16,750
Part-time	S1-6 52b	4.1.3.1.11	3	3
Africa			7,389	6,990
Permanent	S1-6 51	4.1.3.1.11	6,833	6,595
Temporary	S1-6 51	4.1.3.1.11	556	395
Full-time	S1-6 52a	4.1.3.1.11	7,387	6,988
Part-time	S1-6 52b	4.1.3.1.11	2	2
Rate of employee turnover (%)	**S1-6 50c**	**4.1.3.1.11**	**18%**	**15%**
Total number of departures	**S1-6 50c AR59**	**4.1.3.1.11**	**17,435**	**13,260**
S1-7 Characteristics of non-employee workers in the undertaking's own workforce			**FTE**	**FTE**
Workers provided by undertakings primarily engaged in employment activities (FTE)	S1-7 55a	4.1.3.1.12	10,646	12,213
Self-employed people (FTE)[1]	S1-7 55a	4.1.3.1.12	NM	NM
S1-8 Collective bargaining coverage and social dialogue				
Percentage of total employees covered by collective bargaining agreements	**S1-8 60a AR66**	**4.1.3.1.6**		
Percentage of employees covered by collective bargaining agreements, with coverage rate by country (in the EEA)	S1-8 60b	4.1.3.1.6		
0-19%				
20-39%			Ireland	Ireland
40-59%				
60-79%				Hungary
80-100%			All EEA member countries except Ireland	All EEA member countries except Ireland and Hungary
Percentage of own employees covered by collective bargaining agreements (non-EEA) by region	S1-8 60c/AR70	4.1.3.1.6		
0-19%				Africa
20-39%			Africa	Asia
40-59%			Asia, America	America
60-79%			Europe – excluding EEA	Europe – excluding EEA
80-100%				

(1) *The number of self-employed workers was published in 2024 at 170. By 2025, this number has been deemed insignificant.*

Metrics	Disclosure Requirement	Chapter/section	2024	2025
Percentage of employees in a country (EEA) covered by employee representatives	S1-8 63a AR69	4.1.3.1.6		
80-100%			All EEA member countries	All EEA member countries
S1-9 Diversity metrics				
Number of employees within the Group's various management committees (headcount)	**S1-9 66a**	**4.1.3.1.8**	**250**	**233**
Women			64	63
Men			186	170
Percentage of women on Group management committees	S1-9 66a	4.1.3.1.8	26%	27%
Distribution of employees by age group (headcount - %)	S1-9 66b	4.1.3.1.8		
Under 30	S1-9 66b/66b	4.1.3.1.8	20,597 (22%)	17,313 (20%)
30-50 years old	S1-9 66b/66b	4.1.3.1.8	57,596 (60%)	54,067 (61%)
Over 50 years old	S1-9 66b/66b	4.1.3.1.8	17,091 (18%)	16,623 (19%)
S1-10 Adequate wages				
Percentage of employees that earn below the applicable adequate wage benchmark	S1-10 70	4.1.3.1.6	—%	—%
S1-12 Persons with disabilities				
Percentage of employees with disabilities	**S1-12 79**	**4.1.3.1.8**	**2%**	**2%**
Women	S1-12 80	4.1.3.1.8	39%	40%
Men	S1-12 80	4.1.3.1.8	61%	60%
S1-13 Training and skills development metrics				
Training and skills development metrics by gender	**S1-13 83a AR77**	**4.1.3.1.9**		
Percentage of employees that participated in regular performance and career development reviews	S1-13 83a AR77	4.1.3.1.9	74%	55%
Managers and Professionals	S1-13 84 AR79	4.1.3.1.9	78%	92%
Technicians	S1-13 84 AR79	4.1.3.1.9	58%	88%
Average number of training hours per employee	S1-13 83b AR78	4.1.3.1.9	19	26
Women	S1-13 83b AR78	4.1.3.1.9	16	24
Men	S1-13 83b AR78	4.1.3.1.9	20	27
S1-14 Health and safety metrics				
Percentage of people in own workforce covered by a health and safety management system based on legal requirements and/or recognized standards or guidelines	S1-14 88a AR80	4.1.3.1.7	100%	100%
Percentage of own workforce covered by a health and safety management system based on legal requirements and/or recognized standards or guidelines, which has been audited internally and/or audited or certified by an external third party	S1-14 90	4.1.3.1.7	87%	86%
Number of fatalities in own workforce as a result of work-related injuries or work-related ill health	S1-14 88b AR89-AR91	4.1.3.1.7	0	0
Number of fatalities as a result of work-related injuries or work-related ill health among other site workers	S1-14 88b AR89-AR91	4.1.3.1.7	0	1
Number of recordable work-related accidents for own workforce	S1-14 88c	4.1.3.1.7	281	288

Metrics	Disclosure Requirement	Chapter/section	2024	2025
Rate of recordable work-related accidents for own workforce	S1-14 88c	4.1.3.1.7	1.26	1.40
Number of days lost due to work-related injuries and fatalities from work-related accidents	S1-14 88e AR89-AR95	4.1.3.1.7	7,062	5,484
S1-15 Work-life balance metrics				
Percentage of employees entitled to take family-related leave	**S1-15 93a AR96-AR97**	**4.1.3.1.6**	**100%**	**100%**
Percentage of entitled employees that took family-related leave	**S1-15 93b**	**4.1.3.1.6**	**11%**	**14%**
Women	S1-15 93b	4.1.3.1.6	15%	20%
Men	S1-15 93b	4.1.3.1.6	10%	12%
S1-16 Remuneration metrics (pay gap and total remuneration)				
Adjusted gender pay gap	S1-16 97a AR98-AR99	4.1.3.1.8	8%	3%
Annual total remuneration ratio of the highest paid individual to the median annual total remuneration for all employees	S1-16 97b AR101	4.1.3.1.6	100	99
S1-17 Incidents, complaints and severe human rights impacts				
Number of incidents of discrimination	**S1-17 103a AR103-AR106**	**4.1.3.1.10**	**2**	**3**
Number of complaints filed through channels for employees to raise concerns	S1-17 103b AR103-AR106	4.1.3.1.10	2	3
Number of complaints filed through the National Contact Points for OECD Multinational Enterprises	S1-17 103b AR103-AR106	4.1.3.1.10	0	0
Amount of material fines, penalties and compensation resulting from violations related to social factors and human rights	S1-17 103c AR103-AR106	4.1.3.1.10	0	0
Number of severe human rights issues and incidents connected to own workforce	S1-17 104a AR105	4.1.3.1.10	0	0
Number of severe human rights issues and incidents related to own workforce that constitute non-respect of the UN Guiding Principles and OECD Guidelines for Multinational Enterprises	S1-17 104a AR105	4.1.3.1.10	0	0
Amount of material fines, penalties and compensation for serious human rights issues and incidents relating to own workforce	S1-17 104b AR103-AR106	4.1.3.1.10	0	0
Number of severe human rights incidents where the undertaking played a role securing remedy for those affected	S1-17 AR106	4.1.3.1.10	0	0

Employees and their distribution by gender, contract type, working hours and region were restated for disposals during the period.

GOVERNANCE METRICS

Metrics	Disclosure Requirement	Chapter/ section	Unit	2024	2025
G1 – BUSINESS CONDUCT					
G1-2 Supplier relationship management					
Percentage of suppliers surveyed on their sustainable development practices	G1-2 12	4.1.4.4	%	90	92
G1-6 Payment practices					
Number of legal proceedings currently outstanding for late payments	G1-6 33c	4.1.4.5		3	2

METRICS FOR SPECIFIC INFORMATION – INNOVATION

Metrics	Disclosure Requirement	Chapter/ section	Unit	2024	2025
SPECIFIC INFORMATION – INNOVATION					
R&D expenses as a proportion of sales		4.1.5.3	%	12	11
Number of patents filed		4.1.5.5		1,613	1,419
Proportion of innovative products in the order intake		4.1.5.5	%	35	48

4.1.7 Sustainable development glossary

ADEME	French Environment and Energy Management Agency (Agence de l'environnement et de la maîtrise de l'énergie): public body undertaking operations with the aim of protecting the environment and managing energy. www.ademe.fr
CDP	Carbon Disclosure Project: an independent, non-profit organization working to drive greenhouse gas emissions reductions for companies and cities by collecting, environmental data and analyzing their carbon emissions policy. www.cdproject.net
CMR	Substances classified as carcinogenic, mutagenic, or reprotoxic.
VOC	Volatile organic compound: VOCs are composed of carbon, oxygen and hydrogen and are readily found as atmospheric gases.
CSRD	Directive (EU) 2022/2464 of the European Parliament and of the Council of December 14, 2022 as regards corporate sustainability reporting, transposed into French law by Government order No. 2023-1142 of December 6, 2023 on the publication and certification of sustainability reporting and the environmental, social and corporate governance obligations of commercial companies.
ELV Directive	Directive No. 2000/53 of the European Parliament and of the Council of September 18, 2000, aiming to reduce end-of-life vehicle waste through prevention, collection, treatment and recycling measures.
EFRAG	responsible for developing European sustainability reporting standards.
ESRS	European sustainability reporting standards designed by EFRAG and forming an integral part of the CSRD.
GHG	Greenhouse gas: gases which absorb infrared rays emitted by the Earth's surface, contributing to the greenhouse effect.
GRI	Global Reporting Initiative: a non-profit organization that develops globally applicable guidelines on corporate sustainability policy and reporting. www.globalreporting.org
IATF 16949	International standard for automotive quality management systems.
IMDS	International Material Data System: International material data collection system for the automotive industry in the context of end-of-life vehicles and REACH regulations.
Gender equity index	The gender equity index includes all sites located in countries with at least 150 Managers and Professionals worldwide. This index is based on the evaluation of five criteria: the pay gap between men and women; the gap in the distribution of individual pay rises between men and women; the gap in the distribution of promotions; the percentage of female employees who received a pay rise after returning from maternity leave; and the percentage of women in the ten highest paid positions.
ISO 14001	International standard on environmental management systems.
ISO 26262	International standard for functional safety of electrical and/or electronic systems installed in road vehicles.
ISO 45001	International standard on occupational health and safety management systems.
ISO 50001	International standard on energy management systems.
Open Innovation	Open Innovation is a concept that involves promoting innovation by deriving the maximum possible benefit from the ecosystem surrounding the Company, primarily through collaboration between various players (governmental organizations, private companies, academic and research companies, innovative start-ups, etc.).
PFAS	*Per- and polyfluoroalkyl substances.*
QRQC	Quick Response Quality Control: four-step problem resolution method: Detection, Communication, Analysis and Verification.
REACH Regulation	European Regulation No. 1907/2006 of December 18, 2006 (Registration, Evaluation, Authorisation and Restriction of Chemicals).
SBTi	Science Based Target Initiative: an initiative aimed at supporting companies via a methodology that is aligned and consistent with the recommendations made by the IPCC. It provides guidelines, criteria and advice to organizations, with the aim of reducing their carbon footprint and greenhouse gas emissions.
Scopes 1, 2 and 3	Scope 1 covers greenhouse emissions directly emitted by the Group's activities (including combustion emissions from stationary sources on sites, emissions from fuel combustion by Group vehicles, direct emissions from non-energy processes such as the incineration of VOCs, and direct fugitive emissions relating to refrigerant leaks). Scope 2 covers greenhouse gas emissions related to the consumption of electricity, steam, compressed air and other sources. Scope 3 covers other greenhouse gas emissions related to purchases of products used in industrial processes, and the transportation of goods and people, as well as indirect greenhouse gas emissions related to the use of Valeo products.
VDA	*Verband der Automobilindustrie* is a German automotive industry association.

4.1.8 Report on the certification of Sustainability and Taxonomy information

This is a free translation into English of one of the statutory auditors' report on the certification of sustainability information and verification of the disclosure requirements under Article 8 of Regulation (EU) 2020/852 of the Company issued in French and it is provided solely for the convenience of English speaking users.
This report should be read in conjunction with, and construed in accordance with, the French law and the H2A guidelines on "Limited assurance engagement - Certification of sustainability reporting and verification of disclosure requirements set out in Article 8 of Regulation (EU) 2020/852".

Certification report on sustainability information and verification of disclosure requirements under Article 8 of Regulation (EU) 2020/852, relating to the financial year ending 31 December 2025

To the Annual General Meeting of VALEO,

This report is issued in our capacity as statutory auditor of VALEO. It covers the sustainability information and the information required by Article 8 of Regulation (EU) 2020/852, relating to the year ended December 31, 2025 and included in section 4.1 of the group management report (hereafter the "Sustainable Report").

Our procedures were carried out in a changing environment characterized by uncertainty regarding the interpretation of legislation and the development of market practices.

Pursuant to Article L.233-28-4 of the French Commercial Code, VALEO is required to include the above information in a separate section of the group management report.

This information provides an understanding of the impact of VALEO's activities on sustainability issues, as well as how these issues affect the development of its business, results and situation. Sustainability issues include environmental, social and corporate governance issues.

Pursuant to Article L.821-54 paragraph II of the aforementioned code, our responsibility is to carry out the procedures necessary to issue an opinion, expressing limited assurance, on:

- compliance with the requirements arising from the sustainability reporting standards adopted by the European Commission pursuant to Article 29b of Directive (EU) 2013/34 of the European Parliament and of the Council of 26 June 2013, as amended by Directive (EU) 2022/ 2464 of the European Parliament and of the Council of 14 December 2022 (hereinafter ESRS for European Sustainability Reporting Standards) of the process implemented by VALEO to determine the information published, which includes, where the entity is subject to it, the obligation to consult the social and economic committee provided for in the sixth paragraph of Article L.2312 17 of the Labour Code,
- the compliance of the sustainability information included in the Sustainability Report with the provisions of Article L.233 28 4 of the Commercial Code, including the ESRS, and
- compliance with the information disclosure requirements set out in Article 8 of Regulation (EU) 2020/852.

This engagement is carried out in compliance with the ethical rules, including independence, and quality control rules prescribed by the French Commercial Code.

It is also governed by the H2A guidelines on "Limited assurance engagement - Certification of sustainability reporting and verification of disclosure requirements set out in Article 8 of Regulation (EU) 2020/852".

In the three separate sections of the report that follow, we present, for each of the sections of our engagement, the nature of the procedures that we carried out, the conclusions that we drew from these procedures and, in support of these conclusions, the elements to which we paid particular attention and the procedures that we carried out with regard to these elements. We draw your attention to the fact that we do not express a conclusion on any of these elements taken individually and that the procedures described should be considered in the overall context of the formation of the conclusions issued in respect of each of the three sections of our engagement.

Finally, where deemed necessary to draw your attention to one or more disclosures of sustainability information provided by VALEO in the Sustainability Report, we have included an emphasis of matter paragraph hereafter.

Limits of our engagement

As the purpose of our engagement is to express limited assurance, the nature (choice of techniques), extent (scope) and timing of the procedures are less than those required to obtain reasonable assurance.

This mission does not consist of guaranteeing the viability or quality of VALEO's management, in particular by making an assessment that would go beyond compliance with ESRS disclosure requirements on the relevance of the choices made by VALEO in terms of action plans, targets, policies, scenario analyses and transition plans.

Furthermore, as forward-looking information is inherently uncertain, future results may differ significantly from the forward-looking information presented in the group's management report.

However, our engagement enables us to express conclusions on the process for determining the sustainability-related information disclosed, the information itself, and the information disclosed pursuant to Article 8 of Regulation (EU) 2020/852, as to whether there is any failure to identify or, conversely, the identification of errors, omissions or inconsistencies of such significance that they could influence the decisions that readers of the information subject to our verification might take.

Our mission does not cover the entity's compliance with the legal and regulatory provisions relating to the vigilance plan published pursuant to Article L225-102-1 of the French Commercial Code.

Sustainability information and the information provided for in Article 8 of Regulation (EU) 2020/852 may be subject to uncertainty inherent in the state of scientific knowledge and the quality of the external data used. Certain information is sensitive to the methodological choices, assumptions and/or estimates used in its preparation and presented in the Sustainability Report.

1. Compliance with the ESRS of the process implemented by VALEO to determine the information reported, and compliance with the requirement to consult the social and economic committee provided for in the sixth paragraph of Article L. 2312-17 of the French Labour Code

Nature of procedures carried out

Our procedures consisted in verifying that:

- the process defined and implemented by VALEO, including the obligation to consult the social and economic committee provided for in the sixth paragraph of Article L.2312 17 of the Labour Code, enabled it, in accordance with ESRS, to identify and assess its impacts, risks and opportunities related to sustainability issues, and to identify those material impacts, risks and opportunities that led to the publication of sustainability information in the Sustainability Report, and
- the information provided on this process is also in line with the ESRS.

Conclusion of the procedures carried out

On the basis of the procedures we have carried out, we have not identified any material errors, omissions or inconsistencies regarding the compliance of the process implemented by VALEO with the ESRS.

Elements that received particular attention

We present hereafter the elements which have been the subject of particular attention on our part concerning the compliance with the ESRS of the process implemented by VALEO to determine the information published.

Information on how VALEO updated its double materiality analysis process is provided in section 4.1.1.4 of the Sustainability Report.

Through interviews with individuals, we deemed appropriate and by reviewing available documentation, we learned about:

- the analyses conducted by VALEO, in particular the assessment of the internal and external factors considered to justify the update of the double materiality analysis. These include, in particular, a benchmark of sustainability reports from peers in the sector and monitoring of emerging issues identified by various internal and external stakeholders,
- changes made, compared to the previous fiscal year, to the list of actual or potential impacts, risks, and opportunities identified by VALEO.
- Based on our professional judgement, our procedures consisted in particular of:
- exercise our critical thinking to the approach implemented by VALEO to identify the internal and external factors to be considered and to assess the appropriateness of these factors in light of our knowledge of the group,
- assessing whether the available sector analyses and competitive benchmarks that we deemed relevant do not call into question the actual and potential impacts, risks and opportunities identified by the group,
- assessing the appropriateness of the description provided in this regard in section 4.1.1.4 of the Sustainability Report.

2. Compliance of the sustainability information included in the Sustainability Report with the requirements of Article L.233-28-4 of the French Commercial Code, including the ESRS

Nature of procedures carried out

Our procedures consisted in verifying that, in accordance with legal and regulatory requirements, including the ESRS:

- the disclosures provided enable an understanding of the general basis for the preparation and governance of the sustainability information included in the Sustainability Report, including the basis for determining the information relating to the value chain and the exemptions from disclosures used,
- the presentation of this information ensures its readability and understandability,
- the scope chosen by VALEO for providing this information is appropriate, and
- on the basis of a selection, based on our analysis of the risks of non-compliance of the information provided and the expectations of users, that this information does not contain any material errors, omissions or inconsistencies, i.e. that are likely to influence the judgement or decisions of users of this information.

Conclusion of the procedures carried out

Based on the procedures we have carried out, we have not identified material errors, omissions or inconsistencies regarding the compliance of the sustainability information included in the Sustainability Report, with the requirements of Article L.233-28-4 of the French Commercial Code, including the ESRS.

Elements that received particular attention

We present below the items to which we have paid particular attention concerning the compliance of this information with the ESRS.

The information published in respect of climate change (ESRS E1) is mentioned in section 4.1.2.3 of the Sustainability Report.

Our work consisted primarily in:

- assessing, based on interviews with management and the persons concerned, whether the description of the policies, actions and targets implemented by the entity covers the following issues: climate change mitigation and adaptation,
- assessing the appropriateness of the information presented in section 4.1.2.3 of the Sustainability Report and its overall consistency with our knowledge of the entity.

Regarding the information disclosed relating to the greenhouse gas emissions statement, our work consisted primarily in:

- assessing the consistency of the scope considered for the assessment of the greenhouse gas emissions statement with the scope of the consolidated financial statements, the activities under operational control, and the upstream and downstream value chain,
- familiarising ourselves with the greenhouse gas emissions inventory protocol used by the entity to prepare its greenhouse gas emissions statement and assess its application procedures, for a selection of emissions categories, in particular for Scope 3.1 "Goods and services purchased" and Scope 3.11 "Use of products sold",
- assessing the appropriateness of the emission factors used and the calculation of the related conversions, as well as the calculation and extrapolation assumptions, taking into account the uncertainty inherent in the state of scientific or economic knowledge and the quality of the external data used,
- with regard to the estimates used by the entity to prepare its greenhouse gas emissions statement, which we considered to be critical:
  - by interviewing management, we were informed of the methodology used to calculate the estimated data and the sources of information on which these estimates are based, in particular for emissions relating to Scope 3.11 "Use of products sold",
  - we assessed whether the methods had been applied consistently,
- we verified the arithmetical accuracy of the calculations used to establish this information.

Regarding the verifications under the transition plan for the mitigation of climate change, our work consisted in particular of:

- assess whether the information published in respect of the transition plan meets the requirements of ESRS E1 and provides an appropriate description of the underlying assumptions, it being specified that we are not required to express an opinion on the appropriateness or the level of ambition of the objectives of the transition plan,
- with the help of our climate experts, compare the trajectory with sectoral analyses and internal or market forecasts,
- assess the consistency of the main information provided under the transition plan, particularly with regard to the decarbonisation levers and associated actions,
- assess whether the transition plan is consistent with the strategic plan as approved by the governing bodies,
- assess the consistency of the transition plan with the key performance indicators published under the taxonomy regulation,
- verify that the entity has carried out a qualitative assessment of its locked-in greenhouse gas emissions and that it has taken this into account in its adaptation plan.

3. Compliance with the reporting requirements set out in Article 8 of Regulation (EU) 2020/852

Nature of procedures carried out

Our procedures consisted in verifying the process implemented by VALEO to determine the eligible and aligned nature of the activities of the entities included in the consolidation.

They also involved verifying the information reported pursuant to Article 8 of Regulation (EU) 2020/852, which involves checking:

- the compliance with the rules applicable to the presentation of this information to ensure that it is readable and understandable,
- on the basis of a selection, the absence of material errors, omissions or inconsistencies in the information provided, i.e. information likely to influence the judgement or decisions of users of this information.

Conclusion of the procedures carried out

Based on the procedures we have carried out, we have not identified any material errors, omissions or inconsistencies relating to compliance with the requirements of Article 8 of Regulation (EU) 2020/852.

Emphasis of matter

Without qualifying the conclusion expressed above, we draw your attention to the following information contained in section 4.1.2.2.3 “Analysis of Valeo's economic activities eligible for the European Taxonomy” of the Sustainability Report, which explains the reasons why VALEO considers that it does not have any eligible economic activity related to the activity CE1.2 Manufacture of electrical and electronic equipment.

Elements that received particular attention

We present below the items to which we have paid particular attention concerning the compliance with the reporting requirements set out in Article 8 of Regulation (EU) 2020/852.

Regarding the alignment of eligible activities

Information on eligible activities is included in section 4.1.2.2 of the Sustainability Report.

As part of our audit, our work consisted in:

- appraising the choices made by the group with regard to the European Commission's communications on the interpretation and implementation of certain provisions of the Taxonomy Reference Framework,
- consulting, on a sample basis, the documentary sources used, including external sources where appropriate, and conducted interviews with the persons concerned,

- appraising the analysis carried out by the group on which management has based its judgment in determining whether the eligible economic activities meet the cumulative conditions, derived from the Taxonomy regulation, to be qualified as aligned, including the technical screening criteria and the principles of "do no significant harm" to any of the other environmental objectives,
- appraising the analysis carried out to ensure compliance with minimum safeguards, with particular reference to the information gathered in the course of obtaining an understanding of the Group and its environment.

Regarding the Key Performance Indicators and accompanying information

The Key Performance Indicators and accompanying information are included in section 4.1.2.2.5 of the Sustainability Report.

As part of our audit, our work consisted in:

- regarding the total amounts of turnover, CapEx and OpEx (denominators), presented in the regulatory tables, we have verified the reconciliations carried out by the group with the accounting data used to prepare the financial statements, and/or with accounting records, such as cost accounting or management reporting data,
- regarding the other amounts forming the various indicators of eligible activities and/or aligned (numerators), we have:
  - appraised these amounts on the basis of a selection of representative activities, operations or projects which we determined according to the activity to which they relate and their contribution to the indicators,
  - implemented analytical procedures.

Finally, we have appraised the consistency of the information given in section 4.1.2.2.5 of the Sustainability Report. with the other sustainability information in this report.

Levallois-Perret, March 6 2026

The statutory auditor

FORVIS MAZARS SA

Olivier Lenel Emmanuelle Bertuzzi

4.2 ADDITIONAL SUSTAINABILITY INFORMATION

In keeping with its commitment to specific sustainability initiatives and in the interest of transparency, the Group wishes to share additional sustainability information to meet stakeholder expectations and provide a comprehensive overview of its activities.

Some of the information presented in this chapter was deemed material last year and has been reassessed as non-material this year. The justifications for these changes are detailed in section 4.1.1.3.3 “Material impacts, risks and opportunities and their interaction with strategy and business model" of the Sustainability Report, paragraph "Sustainability matters re-assessed as non-material in 2025", page 205.

4.2.1 Additional environmental information

4.2.1.1 Pollution

4.2.1.1.1 Policies related to pollution

Pollution of air

Valeo's activities are liable to generate emissions into air that could affect the environment and human health. Such emissions must be tightly controlled and monitored to avoid any risk of pollution.

The Group aims to limit the level of risk at each site through the following measures:

- maintaining an up-to-date inventory of its emissions into air;
- reducing chemical emissions into air;
- controlling personal exposure limits;
- implementing a monitoring plan for its regulated emissions.

Each site must establish a system to ensure compliance with regulatory requirements on emissions into air. In addition to complying with local regulations, the Group's guidelines require that the best available solutions be shared across all sites. Each site establishes an inventory of its emissions as follows:

- listing the sources of emissions into air, taking all of the site's processes and activities into consideration;
- listing facilities for the treatment of these emissions;
- describing emissions based on their origin (emissions from combustion plants or production processes);
- quantifying emissions in order to determine whether operating permits need to be obtained in accordance with applicable regulations.

Valeo applies the policy to all its plants and R&D centers. The HSE department is responsible for its implementation.

To monitor the effectiveness of its policy, Valeo collects the quantities emitted each year using a reporting tool based on the sites' declarations. These data are evaluated by internal and external audits in accordance with Group guidelines and local regulations. In addition, sites are subject to regular management system audits.

Pollution of water

To prevent the risk of water pollution, the Group has adopted operational environmental directives setting rules for all sites, on the following issues:

- effluent management;
- soil and groundwater management;
- waste management.

These directives include the implementation of means to intervene and limit the consequences of emergencies (fire, storm, spill, etc.).

They are presented to the Governance, Appointments & Corporate Social Responsibility Committee along with all environmental policy tools.

Although Valeo's industrial effluents do not contain large amounts of pollutants, the effluents directive includes the following requirements:

- industrial effluents whose composition exceeds regulatory thresholds must be treated at a wastewater treatment plant (WWTP) to ensure compliance with effluent regulations;
- as far as possible, effluent networks should be connected to the public network;
- the direct discharge of industrial effluents into groundwater is strictly prohibited;
- firewater must be separated and analyzed prior to disposal;
- sites' rain-fed networks must receive only rainwater;
- where rainwater runoff is collected from traffic areas, an oil separator is installed on site.

Since 2024, the Group has updated its effluent directive, introducing more stringent requirements for discharges into the natural environment to avoid impacting biodiversity (maximum temperature, pH, heavy metal threshold, etc.).

The Group is working towards eliminating the discharge of industrial effluents into the natural environment, even when treated upstream in a WWTP.

External audits are carried out every three years on average to verify the application of internal guidelines.

Pollution of soil

The Group has identified several hazards related to soil pollution:

- production spills (e.g., oil leak under a machine) and/or uncontrolled spills (e.g., firewater);
- leaks in buried pipes and/or underground tanks (prohibited since 2012).

To prevent soil pollution, the Group has adopted operational environmental directives setting rules for all sites, on the following issues:

- underground tanks;
- effluents;
- soil and groundwater management;
- waste management.

These directives include the definition of means to intervene and limit the consequences of emergencies.

They are presented to the Governance, Appointments & Corporate Social Responsibility Committee along with all environmental policy tools.

As part of their environmental management system and in accordance with the Group's guidelines, the sites undertake to implement prevention measures, from the feasibility study to the shutdown of business.

Prior to the purchase or lease of land or buildings, an assessment of the risk of legacy soil and groundwater pollution is performed to ensure that the nature and quality of the soil comply with local regulations. This approach avoids the risk of acquiring previously contaminated land.

Similarly, when a business is sold or shut down, the Group commissions an audit, generally accompanied by an examination of the soil, to determine whether any pollution occurred during its operational phase. If pollution is discovered, the necessary measures are taken.

Throughout the operational phase, the Group ensures compliance with the ISO 14001 certification processes for operational and emergency management, with alerts reported in the Valeo Incident Management – Environment tool, which provides information up to and including general management, depending on the level of severity.

This particularly involves site managers and internal HSE teams, as well as external auditors and control bodies.

4.2.1.1.2 Actions and resources related to pollution

Pollution of air

As part of its air pollution control policy, Valeo is pursuing the following key actions across all industrial sites and R&D centers:

- **volatile organic compounds (VOCs)**: improvement of reporting processes through systematic consideration of inputs through the production management system. Valeo is committed to reducing VOCs through the use of purification systems, such as dry filters or chemical processes. Incineration is no longer preferred for new facilities, in order to reduce CO_2 emissions;
- **refrigerants**: improvement of data reliability;
- **lead emissions**: for over 20 years, Valeo has been working to eliminate the use of lead in its products. In 2025, consumption was restricted to less than 100 kg and limited to solder flux in the manufacture of end-of-life electronic modules. To reduce inputs (avoidance), for the past several years, this type of welding has no longer been authorized for new projects. Lead emissions into the air have been virtually nil since the installation of filtration devices in production processes.

Valeo has observed the following results of these actions:

- **emissions of combustion pollutants**: based on the list defined in Annex II of the IEPR, only nitrogen dioxide (NO_x) exceeds reporting thresholds. Other pollutants have also been quantified and are below the relevant thresholds;
- **refrigerants**: in 2025, the Group improved the calculation method for refrigerant-related emissions, enabling the reporting of actual GHG emissions based on installation recharge volumes and on-site fluid management.

In the short term, the following actions are planned for all industrial sites and R&D centers:

- **VOCs:**
  - installation of purification systems that go beyond the requirements of national and local regulations. The Group aims to make VOC-free products the norm where this is compatible with achieving quality objectives;
  - improvement of calculation methodologies;
- **refrigerants:**
  - quantification of investments required to replace the most polluting gases and their implementation;
  - in 2026, in addition to actions carried out in 2025, leak reporting will be broken down by gas family;
- **combustion:**
  - identification of investments in line with the CAP 50 plan to move away from fossil fuel-based energy sources or towards less polluting fuels (e.g., substituting of heavy oil with natural gas).

Pollution of water

As part of its water pollution control policy, Valeo continues to raise awareness across all its industrial sites and R&D centers by organizing webinars on the following topics:

- sharing of best practices for internal water treatment by filtration and evaporation to reduce liquid waste and ensure water reuse;
- the consequences of incidents linked to the operation of obsolete treatment plants;
- management of firewater in the event of accidental pollution: achievement of regulatory compliance by establishing firewater retention zones (underground tanks, temporary basins, anti-pollution barrier systems, etc.);
- the introduction of new on-site treatment solutions.

In 2025, the Group launched a program of pellet loss prevention audits at relevant sites and conducted studies and sampling to detect the presence of PFAS[1].

As part of the 2026-2030 plan, Valeo intends to replace or upgrade its obsolete treatment plants and deploy continuous measurement systems for critical characteristics such as pH to better monitor discharge compliance.

Pollution of soil

As part of its soil pollution control policy, Valeo is pursuing the following key actions across all industrial sites and R&D centers:

- pollution risk assessment: prior to the purchase, lease or sale of land or buildings, an assessment of the risk of legacy soil and groundwater pollution is performed.
- safe loading and unloading: Valeo has adopted specific procedures to prevent accidental spills during the loading and unloading of tankers;
- safe product storage: Valeo has laid down strict rules for designing and building retention systems to prevent accidental spills;
- chemical product management audits: external audits have been carried out on chemical product management and waste treatment;
- prohibition of underground tanks to eliminate the risk of soil pollution;
- incident management: guidelines are in place to prevent, detect and limit the consequences of emergencies that could negatively impact human health or the environment.

Valeo is continuing its efforts in the area of operational control with a view to continuous improvement in order to achieve its objective of zero net pollution.

[1] *See section 4.1.7 "Sustainable development glossary", page 357.*

4.2.1.1.3 Performance and measures related to pollution of air, water and soil

POLLUTION OF AIR

(kg)

Emissions into air	2024	2025	% Y/Y-1
Total VOC emissions	209,396	205,548	(2%)
Heavy metals – Air	NM	NM	
HCFC	1,111	1,174	6%
CFC	0	0	
HFC*	6,217	7,588	22%
HALON	254	252	(1%)
NO_x	NM	NM	
TOTAL	**216,978**	**214,562**	**(1%)**

VOCs: The volatile organic compound emissions reported in the table above are the sum of VOC emissions from sites exceeding the IEPR thresholds[1].

In 2025, only one site exceeded the IEPR threshold (Queretaro site, Mexico). The drop in VOC emissions from -2% is explained by the evolution of its production. In 2026, the site plans to shut down a varnishing line in the middle of the year and anticipates a 30% reduction in emissions. In addition, the site is studying the installation of a purification system in the remaining facilities.

Actions to reduce VOC emissions are also continuing at sites below IEPR thresholds.

Heavy metals: Emissions are well below the IEPR thresholds.

CFC: In 2025, no additional installations in the group used CFCs.

HCFC-HFC: The evolution of these two values corresponds to the substitution of installed fluids, and the addition of new installations with HFC refrigerants.

HFC*: The value declared for 2024 has been updated to include refrigeration facilities at R&D sites included in the reporting.

NO_x: Nitrogen oxide emissions remain well below the IEPR threshold. Their level follows the reduction in the combustion of fossil fuels (gas, fuel oil) in the Group's plants.

Emissions into air are determined as follows:

- the calculation of refrigerant gas emissions is based on theoretical leakage of 15% of the quantities present at all sites or the sum of the values if this is applied to all sites for a given fluid;
- the calculation of VOC emissions on each site takes into account the efficiency of any scrubbers, either by direct measurement or by taking into account the characteristics of the scrubber;
- for metal emissions, the calculation is based on direct annual measurements (regulatory measurements) are taken based on production;
- for emissions from fuel combustion, the calculation is based on CITEPA[2] OMINEA emission factors that are applied to the quantities of fuel consumed.

[1] *IEPR: Industrial Emissions Portal Regulation – https://environment.ec.europa.eu/topics/industrial-emissions-and-safety/industrial-emissions-portal-regulation-iepr_en*
[2] *CITEPA: CITEPA meets reporting obligations for air pollutants and greenhouse gas emissions in France – www.citepa.org/fr/*

POLLUTION OF WATER

(%)	**Emissions to water**
Areas at water risk	NM [1]
Areas of high water stress	NM [1]

[1] *NM: Not material.*

No Group site exceeds the IEPR thresholds for pollutants in water. However, Valeo continues to work to standardize requirements and implement on-site treatment, particularly in areas of high water stress.

For all substances detected in wastewater, such as suspended solids and heavy metals, the values consolidated by Valeo in kilograms are not material as they are well below the IEPR declaration thresholds.

The collection process is managed by the Group's environmental reporting tool.

POLLUTION OF SOIL

Emissions into soil are treated as one-time spills only. The quantification and nature of pollutants are reported in the environmental alert tool, *"Valeo Incident Management – Environment"*.

Three internal levels are defined to characterize accidental spills:

- Level 1 – Major: volume greater than 1,000 liters;
- Level 2 – Intermediate: volume greater than 100 liters;
- Level 3 – Minor: volume less than 100 liters.

The impact is determined based on residual contamination after the event has been addressed.

ACCIDENTAL SPILLS WITHOUT POLLUTION ABOVE THE REGULATORY THRESHOLD

Number of spills	**2024**	**2025**
Level 1 – Major	0	1
Level 2 – Intermediate	5	2
Level 3 – Minor	2	10
TOTAL	**7**	13
Impact		
Without contamination (contained)	100%	85%
With contamination	0%	15%
TOTAL	**100%**	**100%**

In 2025, two accidental spills led to clean-up operations:

- cleaning the city's wastewater network (La Verrière site, France);
- excavation following the presence of oil in the soil at the storage area (San Luis Potosi site, Mexico).

4.2.1.2 Biodiversity

4.2.1.2.1 Policies related to biodiversity

Almost all of the sites occupied by Valeo, i.e., nearly 90% of its production sites, are located in urban areas or areas zoned for industrial use, and the remaining 10% are located in agricultural or natural areas. In any event, its activities are not liable to significantly alter ecological processes (no extraction or spraying, for instance). However, to gain a more accurate understanding of its potential impacts, the Group conducted an inventory of sites located in or near (within 10 km) protected areas, and has carried out an analysis of the impacts and dependencies, and the resulting risks and dependencies, within the value chain.

To date, the Group is not aware of any:

- significant impacts on biodiversity and shared ecosystems resulting from its activities;
- material impacts on biodiversity and shared ecosystems resulting from its activities;
- social consequences of biodiversity and ecosystem-related impacts caused directly by its activities.

The Group "Biodiversity" Directive lays down guidelines to regulate practices in terms of biodiversity conservation during selection, construction and closure of plants. Under this directive and their ISO 14001 environmental management systems, all industrial sites and R&D centers implement preventive measures, particularly to address land-use change, pollution and significant direct impacts on biodiversity. These impacts may be identified, where applicable, through site-level due diligence audits.

Prior to the acquisition or leasing of land or buildings, a study is conducted to identify and list protected areas and species in order to maintain ecosystem conditions. Under no circumstances should a site development or expansion project be directly responsible for the disappearance of a forest or wetland, or for the disappearance of a protected species or its habitat. All such projects must therefore be sited away from protected areas. Measures are taken from the site design stage to preserve local biodiversity. During the operational phase, the site takes measures to maintain or improve arrangements made to maintain or improve biodiversity when the site was developed. Valeo is also committed to promoting sites' biodiversity initiatives with a view to extend them to all sites:

- recovery and reuse of food waste to make compost and supply neighboring farms;
- elimination of the use of phytosanitary products;
- tightened audit of the storage of chemical products;
- firewater containment;
- reduction in the consumption and discharge of heavy metals.

Finally, site closures must not result in biodiversity loss.

To date, it has not been deemed necessary to implement biodiversity impact mitigation measures such as those defined in Directive 2009/147/EC of the European Parliament and of the Council on the conservation of wild birds.

With respect to its value chain, the Group has been assessing its main suppliers as regards their biodiversity practices since 2023 (see section 4.1.4.4 "Responsible purchasing" page 301).

The Group aims to progressively strengthen its biodiversity and ecosystem protection policy with respect to upstream players in its value chain. Valeo has used the ENCORE tool to identify its key upstream raw materials. This analysis takes into account the five major pressures on biodiversity. The Group addresses indirect policies that may affect biodiversity in the sections dedicated to ESRS E1, E2, E3 and E5 in section 4.1, “Sustainability Report”, page 188. Most direct suppliers are not highly material.

In addition, as part of the CAP 50 transition plan, the share of biosourced materials is set to increase, particularly bioplastics. Valeo pays particular attention to impacts and dependencies related to the supply of natural resources in its duty-of-care plan, notably to ensure that biosourced materials do not put pressure on biomes, by changing land use for instance.

4.2.1.2.2 Actions and resources related to biodiversity and ecosystems

To identify and assess real and potential impacts on biodiversity and ecosystems at its sites, and their dependencies on biodiversity, ecosystems and ecosystem services, Valeo has implemented the LEAP approach (Locate, Evaluate, Assess, Prepare) recommended by the TNFD.[1]

Locate

The Group has begun an inventory of sites located near (within 10 km) protected areas using the database made available by the Key Biodiversity Areas (KBA) program. For each site identified, the IUCN (International Union for Conservation of Nature) classification of the species present within the perimeter was analyzed, and sites in the vicinity of "endangered" or "critically endangered" species were included in a list of "Sites of interest for biodiversity".

Fifteen production sites and R&D centers out of Valeo's consolidated sites were identified identified as being located within ten kilometers of an area where an IUCN Red List "endangered" or "critically endangered" species has its natural habitat: seven in Asia, five in Africa, two in Europe and one in Central America. Five of these sites are identified as “Priority Biodiversity Sites” as they are located within a one kilometer radius of an area containing a listed species: three in Africa, one in Asia and one in Europe.

However, the activities of these Valeo sites are not likely to significantly alter ecological processes: there is no impact in terms of land degradation, desertification, deforestation or soil sealing, nor do their operations have a direct impact on threatened species.

The inventory is updated annually to take account of changes in locations, and in KBA and IUCN data.

At the same time, Valeo is looking to identify the areas of its value chain that interface with biodiversity, highlighting the most affected raw materials.

[1] *TNFD: Taskforce on Nature-related Financial Disclosures, a working group created by the Financial Stability Board to promote financial transparency with regard to the risks and opportunities related to biodiversity and companies' dependence on nature*

Evaluate

Valeo's activities are not likely to significantly alter ecological processes, nor are they dependent on biodiversity.

The Group has assessed the impacts of its priority sites against the five IPBES pressures and the WWF Biodiversity Risk Filter, using data from the ENCORE database for the Auto Parts & Equipment activity. The "Pressure on biodiversity" impact was found to be of low materiality for all sites of interest for biodiversity.

For all the Group's activities, the dependencies assessed by the WWF Biodiversity Risk Filter are either immaterial or covered by an existing policy (water, pollution, waste).

In 2024, Valeo carried out a more in-depth qualitative analysis at a priority pilot site (the Martos site in Spain), which confirmed the initial overall assessments.

In the value chain, Valeo assessed the biodiversity-related impacts and dependencies of the raw materials identified in the previous step, based on the ENCORE database and the five IPBES pressures, using the WWF Biodiversity Risk Filter.

Assess

In 2025, the Group continued the following value chain actions initiated in 2024:

- development of analysis questionnaires for suppliers;
- on the aluminum raw material pilot: materiality and maturity assessment of the main suppliers based on their reporting;
- contact of a sample of the highest-risk suppliers and conduct of a pilot interview with a Tier N supplier.

Prepare

Valeo is planning the following actions:

- For sites identified as being of interest for biodiversity, the Group plans to mobilize the HSE network to confirm the impact and dependency assessment and to conduct a risk analysis based on that carried out at the Martos pilot site. Sites are being progressively involved;
- For sites identified as priorities, the Group will also provide a toolkit to raise awareness of biodiversity challenges and the presence of threatened species in the area, as well as a system for reporting the presence of a member of one of these species near the site. Actions taken and reports received will be monitored annually;
- With regard to the value chain, the Group will continue to assess the materiality and maturity of its suppliers on this issue through questions on biodiversity in its annual questionnaire.

To date, the Group has not used biodiversity offsets in its action plans.

No consultation with local communities affected by Valeo's activities has taken place at this stage.

THE EU DEFORESTATION REGULATION

In accordance with European regulation 2023/1115 on deforestation-free products (EUDR[1]), the Group identified the projects concerned in 2025 and prepared to implement a due diligence process to ensure compliance with this regulation. Valeo's activities are only marginally affected. Valeo sells a small number of original rubber equipment spares in the aftermarket, some of which may be made of natural rubber, and imports small quantities of natural rubber for certain complex products that are not subject to the regulation. The Group has taken steps with its suppliers to ensure that these materials do not contribute to deforestation in order to comply with the regulation.

[1] *Regulation (EU) 2023/1115 of the European Parliament and of the Council of May 31, 2023 on the making available on the Union market and the export from the Union of certain commodities and products associated with deforestation and forest degradation and repealing Regulation (EU) No 995/2010.*

4.2.2 Additional social information

4.2.2.1 Social policies and commitments

Proactive commitment to local communities

Valeo affirms its determination to be a responsible and committed corporate citizen, fully aware of its role in the regions where it operates. This approach stems from a strategic and voluntary choice to contribute positively to the economic, social and societal development of local communities, not merely from its global footprint.

At each site, Valeo actively participates in the local economic fabric by playing several roles: employer, economic actor, contributor to human capital development and facilitator of entrepreneurial initiatives through skills transfer.

In line with this commitment, Valeo has set three key orientations for all its sites:

- "One site, One cause", a volunteering program that encourages each site to implement a solidarity action tailored to its environment;
- Local integration through partnerships with educational and training institutions to support the skills of tomorrow;
- Responsible purchasing through the assessment of production suppliers' sustainable development practices (see Section 4.1.4.4 "Responsible purchasing", page 301).

One site, One cause

Corporate social responsibility is deeply embedded in Valeo's culture, and the Group is committed to acting responsibly in all communities in which it operates.

Each site implements local "One site, One cause" initiatives, launched at the discretion of the Site Director in coordination with Human Resources managers. "One site, One cause" is the Group's corporate volunteering program, designed to support local communities across all regions where we operate. It focuses on four common causes: Mobility for all, Environment, Education and Solidarity.

Each site selects a local partner and builds a long-term relationship around a cause it wishes to promote. Employees are regularly invited to participate, and activities are tailored to the region's needs while promoting employee engagement. To support this dynamic, the Group shares recommendations and examples of best practices, and evaluates projects through internal questionnaires.

The ambition is clear: 100% of sites must take part every year. In 2025, 100% of sites implemented at least one action, demonstrating their commitment within the local community.

In September 2025, Valeo celebrated International Solidarity Day by organizing a global "One site, One cause" challenge. Employees around the world designated a winning site for each cause. These sites then presented their initiatives to the entire Group, showcasing their local commitment and reinforcing mobilization around societal actions.

Winning projects in 2025:

- Education – "Brain for Better School" project (at the Chonburi site in Thailand): renovation of school infrastructure, pedagogical support and creation of a sustainable learning environment;
- Environment – "Let's Save the World Together" project (at the Batam site in Indonesia): tree planting, collection of recyclable plastics and redistribution of proceeds among orphanages;
- Solidarity – "Give Your Books a Second Life & Help Others" project (at the Chrzanów site in Poland): collection of books donated to a local hospital to provide support for patients.

Local integration through education

Local integration through education is based on actions carried out with educational institutions, schools, universities and training centers to strengthen local roots while supporting the development of skills for the future.

These partnerships aim to:

- support local educational ecosystems;
- contribute to the development of skills sought by technology industries;
- promote the Group's attractiveness in terms of recruitment;
- and strengthen Valeo's visibility among young talent.

These initiatives, adapted to the needs of each region, contribute both to local educational dynamics and to the preparation of the future skills required for the automotive and technology sectors.

In line with the objective set for 2025, 92.7% of sites are already engaged, reflecting an unfailing commitment and the steady scaling up of this initiative.

4.2.2.2 Information and social inclusion of consumers and/or end-users

Valeo operates primarily in a business-to-business (B2B) environment and therefore does not communicate directly with or influence end-users. The interests, needs and requirements of end-users are taken into account in product development, and products are thoroughly tested with end-users during the various stages of development. The results of the Group's studies and tests are disclosed to Valeo's customers (automakers). It is ultimately up to automakers to determine the level of information they wish to share with their own customers, i.e., the end-users who interact with the product.

The Group is committed to developing in-depth knowledge of its products, including their features, functions and applications. By deepening the understanding of the intricacies of its offerings, Valeo effectively communicates its value proposition to customers, stakeholders and internal teams. User experience is prioritized in all aspects of product design and development. The Group is committed to identifying and studying best practices in the industry and related sectors. By benchmarking itself against industry-leading and best-in-class companies and innovators, Valeo seeks to understand emerging trends, innovative strategies and new approaches as a source of inspiration and vision for its own products.

When analyzing consumer/end-user behavior, the Group takes into account all indicators, such as socio-economic status, ethnicity, gender, age and geographic location, that inform product strategy and development. The priority is to understand end-users who may be future car buyers, without discriminating against anyone in any way.

Through this policy, the Group aims to:

- ensure that business objectives are aligned with the Group's vision to facilitate strategic decision-making and improve market performance. This approach is essential for strategic product development and helps to define product development priorities for the subsequent ten years;
- grasp the various factors that influence an individual's choice of eco-friendly products by analyzing consumer/end-user behavior in relation to sustainability;
- understand consumers' lifestyles in relation to climate change and analyze their key sustainability expectations, and then incorporate the findings into strategic product planning.

This policy applies to all products and services sold to automakers. It is overseen by the Vice-President, Research & Development.

The policy's effectiveness is measured through the annual submission of the Strategic Product Plan (SPP) to the Chief Executive Officer, in conjunction with the Medium-Term Plan (MTP) and the Consumer Development Plan (CDP).

Market vehicle volumes are derived from the Standard & Poor's Light Vehicle Production Forecasts database; end-user data is drawn mainly from Sigma sensor data. Product development is driven by regulatory standards.

The Product Marketing Department is the driving force behind the Strategic Product Plan process, working closely with the Sales & Business Development, Strategy and Research & Development Departments at every stage of the process, from preparation to presentation.

The Product Marketing Department contributes to the development of sound product strategies through an in-depth understanding of the automotive ecosystem based on four pillars: regulations, technological and environmental market drivers, automakers, OEMs and consumers (end-users), and the competition (benchmarking and competitive business intelligence).

With a view to continuous improvement, Valeo constantly updates its Strategic Product Plan (SPP) analysis and shares the findings throughout the Group. The effectiveness of the policy will be measured against the Group's growth targets set when preparing the SPP.

Valeo is committed to continuous improvement in terms of gathering and understanding information, and sharing its vision of the market and consumer behavior.

In each Division, around 20 Research and Development and product marketing staff work part-time throughout the year to align product strategy, culminating in the Strategic Product Plan.

5

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AFR *Annual Financial Report items are clearly identified in the table of contents by the pictogram.*

5.1 ANALYSIS OF CONSOLIDATED RESULTS 2025 AFR

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) and endorsed by the European Union. The IFRS as adopted by the European Union can be consulted on the European Commission's website.

The financial statements include the information deemed material as required by the ANC in amended Standard no. 2016-09.

5.1.1 2025 Activity

Change in sales

Sales *(in millions of euros)*	As a % of sales	2025	vs. 2024				
			2024	Change	FX	Scope	LFL*change
Original equipment	83%	17,301	17,950	-3.6%	-2.3%	-0.7%	-0.6%
Aftermarket	10%	2,135	2,262	-5.6%	-3.3%	-3.2%	+0.9%
Miscellaneous	7%	1,467	1,280	+14.6%	-2.0%	+1.6%	+15.0%
TOTAL	**100%**	**20,903**	**21,492**	**-2.7%**	**-2.4%**	**-0.8%**	**+0.5%**

* *Like-for-like[1].*

Automotive production as estimated by S&P Global Mobility was up by 3.9% compared with 2024, mainly driven by a 10.2% increase in production in China; Europe and North America declined 0.7% and 1.2%, respectively.

Against this background, Valeo's **total sales** for 2025 came in at 20,903 million euros, down 2.7% compared with 2024.

Exchange rates had a negative impact of 2.4%, primarily due to the increase in value of the euro against other major international currencies, particularly the US dollar and Chinese renminbi.

Changes in Group structure had a negative impact of 0.8% linked to the disposal of (i) the thermal commercial vehicles business on June 30, 2024, (ii) PIAA, a producer and distributor of aftermarket equipment in August 2024, and (iii) the automotive powertrain systems sensors business in December 2025. This latest disposal marks the end of Valeo's non-strategic asset divestment program, announced in the Move Up plan. The cumulative enterprise value of assets sold under this program is in line with the initial target of 500 million euros.

On a like-for-like basis, sales rose by 0.5%.

Original equipment sales were down 0.6% like for like in 2025. They were impacted by a negative 3 percentage point geographic mix effect, by the rapid change in the customer mix, with Chinese automakers representing an increasing share, and by difficulties faced by certain customers in electrification in North America and on certain platforms in Europe. They were also impacted by the discontinuation of ADAS projects.

Aftermarket sales rose by 0.9% on a like-for-like basis compared with the prior-year period, fueled by the increased number and age of vehicles on the road, and a more attractive offering of value-added products in areas such as electrification and remanufacturing.

"Miscellaneous" sales, which are essentially made up of tooling and customer contributions to R&D, increased by 15.0% on a like-for-like basis. They include, in particular, compensation received from customers in respect of contract cancellations, which has been subject to impairment losses as explained below.

Original equipment sales by destination region

Sales original equipment*** *(in millions of euros)*	As a % of sales	2025	2024	Change	LFL * change	Perf.**
Europe	50%	8,609	8,596	+0.1%	+0.8%	+2 pts
Asia (excluding China)	*15%*	2,761	2,907	-5.0%	+0.7%	-2 pts
China	*14%*	*2,349*	*2,652*	-11.4%	-6.9%	*-17 pts*
North America	19%	3,265	3,454	-5.5%	-0.9%	0 pts
South America	2%	317	341	-7.0%	+7.0%	+4 pts
TOTAL	**100%**	**17,301**	**17,950**	**-3.6%**	**-0.6%**	**-5 pts**

* *Like-for-like.[1]*
** *Based on S&P Global Mobility automotive production estimates released on February 13, 2025 (2025 global production growth: +3.9%).*
*** *Original equipment sales by destination region.*

[1] *See financial glossary p 526.*

Original equipment sales fell by 0.6% like for like in 2025, underperforming automotive production by 5 percentage points, taking into account a negative 3 percentage point impact due to an unfavorable geographic mix.

In **Europe**, all Divisions contributed to the 2 percentage point outperformance relative to automotive production, reflecting robust activity in thermal and low-voltage systems (POWER Division), good momentum in the Interior Experience business (BRAIN Division) with start of production start-ups and ramp-ups in displays and telematics, and numerous production launches in lighting (LIGHT Division) for European automakers.

In **Asia excluding China**, Valeo underperformed automotive production by 2 percentage points. However, business was vigorous in India, where the Group recorded original equipment sales close to 300 million euros, up 43% on a like-for-like basis compared with 2024, in line with the Elevate 2028 plan to triple sales in the region over the 2024-2028 period. By division, the POWER Division outperformed over the year as a whole, while the BRAIN Division outperformed in the second half.

In **China**, the gap in performance was 17 percentage points in 2025. Against a backdrop of faster growth for new-energy vehicles and market share gains by Chinese automakers, the Group continued to reposition its customer portfolio. At December 31, 2025, the ratio of new orders to sales with Chinese automakers stood at 2.8x, almost double the average of the last three years (1.5x for the 2022-2025 period). The Group recorded 54% of original equipment sales and 63% of order intake with Chinese automakers, compared with about 50% and 60%, respectively, in 2024. By Division, it is worth noting the good performance of the thermal systems business (POWER Division), notably with local automakers, and the continued progress of the LIGHT Division in the second half, which benefited from a number of production launches with new players in electrification in China.

In **North America**, performance was in line with automotive production. This reflects contrasting trends, with the BRAIN and LIGHT Divisions affected by delays in production start-ups for a global automaker, and the POWER Division buoyed by good momentum in transmission systems.

In **South America**, the Group outperformed automotive production by 4 percentage points.

5.1.2 2025 Segment reporting

Sales by division

Sales by division *(in millions of euros)*	**2025**	vs 2024			
		2024	**Change in sales**	**Change in OE sales***	**Perf ****
POWER	10,512	10,845	-3.1%	+2.4%	-2 pts
High-voltage electrification	946	896	+5.6%	+8.7%	+5 pts
Other	9,566	9,949	-3.8%	+1.8%	-2 pts
BRAIN	4,957	5,053	-1.9%	-5.8%	-10 pts
ADAS	3,027	3,225	-6.1%	-10.7%	-15 pts
Interior Experience	1,930	1,828	+5.6%	+2.9%	-1 pt
LIGHT	5,405	5,554	-2.7%	-0.2%	-4 pts
OTHER	29	40	na	na	na
GROUP	20,903	21,492	-2.7%	-0.6%	-5 pts

* *Like for like[1].*
** *Based on S&P Global Mobility automotive production estimates released on February 13, 2026 (2025 global production growth: +3.9%).*

The sales performance for the Divisions reflects the specific product, geographical and customer mix and the relative weighting of the aftermarket in their activity as a whole.

In 2025, the **POWER** Division underperformed automotive production by 2 percentage points. Traditional activities (thermal systems, transmission systems and 48V systems) posted 2% like-for-like growth, reflecting the good performance of thermal systems in Europe and a significant improvement in the second half of the year in North America and China, notably with local and international automakers. The high-voltage business, which continues to be affected by project postponements and reduced activity on certain platforms, benefited from compensation paid by customers in the second half of the year.

2025 was a year of consolidation for the **BRAIN** Division, which underperformed by 10 percentage points, penalized by the discontinuation of ADAS projects, and delays in production start-ups in North America for a global automaker. The Interior Experience business (displays and telematics) grew by 3% on a like-for-like basis, spurred mainly by production start-ups and ramp-ups in Europe. The BRAIN Division's dynamic order intake, which represents 37% of the Group's cumulative order intake over the 2022-2025 period, underscores the attractiveness of the Division's solutions portfolio and its growth potential.

The **LIGHT** Division underperformed automotive production by 4 percentage points, with a marked improvement in the second half (underperformance reduced to 2.5 percentage points), reflecting numerous production launches: in Europe with European automakers and in China with new players in electrification in the country. Momentum gathered pace in China in the fourth quarter, enabling the LIGHT Division to slightly outperform Chinese automotive production.

[1] *See financial glossary P 526.*

Profitability[1] by Division

At its Capital Markets Day on November 20, 2025, Valeo announced new financial indicators aligned with market practice. In this regard, the Group's segment reporting now includes its operating margin by Division, which has become the benchmark indicator of profitability (the Group continues to publish adjusted EBITDA by Division, which can be found in the appendix to this press release, and discloses full segment information in note 4 to the consolidated financial statements at December 31, 2025).

Operating margin *(in millions of euros and as a % of Division sales)*	**2025**	**2024**	**Change**
POWER	441	319	+38.2%
	4.2%	**2.9%**	**+1.3 pts**
BRAIN	267	294	-9.2%
	5.4%	**5.8%**	**-0.4 pts**
LIGHT	270	307	-12.1%
	5.0%	**5.5%**	**-0.5 pts**
Other	-1	-1	ns
GROUP	**977**	**919**	**+6.3%**
	4.7%	**4.3%**	**+0.4 pts**

In 2025, operating margin for the **POWER** division rose by 1.3 percentage points to 4.2%, testifying to the success of its in-depth transformation (industrial footprint, R&D productivity, increased cost variability).

Operating margin for the **BRAIN** division remained above the Group average, despite slipping 0.4 percentage points. This decline in the margin was mainly attributable to higher R&D spending in preparation for future production launches of new orders, which outweighed efforts to variabilize costs and launch higher-margin contracts to replace a portfolio of older, less profitable products.

Operating margin for the **LIGHT** division came in above the Group average, at 5.0% of sales. The margin was down 0.5 percentage points owing mainly to postponements in production startups in North America in the first half. Furthermore, the Division continued its efforts to variabilize costs and improve operating efficiency.

5.1.3 2025 Results

Operating margin stood at 4.7% of sales, up 0.4 points on the same period in 2024, marking the fourth consecutive year of improved profitability.

		2025	**2024**	**Change**
Sales	*(in €m)*	**20,903**	**21,492**	**-3%**
Gross margin	*(in €m)*	**4,229**	**4,081**	**+4%**
	(as a % of sales)	*20.2%*	*19.0%*	+1.2 pts
Research and Development expenditure	*(in €m)*	***(2,273)***	***(2,127)***	**+7%**
	(as a % of sales)	*-10.9%*	*-9.9%*	-1.0 pt
Gross Research and Development expenditure	*(in €m)*	*(2,459)*	*(2,652)*	-7%
	(as a % of sales)	*-11.8%*	*-12.3%*	+0.5 pts
IFRS Impact	*(as a % of sales)*	*0.4%*	*1.6%*	-1.2 pts
Administrative and selling expenses	*(in €m)*	***(979)***	***(1,035)***	**-5%**
	(as a % of sales)	*-4.7%*	*-4.8%*	+0.1 pt
Operating margin	*(in €m)*	**977**	**919**	**+6%**
	(as a % of sales)	*4.7%*	*4.3%*	*+0.4 pts*
Adjusted EBITDA	*(in €m)*	**3,082**	**2,863**	**+8%**
	(as a % of sales)	*14.7%*	*13.3%*	*+1.4 pts*
Net attributable income	*(in €m)*	**200**	**162**	**+23%**
	(as a % of sales)	*1.0%*	*0.8%*	*+0.2 pts*

[1] *See financial glossary P 526.*

Gross margin represented 20.2% of sales in 2025, its highest level since 2017, and in line with the Group's ambition to maintain it sustainably above 19% of sales. Gross margin was up 1.2 percentage points on 2024. This improvement was driven by a combination of strong sales discipline (profitability threshold for order intake, supplier productivity gains and fair compensation, particularly compensation received in connection with contract cancellations which gave rise to impairment losses explained below) and improved industrial performance (streamlining of the industrial footprint and automation).

Research and Development expenditure rose 7% year on year to 2,273 million euros, and represented 10.9% of sales, up 1.0 percentage point on 2024. This development reflects two opposing trends:

- a reduction of 200 million euros (0.5 percentage points) in gross Research and Development expenditure, in line with the target announced at the Capital Markets Day on November 20, 2025 and reflecting the Group's efforts to structurally improve R&D productivity without slowing the pace of innovation;
- an IFRS impact (equal to the difference in percentage points between capitalized development expenditure as a proportion of sales, and depreciation, amortization and impairment as a proportion of sales), representing a positive 0.4 percentage points, including the effect of impairment recognized for 228 million euros (1.1 percentage points), primarily linked to cancelled contracts. Excluding impairment losses on capitalized development expenditure, the IFRS impact would have amounted to 1.5 percentage points.

Administrative and selling expenses were 56 million euros lower than in 2024, 100 million than in 2023, and represented 4.7% of sales, down 0.1 percentage points compared with 2024 (0.2 percentage points compared with 2023). This reduction is in line with the program to streamline and reorganize the structure of support functions within the Group begun in 2023.

Operating margin came in at 977 million euros, or 4.7% of sales, up 0.4 points compared with 2024 (2025 guidance of between 4.5% and 5.5% of sales).

It takes into account net reversal on unfavorable and loss making contracts for 48 million euros, compared to 183 million euros in 2024.

Adjusted EBITDA came in at 3,082 million euros, or 14.7% of sales, up 1.4 percentage points year on year. It includes fair compensation for contract cancellations, which were subject to impairment recognized against capitalized development expenditure and property, plant and equipment for a total amount of around 300 million euros.

The share in net earnings of equity-accounted companies represented an expense of 20 million euros, reflecting in particular a provision recorded by one of the joint ventures in respect of a risk following a quality incident, as well as impairment losses charged against assets relating to the Chinese joint venture Faw-Valeo Climate Control Systems recorded in the first half of 2025.

Operating margin including share in net earnings of equity-accounted companies came out at 957 million euros, or 4.6% of sales, up 0.3 percentage points compared with 2024.

Operating income amounted to 789 million euros (618 million euros in 2024).

This indicator takes into account other income and expenses for a net negative amount of 168 million euros, including restructuring costs of 156 million euros. In 2024, other income and expenses represented a net expense of 313 million euros, including 305 million euros in restructuring costs.

The refinancing of Valeo's debt (see debt, page 11), in a context of high interest rates, led to a cost of debt of 256 million euros (251 million euros in 2024).

Other financial items represented an expense of 73 million euros (34 million euros in 2024).

The effective tax rate came out at 43%. The tax charge includes the effect of withholding taxes related to the program to repatriate cash in currencies other than the euro for an amount of 45 million euros.

The Group recorded **net attributable income** of 200 million euros for 2025, representing 1.0% of sales (162 million euros and 0.8% of sales in 2024), after deducting non-controlling interests in an amount of 55 million euros (72 million euros in 2024).

Return on capital employed (ROCE[1]) and **return on assets** (ROA[1]) stood at 17% and 9% respectively.

(1) *See financial glossary P 526.*

5.1.4 Cash flow and financial position

Stockholders' equity

At December 31, 2025, consolidated stockholders' equity amounted to 4,071 million euros, versus 4,515 million euros at December 31, 2024. The net 444 million euro decrease was mainly attributable to:

- a negative translation adjustment of 640 million euros;
- distribution of dividends to Group shareholders (103 million euros) and to minority shareholders (40 million euros);
- the impact of the share buyback program implemented in 2025 for 25 million euros.

These factors are partially offset by:

- consolidated income for 2025 of 255 million euros;
- actuarial gains net of deferred taxes of 52 million euros relating to pension obligations;
- share-based payments of 32 million euros.

Provisions

(in millions of euros)	December 31, 2025	December 31, 2024
Provisions for pensions and other employee benefits	746	830
Provisions for product warranties	416	381
Provisions for restructuring costs	197	274
Provisions for employee-related and other disputes	181	113
Provisions for onerous contracts	47	86
Provisions for tax-related disputes	28	16
Provisions for unfavorable contracts	—	11
Environmental provisions	7	8
PROVISIONS	**1,622**	**1,719**
Of which long-term portion (more than one year)	1,004	1,067

Net provisions for pensions and similar commitments decreased by 84 million euros between December 31, 2024 and December 31, 2025. This was mainly due to 60 million euros in actuarial gains on discounting in the euro zone, and a favorable currency effect in the United States and Asia.

Provisions for customer warranties increased by 35 million euros over the year to 416 million euros at December 31, 2025, compared with 381 million euros at December 31, 2024.

Provisions for onerous contracts amounted to 47 million euros at December 31, 2025. Reversals of provisions amounted to 37 million euros as a result of contract renegotiations and terminations in 2025.

Total provisions for social and restructuring costs fell by 77 million euros to 197 million euros at the end of 2025, compared with 274 million euros at the end of 2024. This decrease is mainly due to the use of provisions to cover costs incurred during the year in connection with restructuring plans, for which provisions had been accrued at end-December 2024.

Provisions for unfavorable contracts, which had been recognized in connection with the takeover of the Valeo Siemens eAutomotive joint venture in July 2022, were reversed in full during the year. These provisions amounted to 11 million euros at December 31, 2024.

Provisions for employee-related disputes and other litigation cover the various risks associated with Valeo's operating activities. Total provisions amounted to 181 million euros at December 31, 2025, an increase of 68 million over the year, mainly due to disputes with suppliers.

Provisions for tax disputes and environmental risks were higher than at the end of December 2024. They amounted to 28 million euros and 7 million euros respectively at the end of 2025, compared with 16 million euros and 8 million euros at the end of 2024.

Cash flows and debt

(in millions of euros)	2025	2024
Gross operating cash flows	2,877	2,422
Income taxes paid	(287)	(227)
Change in working capital	(301)	492
NET CASH FLOWS FROM OPERATING ACTIVITIES	**2,289**	**2,687**
Net payments for purchases of intangible assets and property, plant and equipment	(1,639)	(2,136)
Net payments for the principal portion of lease liabilities	(152)	(135)
Elimination of change in non-recurring sales of accounts and notes receivable[1]	91	65
FREE CASH FLOW BEFORE NET FINANCIAL EXPENSES	**589**	**481**
Net interest paid/received	(218)	(234)
FREE CASH FLOW[2]	**371**	**247**
Change in non-recurring sales of accounts and notes receivable[1]	(91)	(65)
Net change in certain elements recorded in non-current financial assets	(8)	(27)
Acquisitions of investments in associates and/or joint ventures	(1)	—
Disposals of investments with loss of control, net of cash transferred	79	211
Acquisitions of investments without gain of control	—	—
Dividends paid to owners of the Company and to non-controlling interests of consolidated subsidiaries	(143)	(139)
Capital increase in cash	8	—
Sale (purchase) of treasury stock	(25)	(25)
NET CASH FLOW[2]	**190**	**202**

(1) Valeo carries out recurring and one-off sales of its accounts and notes receivable to banks. An agreement at a specific date is drawn up for one-off, or non-recurring transactions of this type. An agreement spanning one or more years is drawn up for recurring transactions. Each contract is analyzed in accordance with the principles of IFRS 9 on derecognition of financial assets to assess the transfer of the risks and rewards inherent in ownership of these receivables (see section 5.4.6 - Note 5.2 of the consolidated financial statements 2025 "Trade receivables", pages 397 and 398).

(2) See financial glossary, page 526.

Net cash flow from operating activities was down on 2024 at 2,289 million euros, compared with 2,687 million euros last year.

Cash flow rose from 2,422 million euros at 2024 to 2,877 million euros at 2025.

The change in working capital requirements corresponds to a cash outflow of 301 million euros at 2025, compared with a cash generation of 492 million euros at 2024. The decrease in working capital in 2025 is mainly due to customer compensation agreed during the year but which had not yet been collected at December 31, 2025.

Tax payments rose to 287 million euros at 2025 from 227 million euros at 2024.

Net cash outflows on acquisitions of intangible assets and property, plant and equipment at 2025 corresponded to a cash outflow of 1,639 million euros, down by 497 million euros on the previous year. This decline is the result of action plans to improve R&D efficiency and rationalize new investments.

Net interest paid at 2025, corresponding to a cash outflow of 218 million euros. At 2024, net interest paid amounted to 234 million euros;

These factors enabled Valeo to generate a positive free cash flow[1] for the year 2025 of 371 million euros, an increase of 50% compared to the free cash flow[1] generated in 2024.

This free cash flow[1] of 371 million euros enabled us to finance dividends paid to Group shareholders (103 million euros) and to minority shareholders of consolidated subsidiaries (40 million euros).

After taking into account receipts of 79 million euros linked to the disposal of equity interests, net cash flow for the year amounted to 190 million euros at 2025, compared with 202 million euros at 2024.

In addition, at 2025, net cash flows from financing activities include:

- repayments on long-term borrowings of 1,848 million euros, mainly corresponding to repayments of (i) two bonds of 600 million euros each issued in 2016 and 2018 as part of the Euro Medium Term Note program, (ii) four tranches of the *Schuldschein* for a total of 391 million euros, (iii) rental liabilities recognized under IFRS 16 "Leases" for 152 million euros, (iv) two maturities of 50 million euros on the loan from the European Investment Bank;
- subscriptions to long-term loans amounting to 1,304 million euros, corresponding to two green bond issues of 650 and 500 million euros, maturing in May 2031 and March 2032 respectively. These are issues made in accordance with Valeo's Green and Sustainable Finance Framework, with the funds intended to finance activities that fall within the European green taxonomy. In addition, three bilateral loans of 100, 25 and 30 million euros were taken out during the year;

(1) See financial glossary, page 526.

- a decrease in short-term financing of 239 million euros, which mainly includes Negotiable European Commercial Paper (NEU CP), formerly commercial paper;
- the impact of the share buyback program implemented in 2025 for 25 million euros.

After taking these various items into account, as well as the impact of exchange rate fluctuations (negative 279 million euros), the Group's net cash position fell by 720 million euros at 2025, whereas it had risen by 259 million euros at 2024.

Net financial debt is up on 2024. This amounted to 4,022 million euros at December 31, 2025, compared with 3,813 at December 31, 2024. The ratio of net financial debt to adjusted EBITDA[1] was 1.3 (leverage ratio), compared with 1.5 at December 31, 2024. The ratio of net debt to equity attributable to the Company's shareholders (gearing ratio) is up on December 31, 2024, at 121%. Net financial debt of 4,022 million euros at the end of December 2025 includes debts on leased assets of 718 million euros.

The reconciliation between Adjusted EBITDA[1] and free cash flow[1] is as follows:

(in millions of euros)	2025	2024
Adjusted EBITDA[1]	3,082	2,863
Change in operating working capital	(301)	492
Restructuring costs	(218)	(119)
Income tax	(287)	(227)
Provisions for pensions and other employee benefits	(51)	(25)
Payments for the principal portion of lease liabilities	(152)	(135)
Other operating items	155	(232)
Net interests paid/received	(218)	(234)
Investments in property, plant and equipment and intangible assets	(1,639)	(2,136)
FREE CASH FLOW[1]	**371**	**247**
CASH CONVERSION RATE (% EBITDA)	**12%**	**9%**

Investments over the past two years

Investments *(in millions of euros)*	2025	2024
Property, plant and equipment	1,071	1,251
Intangible assets	963	1,089
Including capitalized development expenditure	*930*	*1,045*
TOTAL	**2,034**	**2,340**
as a % of sales	**9.7%**	**10.9%**

Investments *(as a % of sales by geographic area)*	2025	2024
Europe & Africa	11.4%	12.8%
North America	7.1%	11.5%
South America	3.6%	3.2%
Asia & other	8.2%	7.0%

2025 financial year

Between 2024 and 2025, the Group's capital expenditure of 2,034 million euros is down 1.2 points as a percentage of sales. The POWER and BRAIN Divisions have reduced their investments in 2025.

The relatively higher level of total capital expenditure in Europe mainly reflects the region's greater weight in the Group's R&D organization. Investments have been reduced in 2025 in North America and Europe.

[1] *See financial glossary, page 526.*

Commitments

The table below shows the main commitments given:

(in millions of euros)	December 31, 2025	December 31, 2024
Lease commitments	116	131
Sureties, guarantees and endorsements given	—	—
Non-cancelable asset purchase commitments	456	666
Other commitments	95	96
TOTAL	**667**	**893**

Binding asset purchase commitments, including those on leases signed but not yet commenced, are down compared with December 31, 2024. This decline is the result of action plans aimed at streamlining new investments.

Minimum future commitments relating to ongoing lease contracts excluded from the scope of IFRS 16 and to lease contracts signed but not yet commenced as of December 31, 2025 amount to 116 million euros at the 2025 year-end. They stood at 131 million euros as of December 31, 2024.

Irrevocable asset purchase commitments rose from 666 million euros at December 31, 2024 to 456 million euros at December 31, 2025.

Other commitments given amounting to 95 million euros at December 31, 2025 (96 million euros as at December 31, 2024) correspond mainly to guarantees given by Valeo in connection with divestment transactions.

5.2 SUBSEQUENT EVENTS

In January 2026, the Group presented the European Works Council with a restructuring plan for its POWER Division, which provides for ongoing restructuring of its industrial and R&D footprint in Germany, Slovakia and Poland. Under this plan, 684 jobs are set to be eliminated in Germany and Slovakia, two sites are to be closed in Germany and 192 roles are to be created in Germany and Poland. As the employee representative bodies were informed of this project in January 2026, no provision was recognized in the Group's financial statements at December 31, 2025 in respect of the reorganization.

5.3 TRENDS AND PROSPECTS

	2025	2026 Guidance[(a)]
Sales *(in billions of euros)*	20.9	20 to 21
Operating margin *(in % of sales)*	4.7%	4.7% to 5.3%
Free cash flow after net financial interest *(in millions of euros)*	371	>400

(a) Based on S&P Global Mobility estimates at February 13, 2026. The forecasts assume that there will be no additional material changes to customs duties or trade restrictions in force on February 26, 2026, nor any significant changes in the macroeconomic environment or major supply chain disruptions.

The financial statements for the year ended December 31, 2025 were approved by the Board of Directors on February 26, 2026.

5.4 2025 CONSOLIDATED FINANCIAL STATEMENTS AFR

In accordance with Article 19 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017, the following information is incorporated by reference in this Universal Registration Document:

- the consolidated financial statements and the Statutory Auditors' report for the year ended December 31, 2024, set out on pages 356 to 430 and 431 to 435, respectively, of the Universal Registration Document filed with the French financial markets authority (*Autorité des marchés financiers* – AMF) on March 27, 2025 under number D.25-0180;
- the consolidated financial statements and the Statutory Auditors' report for the year ended December 31, 2023, set out on pages 305 to 387 and 388 to 392, respectively, of the Universal Registration Document filed with the French financial markets authority (*Autorité des marchés financiers* – AMF) on March 29, 2024 under number D.24-0218.

5.4.1 Consolidated statement of income

(in millions of euros)	Notes	2025	2024
SALES	***5.1***	**20,903**	**21,492**
Cost of sales	*5.3*	(16,674)	(17,411)
Research and Development expenditure	*5.5.1.2*	(2,273)	(2,127)
Selling expenses		(275)	(296)
Administrative expenses		(704)	(739)
OPERATING MARGIN		**977**	**919**
as a % of sales		*4.7%*	*4.3%*
Share in net earnings of equity-accounted companies	*5.5.3.1*	(20)	12
OPERATING MARGIN INCLUDING SHARE IN NET EARNINGS OF EQUITY-ACCOUNTED COMPANIES	***5.5***	**957**	**931**
as a % of sales		*4.6%*	*4.3%*
Other income and expenses	*5.6.2*	(168)	(313)
OPERATING INCOME INCLUDING SHARE IN NET EARNINGS OF EQUITY-ACCOUNTED COMPANIES	*5.6.1*	**789**	**618**
Cost of net debt	*9.2*	(256)	(251)
Other financial income and expenses	*9.2*	(73)	(34)
INCOME BEFORE INCOME TAXES		**460**	**333**
Income taxes	*10.1*	(205)	(99)
NET INCOME FOR THE YEAR		**255**	**234**
Attributable to:			
• Owners of the Company		200	162
• Non-controlling interests	*11.1.3*	55	72
Attributable earnings per share:			
• Basic earnings per share *(in euros)*	*11.2*	0.82	0.67
• Diluted earnings per share *(in euros)*	*11.2*	0.81	0.66

The Notes are an integral part of the consolidated financial statements.

5.4.2 Consolidated statement of comprehensive income

(in millions of euros)	2025	2024
NET INCOME FOR THE YEAR	**255**	**234**
Share of changes in comprehensive income from equity-accounted companies that may subsequently be recycled to income	(9)	1
o/w income taxes	—	—
Translation adjustment	(640)	88
Cash flow hedges:		
• Gains (losses) taken to equity	60	11
• (Gains) losses transferred to income	(27)	(58)
o/w income taxes	*(8)*	*29*
OTHER COMPREHENSIVE INCOME (LOSS) THAT MAY SUBSEQUENTLY BE RECYCLED TO INCOME	**(616)**	**42**
Share of changes in comprehensive income from equity-accounted companies that may not subsequently be recycled to income	—	—
o/w income taxes	—	—
Actuarial gains (losses) on defined benefit plans	52	(7)
o/w income taxes	*(5)*	*(13)*
Remeasurement of long-term investments	—	—
o/w income taxes	—	—
OTHER COMPREHENSIVE INCOME (LOSS) THAT MAY NOT SUBSEQUENTLY BE RECYCLED TO INCOME	**52**	**(7)**
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR, NET OF TAX	**(564)**	**35**
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	**(309)**	**269**
Attributable to:		
• Owners of the Company	(303)	219
• Non-controlling interests	(6)	50

The Notes are an integral part of the consolidated financial statements.

5.4.3 Consolidated statement of financial position

(in millions of euros)	Notes	December 31, 2025	December 31, 2024
ASSETS			
Goodwill	*7.1*	2,986	3,086
Other intangible assets	*7.2*	3,231	3,319
Property, plant and equipment	*7.3*	4,667	5,102
Investments in equity-accounted companies	*5.5.3.2*	64	110
Other non-current financial assets	*9.1.5*	335	395
Assets relating to pensions and other employee benefits	*6.3*	29	31
Deferred tax assets	*10.2*	805	740
NON-CURRENT ASSETS		**12,117**	**12,783**
Inventories, net	*5.4*	1,862	2,110
Accounts and notes receivable, net	*5.2*	2,956	2,656
Other current assets	*5.5.2*	659	699
Taxes receivable		58	64
Other current financial assets	*9.1.1.1*	112	89
Cash and cash equivalents	*9.1.3.2*	2,481	3,153
Assets held for sale	*3.2*	25	104
CURRENT ASSETS		**8,153**	**8,875**
TOTAL ASSETS		**20,270**	**21,658**
EQUITY AND LIABILITIES			
Share capital	*11.1.1*	246	245
Additional paid-in capital	*11.1.1*	1,595	1,588
Translation adjustment	*11.1.2*	(626)	(33)
Retained earnings		2,106	1,919
STOCKHOLDERS' EQUITY		**3,321**	**3,719**
Non-controlling interests	*11.1.3*	750	796
STOCKHOLDERS' EQUITY INCLUDING NON-CONTROLLING INTERESTS		**4,071**	**4,515**
Provisions for pensions and other employee benefits – long-term portion	*6.3*	698	782
Other provisions – long-term portion	*8.1*	335	316
Subsidies and grants – long-term portion		147	149
Long-term portion of long-term debt	*9.1.2*	5,432	4,859
Other financial liabilities – long-term portion	*9.1.4*	1	2
Deferred tax liabilities	*10.2*	68	48
NON-CURRENT LIABILITIES		**6,681**	**6,156**
Provisions for pensions and other employee benefits – current portion	*6.3*	77	79
Other provisions – current portion	*8.1*	541	573
Accounts and notes payable	*9.1.6*	5,098	5,382
Other current liabilities		2,436	2,497
Subsidies and grants – current portion		54	66
Taxes payable		142	124
Current portion of long-term debt	*9.1.2*	484	1,334
Other financial liabilities – current portion	*9.1.4*	25	41
Short-term financing	*9.1.2.2*	594	840
Bank overdrafts	*9.1.2.2*	51	4
Liabilities held for sale	*3.2*	16	47
CURRENT LIABILITIES		**9,518**	**10,987**
TOTAL EQUITY AND LIABILITIES		**20,270**	**21,658**

The Notes are an integral part of the consolidated financial statements.

5.4.4 Consolidated statement of cash flows

(in millions of euros)	Notes	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year		255	234
Share in net earnings of equity-accounted companies	*5.5.3.1*	20	(12)
Net dividends received from equity-accounted companies		9	15
Expenses (income) with no cash effect	*12.1*	2,132	1,835
Cost of net debt	*9.2*	256	251
Income taxes (current and deferred)	*10.1.1*	205	99
GROSS OPERATING CASH FLOWS		**2,877**	**2,422**
Income taxes paid		(287)	(227)
Changes in working capital	*12.2*	(301)	492
NET CASH FLOWS FROM OPERATING ACTIVITIES		**2,289**	**2,687**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of intangible assets		(971)	(1,086)
Acquisitions of property, plant and equipment		(790)	(1,138)
Investment subsidies and grants received		33	67
Disposals of intangible assets and property, plant and equipment		90	21
Net change in non-current financial assets		(8)	(27)
Acquisitions of investments in associates and/or joint ventures		(1)	—
Disposals of investments with loss of control, net of cash transferred	*12.3*	79	211
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(1,569)**	**(1,952)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to owners of the Company		(103)	(97)
Dividends paid to non-controlling interests in consolidated subsidiaries		(40)	(42)
Capital increase	*11.1.1*	8	—
Sale (purchase) of treasury stock	*11.1.1.3*	(25)	(25)
Issuance of long-term debt	*12.4*	1,304	858
Interest paid		(294)	(307)
Interest received		76	73
Repayment of long-term debt	*12.4*	(1,848)	(896)
Change in short-term financing	*9.1.2.2*	(239)	(88)
Acquisitions of investments without gain of control		—	—
NET CASH FLOWS USED IN FINANCING ACTIVITIES		**(1,161)**	**(524)**
CASH AND CASH EQUIVALENTS RELATING TO OPERATIONS HELD FOR SALE		**—**	**16**
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**(279)**	**32**
NET CHANGE IN CASH AND CASH EQUIVALENTS		**(720)**	**259**
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**3,149**	**2,890**
NET CASH AND CASH EQUIVALENTS AT END OF YEAR		**2,430**	**3,149**
Of which:			
• Cash and cash equivalents	*9.1.3.2*	2,481	3,153
• Bank overdrafts	*9.1.2.2*	(51)	(4)

The Notes are an integral part of the consolidated financial statements.

5.4.5 Consolidated statement of changes in stockholders' equity

Number of shares outstanding	*(in millions of euros)*	Share capital	Additional paid-in capital	Translation adjustment	Retained earnings	Total stockholders' equity including non-controlling interests restated		
						Stockholders' equity	Non-controlling interests	Total
243,921,120	**STOCKHOLDERS' EQUITY AT DECEMBER 31, 2023**	**245**	**1,588**	**(163)**	**1,905**	**3,575**	**785**	**4,360**
	Dividend paid[1]	—	—	—	(97)	(97)	(42)	(139)
(2,175,683)	Treasury shares[2]	—	—	—	(25)	(25)	—	(25)
—	Capital increase	—	—	—	—	—	—	—
1,230,883	Share-based payment	—	—	—	22	22	—	22
	Put options granted[3]	—	—	—	(2)	(2)	(2)	(4)
	Other movements	—	—	29	(2)	27	5	32
	TRANSACTIONS WITH OWNERS	**—**	**—**	**29**	**(104)**	**(75)**	**(39)**	**(114)**
	Net income for the year	—	—	—	162	162	72	234
	Other comprehensive income (loss), net of tax	—	—	101	(44)	57	(22)	35
	TOTAL COMPREHENSIVE INCOME (LOSS)	**—**	**—**	**101**	**118**	**219**	**50**	**269**
242,976,320	**STOCKHOLDERS' EQUITY AT DECEMBER 31, 2024**	**245**	**1,588**	**(33)**	**1,919**	**3,719**	**796**	**4,515**
	Dividend paid[1]	—	—	—	(103)	(103)	(40)	(143)
(2,584,352)	Treasury shares[2]	—	—	—	(25)	(25)	—	(25)
974,120	Capital increase	1	7	—	—	8	—	8
1,591,435	Share-based payment	—	—	—	32	32	—	32
	Other movements	—	—	(9)	2	(7)	—	(7)
	TRANSACTIONS WITH OWNERS	**1**	**7**	**(9)**	**(94)**	**(95)**	**(40)**	**(135)**
	Net income for the year	—	—	—	200	200	55	255
	Other comprehensive income (loss), net of tax	—	—	(584)	81	(503)	(61)	(564)
	TOTAL COMPREHENSIVE INCOME (LOSS)	**—**	**—**	**(584)**	**281**	**(303)**	**(6)**	**(309)**
242,957,523	**STOCKHOLDERS' EQUITY AT DECEMBER 31, 2025**	**246**	**1,595**	**(626)**	**2,106**	**3,321**	**750**	**4,071**

(1) A cash dividend of 0.42 euros per share was paid in June 2025, representing a total payout of 103 million euros. The dividend paid in June 2024 was 0.40 euros per share.

(2) Changes in stockholders' equity attributable to treasury stock at December 31, 2025 include the impact of the share buyback program entered into with an investment services provider on June 17, 2025 in an amount of 25 million euros (see Note 11.1.1.3, page 445). The Group had implemented a share buyback program for a similar amount in 2024.

(3) In 2024, this item included changes in the fair value of liabilities associated with put options granted to holders of non-controlling interests.

The Notes are an integral part of the consolidated financial statements.

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Note 1 Accounting Policies

The consolidated financial statements of the Valeo Group for the year ended December 31, 2025 include:

- the accounts of Valeo;
- the accounts of its subsidiaries;
- Valeo's share in the net assets and earnings of equity-accounted companies (joint ventures and associates).

Valeo is a technology company and a long-term partner to automakers and new mobility players, to whom it provides innovative solutions and systems. Organized around three Divisions, Valeo plays a key role in shaping the car of the future: driven by electrification, safer, and software-defined. The Group leverages its global industrial footprint and its technological leadership in electrification, advanced driver assistance systems, lighting, and software to capture an increasing share of value per vehicle.

Valeo is a European company listed on the Paris Stock Exchange. Its head office is located at 100, rue de Courcelles, 75017 Paris, France.

Valeo's consolidated financial statements for the year ended December 31, 2025 were authorized for issue by the Board of Directors on February 26, 2026. As of that date, the audit procedures had been completed, and the auditors' report was in the process of being issued.

They will be submitted for approval to the next Ordinary Shareholders' Meeting.

1.1 Accounting standards applied

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) and endorsed by the European Union. The standards can be consulted on the European Commission's website[1].

The financial statements include the information deemed material as required by the ANC in amended Standard no. 2016-09.

1.1.1 Standards, amendments and interpretations adopted by the European Union and applied by the Group from January 1, 2025

The following amendments to IFRSs are effective as from January 1, 2025:

Amendments to IAS 21	Lack of Exchangeability

These amendments did not impact the Group's consolidated financial statements for the year ended December 31, 2025.

The Group has chosen to early adopt the following amendments as from January 1, 2025:

Amendments to IFRS 7 and IFRS 9	Contracts Referencing Nature-dependent Electricity

These amendments did not impact the Group's consolidated financial statements for the year ended December 31, 2025. Their early application has nevertheless enabled the Group to take into account in its internal procedures the clarifications they provide on how to apply the "own use" exemption for renewable energy purchase agreements.

1.1.2 Standards, amendments and interpretations adopted by the European Union and effective for reporting periods beginning on or after January 1, 2026 and not early adopted by the Group

The following standards, amendments and interpretations have also been published by the IASB and adopted by the European Union:

		Effective date
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments	January 1, 2026
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to various provisions of IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	January 1, 2027
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027

Valeo carried out an initial analysis of the impact of applying IFRS 18 on the presentation of its consolidated financial statements. The classification of income and expenses into operating, investing and financing categories as defined by this new standard will modify the structure of the Group's consolidated income statement.

Income and expenses included in the cost of net debt, for example, can no longer be aggregated in a single line item in the Group's consolidated income statement. Similarly, certain income and expenses currently reported under financial income and expenses will have to be included in operating income and expenses.

The application of certain provisions of this new standard is still the focus of discussions between stakeholders, notably within the International Financial Reporting Interpretations Committee (IFRIC). Valeo is closely monitoring the progress of these discussions. Based on analyses carried out to date, the Group does not expect IFRS 18 to have a material impact on the presentation of the income and expense items recognized in its operating margin.

The application of this new standard will give rise to additional disclosures in the notes to the consolidated financial statements. These disclosures notably concern the breakdown of certain types of operating expenses (e.g., depreciation and amortization, employee benefits) by function, as well as a reconciliation between management-defined performance measures (MPMs) and the subtotals included in the consolidated income statement.

The Group does not expect the application of other standards and amendments published by the IASB but not yet adopted by the European Union to have a material impact on its consolidation financial statements.

[1] *https://commission.europa.eu/law_en.*

1.1.3 Standards, amendments and interpretations published by the IASB but not yet adopted by the European Union

The following standards and amendments have been published by the IASB but not yet adopted by the European Union:

		Effective date*
IFRS 19	Subsidiaries without Public Accountability: Disclosures	January 1, 2027
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency	January 1, 2027

* *Subject to adoption by the European Union.*

Valeo does not expect these amendments to have a material impact on the Group's consolidated financial statements.

1.2 Basis of preparation

The financial statements are presented in euros and are rounded to the nearest million. Accordingly, there may be minor discrepancies between some rounded amounts and the total reported.

1.2.1 Estimates and judgments

Preparation of the financial statements requires Valeo to make estimates and assumptions which could have an impact on the reported amounts of assets, liabilities, income and expenses. These estimates and assumptions concern both risks specific to the automotive supply business, such as those relating to quality and safety, as well as more general risks to which the Group is exposed on account of its industrial operations across the globe.

The Group exercises its judgment based on past experience and all other factors considered to be decisive given the environment and the circumstances. The estimates and assumptions used are revised on an ongoing basis. In view of the uncertainties inherent in any assessment, the final amounts reported in Valeo's future financial statements may differ from the amounts resulting from these current estimates.

The significant estimates, judgments and assumptions adopted by the Group to prepare its financial statements for the year ended December 31, 2025 chiefly concern:

- the conditions for capitalizing development expenditure (see Note 5.5.1.1, pages 399 and 400);
- the estimation of provisions (see Notes 6.3, pages 406 to 411 and 8.1, pages 423 and 424);
- lease terms, as regards optional periods, and determination of discount rates (see Note 7.3, pages 416 to 418);
- the measurement of the recoverable amount of intangible assets and property, plant and equipment (see Note 7.4, pages 419 to 422);
- the likelihood that deferred tax assets will be able to be utilized (see Note 10.2, pages 443 and 444).

1.2.2 Going concern basis and liquidity management

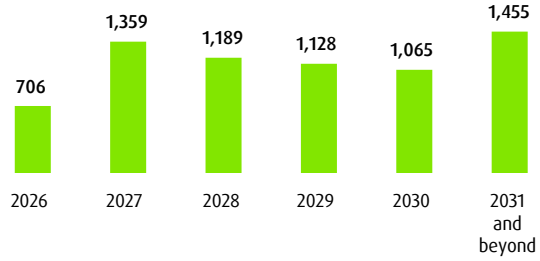
The financial statements have been prepared on a going concern basis. The Group has sufficient cash and financing sources, and has demonstrated its debt issuance capacity.

At December 31, 2025, the Group had 1.6 billion euros available in undrawn credit lines, plus a stable financial position:

- 2.4 billion euros in net cash and cash equivalents;
- average debt maturity of 3.4 years;
- net debt to EBITDA ratio (Adjusted EBITDA calculated over a 12-month rolling period) of 1.3, i.e., below the 3.5 threshold.

In managing its liquidity risk, the Group seeks to ensure a balanced long-term debt repayment profile.

CONTRACTUAL MATURITY OF LONG-TERM DEBT
(in millions of euros)



The future cash outflows presented above, comprising both interest payments and principal repayments, are not discounted. The forward curve at December 31, 2025 was used for variable-rate interest.

The Group carried out a number of financing transactions in 2025, including two new green bond issues in May and September for 650 million euros maturing in May 2031 and for 500 million euros maturing in March 2032, respectively.

Details of the Group's borrowings and debt and significant transactions during the year are presented in Note 9, pages 424 to 441.

1.3 Consideration of the impacts of climate change

1.3.1 Carbon neutrality commitments

Valeo has drawn up an ambitious plan to contribute to carbon neutrality – the CAP 50 plan – which is focused on the prevention and reduction of greenhouse gas emissions. The plan sets out the Group's pathway for contributing to carbon neutrality over the time horizon until 2050, with an intermediate target set for 2030.

The targets of the CAP 50 plan, as well as the related action plans and the procedures for their implementation, are described in the Group Sustainability Report.

At end-2025, the Group did not have any legal or constructive obligations arising from its decarbonization commitments which required the recognition of provisions or contingent liabilities. In addition, Valeo has not identified any material assets whose value or useful lives would be impacted by the actions envisaged under the CAP 50 plan. Such an impact could arise, for example, if the Group decided to replace some of its equipment with more energy-efficient equipment before the end of its initial useful life.

1.3.2 Physical risks

An increase in the frequency of extreme and/or chronic weather events (such as extreme heat, water stress and flooding) could disrupt or even interrupt certain operations at different levels of the production and supply chains, and could also have an adverse impact on employees' working conditions.

The main risks to which the Group is exposed as a result of the physical effects of climate change, and the related overall risk assessment framework, are described in Chapter 4, section 4.1.2.3.3 "Identification and assessment of material climate-related impacts, risks and opportunities" (see pages 223 to 246).

Based on the climate change adaptation audits carried out to date, the Group has not identified any significant impacts linked to the physical risks resulting from climate change in terms of either the useful life or the value of its assets.

The medium-term expenditure envisaged by Group sites to implement climate change adaptation measures is included in the medium-term plans used as the basis for performing impairment tests on cash-generating units and goodwill (see Note 7.4, pages 419 to 422).

1.3.3 Transition risks

Transition risks and opportunities are associated with the pace and extent to which an organization manages and adapts to the internal and external pace of change to reduce greenhouse gas emissions. These are described in the Group's Sustainability Report.

Given Valeo's portfolio of electrification solutions, the shift to low-carbon mobility is an opportunity for the Group. Although this transition is well and truly underway, the pace of change is different from one global region to the next, depending on the public policies in place.

Faced with uncertainty as to the pace at which electric technology is adopted, the Group has a resilient business model, organization and product portfolio. Most products developed by the BRAIN and LIGHT Divisions, as well as a substantial proportion of POWER Division products, are compatible with any powertrain technology. In addition, in recent years, the Group has made a significant effort to streamline the organization of the POWER Division in order to improve the efficiency and agility of its industrial facilities and Research and Development capabilities in response to the uncertainties related to the transition to electrified mobility.

At the same time, the growth in electric vehicle sales that began a few years ago has led to the emergence of new manufacturers, mainly in China, whose practices can in some cases differ from those of long-standing manufacturers, particularly in terms of product development and value chain integration.

The medium-term plans used as the basis for performing impairment tests on cash-generating units and goodwill (see Note 7.4, pages 419 to 422) was drawn up taking into account all these opportunities and uncertainties. It is based on reasonably prudent projections of sales volumes and customer mix, and factors in the financial implications (R&D expenditure and capital expenses) of the change in sales mix.

The measures to be undertaken by Valeo to reduce its upstream Scope 1, 2 and 3 emissions as part of its CAP 50 plan are expected to be implemented gradually, and therefore will not have a sudden impact on the Group's cost structure.

For the POWER Division activities, which are concerned by electrification, a simulation was carried out to assess the potential impact that a pessimistic scenario for transition risks could have on the impairment test on goodwill (see Note 7.4.6, page 422).

1.3.4 Renewable power purchase agreements

Valeo has installed solar panels on the roofs of its buildings and on parking lots at several of its sites to cover part of those sites' electricity consumption. In some cases, the solar panels are owned by a third party from which the site has undertaken to purchase all or some of the electricity produced.

These solar power agreements have been analyzed to determine how they should be accounted for. When the agreements only give rise to variable payments, which is generally the case, they are accounted for as standard purchase contracts.

The Group has not entered into any other types of renewable power purchase agreements providing for the physical or virtual resale of electricity.

1.3.5 Compensation

The free share plans for Group executive managers set up in 2023, 2024 and 2025 (see Note 6.4, page 412) include a carbon footprint objective for end-2025, 2026 and 2027, respectively.

Furthermore, part of the variable compensation awarded to Group executives and managers is conditional on achieving quantitative and qualitative non-financial targets, including an objective relating to the Group's carbon footprint in 2025.

In preparing the financial statements for the year ended December 31, 2025, Valeo considered that each of its carbon footprint targets would be met.

1.3.6 Financing

In 2021 and 2022, Valeo set up financing linked to a carbon footprint objective, including avoided emissions, of 37.95 $MtCO_2eq.$ for end-2025. The financing provided for an increase in the interest rate (coupon) payable on the debt after December 31, 2025 from 0.1% to 0.75% in the event this objective was not met. Since the Group met its 2025 carbon footprint target, the coupon will not be increased. At December 31, 2025, the carrying amount of the debt including this indexation clause represented 1.6 billion euros (see Note 9.1.2.1, pages 427 to 431).

In 2023, 2024 and 2025, Valeo carried out green bond issues representing a total of 2.55 billion euros (see Note 9.1.2.1, pages 427 to 431). These issues are not subject to any indexation or early redemption clauses tied to the achievement of environmental targets.

Note 2 International Economic And Geopolitical Environment

2.1 Impact of political and regulatory developments

In the United States, the policies implemented by the new administration since January 2025 have created a less favorable framework for electrification of the market. In particular, measures were taken to scale back consumer tax credits for electric vehicle purchases introduced by the Inflation Reduction Act, and emissions standards were significantly relaxed.

In Europe, Corporate Average Fuel Economy (CAFE) regulations, which require compliance with average emissions thresholds, are leading automakers to increase sales of electric vehicles. However, the pace of this growth is expected to be slower than previously anticipated, due chiefly to a reduction in electric vehicle subsidies and the fragile political consensus around restrictions that will be imposed by 2035.

This environment led a number of automakers to restructure their electric vehicle programs in 2025. Some of these decisions led to contract terminations and significant volume drops on certain Group projects.

Property, plant and equipment and intangible assets relating to terminated projects were tested for impairment at December 31, 2025. Impairment losses were recognized for each asset tested whenever its recoverable amount was less than its net carrying amount (see Notes 7.2, page 414, and 7.3, pages 416 to 418). Inventories that have become obsolete as a result of these developments were also written down (see Note 5.4, pages 398 and 399).

The Group has set aside provisions when it considers it probable that an outflow of resources embodying economic benefits will be required to settle certain obligations in connection with these terminations and reduced volumes (see Note 8.1, pages 423 and 424).

Compensation received by Valeo from these customers in respect of terminated contracts or satisfied performance obligations was recognized in sales (see Note 5.1, page 396).

The Group has taken these changes into account in its medium-term business plans, used as a basis for conducting impairment tests on cash-generating units and goodwill (see Note 7.4, pages 419 to 422).

2.2 Impact of US tariffs

In 2025, additional US tariffs were introduced on certain categories of imported products, including automotive parts and some components of those parts containing steel, aluminum or copper. Tariffs payable were also adjusted based on the origin of imports.

Valeo conducted a thorough review of its supply chain in an effort to mitigate the impact of these new tariffs. The actions taken have resulted in more than 90% compliance with the United States-Mexico-Canada-Agreement (USMCA) for products manufactured by the Group in Mexico and imported into the United States.

The Group has obtained compensation from its North American customers for products affected by the 2025 tariff increase. The residual net impact on the Group's consolidated income for 2025 was not material.

In preparing its consolidated financial statements for the year ended December 31, 2025, the Group took into account the tariffs it expects to pay in the future and the compensation it expects to receive from its customers when determining the recoverable amount of its property, plant and equipment and intangible assets and estimating its provisions. To estimate these amounts on sales contracts signed prior to the new tariffs, Valeo based itself on the level of tariffs applicable at the end of 2025 and on the compensation obtained by the Group during the period.

On February 20, 2026, the U.S. Supreme Court invalidated the tariffs put in place by President Trump in 2025 under the International Emergency Economic Powers Act ("IEEPA"). This decision does not, however, call into question the validity of tariff increases implemented through other legal means, such as section 232 of the Trade Expansion Act. In response to the Supreme Court's decision, the US President decided to introduce a new 15% import tax. As of the accounts closing date, February 26, 2026, uncertainties remain regarding the direct and indirect impacts resulting from these decisions. However, the Group considers that these impacts are not such as to call into question the estimates and judgments used in preparing its financial statements as of December 31, 2025.

The Group continues to closely monitor changes in tariffs in the United States as well as in the other countries in which it operates, in order to measure the impact and minimize their direct impact as much as possible.

Note 3 Scope of consolidation

3.1 Accounting policies relating to the scope of consolidation

3.1.1 Consolidation methods

3.1.1.1 Full consolidation

The accounts of companies under Valeo's direct and indirect control are included in the consolidated financial statements using the full consolidation method. Control is deemed to exist when the Group:

- has power over an investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to affect those returns through its power over the investee's relevant activities.

All intercompany transactions are eliminated, as are gains on intercompany disposals of assets, intercompany profits included in inventories and intercompany dividends.

The earnings of subsidiaries acquired are consolidated as from the date the Group has control.

3.1.1.2 Equity-method accounting for joint ventures and associates

Joint arrangements organize the sharing of control of an entity by two or more parties. An arrangement in which the parties have rights to the net assets of that arrangement is called a joint venture. An arrangement in which the parties have rights to the assets, and obligations for the liabilities, relating to the arrangement, is known as a joint operation.

Valeo also exercises significant influence over certain entities, known as associates. Significant influence is the power to participate in decisions affecting the entity's financial and operating policies, but is not control or joint control over those policies. Significant influence is deemed to exist when Valeo holds over 20% of the voting rights of another entity. Joint ventures and associates are accounted for using the equity method. Under the equity method, an investment in an equity-accounted company is recognized in the consolidated statement of financial position on the date on which the entity becomes an associate or joint venture.

The investment is initially recognized at cost. In accordance with IFRS 10.25, in the specific case of loss of control of a subsidiary leading to recognition of an interest in a joint venture or associate, the initial cost of this investment is equal to its fair value at the date control is lost. The investment is subsequently adjusted after the acquisition date to reflect the Group's share of the retained comprehensive income of the investee. These items may be adjusted in line with Group accounting policies. Goodwill arising on the acquisition of associates or joint ventures is included in investments in equity-accounted companies.

The procedure used to measure investments in equity-accounted companies is governed by IFRS 9 – "Financial Instruments: Recognition and Measurement" and IAS 28 (revised) – "Investments in Associates and Joint Ventures".

Any impairment losses taken against investments in equity-accounted companies, along with any gains or losses on remeasuring the previously-held equity interest at fair value (on acquisition of a controlling interest in an equity-accounted company) are recorded in share in net earnings of equity-accounted companies.

A list of consolidated companies is provided in Note 14, pages 450 to 457.

3.1.2 Foreign currency translation

3.1.2.1 Foreign currency financial statements

The Group's consolidated financial statements are presented in euros.

The financial statements of each consolidated Group company are prepared in its functional currency. The functional currency is the currency of the principal economic environment in which it operates, and is generally the local currency.

The financial statements of foreign subsidiaries whose functional currency is not the euro are translated into euros as follows:

- statement of financial position items are translated into euros at the year-end exchange rate;
- statement of income items are translated into euros at the exchange rates applicable at the transaction dates or, in practice, at the average exchange rate for the period, as long as this is not rendered inappropriate as a basis for translation by major fluctuations in the exchange rate during the period;
- unrealized gains and losses arising from the translation of the financial statements of foreign subsidiaries are recorded under translation adjustment in other comprehensive income that may subsequently be recycled to income.

The Group applies the provisions of IAS 29 – "Financial Reporting in Hyperinflationary Economies" to entities whose functional currency is considered to be the currency of a hyperinflationary economy. The financial statements of the companies concerned are restated for the impacts of inflation (historical cost convention) and then translated into the Group's presentation currency at the closing exchange rate.

3.1.2.2 Foreign currency transactions

General principle

Transactions carried out in a currency other than Valeo's functional currency are translated using the exchange rate prevailing at the transaction date. Monetary assets and liabilities denominated in a foreign currency are translated at the year-end exchange rate. Non-monetary assets and liabilities denominated in a foreign currency are recognized at the historical exchange rate prevailing at the transaction date.

Differences arising from the translation of foreign currency transactions are generally recognized in income.

Net investment

Certain foreign currency loans and borrowings are considered in substance to be an integral part of the net investment in a subsidiary whose functional currency is not the euro when settlement is neither planned nor likely to occur in the foreseeable future. The foreign currency gains and losses arising on these loans and borrowings are recorded under translation adjustment in other comprehensive income for their net-of-tax amount. This specific accounting treatment applies until the disposal of the net investment, or when partial or full repayment of these loans or borrowings is highly probable.

When the net investment is derecognized, the translation adjustment arising after said date is taken to other financial income and expenses in the consolidated statement of income. Translation adjustments previously recognized in other comprehensive income are only recycled to income when the foreign operation is partially or fully disposed of. The Group examines whether these partial or full repayments of loans or borrowings equate to a partial or full disposal of the subsidiary.

3.1.3 Business combinations

Business combinations are accounted for using the acquisition method, whereby:

- the cost of a combination is determined at the acquisition-date fair value of the consideration transferred, including any contingent consideration. After the measurement period, any subsequent changes in the fair value of contingent consideration are recognized in income or in other comprehensive income as appropriate, in accordance with the applicable standards;
- the difference between the consideration transferred and the acquisition-date fair value of the net identifiable assets acquired and liabilities assumed is classified as goodwill within assets in the statement of financial position.

Adjustments to the provisional fair value of identifiable assets acquired and liabilities assumed resulting from independent analyses in progress or supplementary analyses are recognized as a retrospective adjustment to goodwill if they are made within 12 months of the acquisition date ("measurement period") and result from facts and circumstances that existed as of that date. The impact of any adjustments made after the measurement period is recognized directly in income as a change of accounting estimate.

Intangible assets may be recognized in respect of customer relationships that correspond in substance to contracts in progress at the date control is acquired and/or to relationships with regular customers of the acquired entity (opportunity to enter into new contracts). These intangible assets are measured based on the "excess earnings" method, whereby the value of the intangible asset corresponds to the present value of the cash flows generated by this asset, less a capital charge representing a return on the other assets concerned. Intangible assets may also be recognized in respect of patented or unpatented technologies and trademarks. These assets are measured based on the "royalties" method or "replacement cost" method.

For each business combination in which the acquirer holds less than 100% of the equity interests in the acquiree at the acquisition date, the amount of the non-controlling interest is measured:

- either at fair value: in this case, goodwill is recognized on the non-controlling interest ("full goodwill method");
- or at the proportionate share in the recognized amounts of the acquiree's net identifiable assets, in which case goodwill is recognized only on the interest acquired ("partial goodwill method").

Costs directly attributable to the combination are included within other income and expenses in the period in which they are incurred.

Adjustments to contingent consideration in a business combination are measured at the acquisition-date fair value, even if the consideration is not expected to materialize. After the acquisition date, changes to the estimated fair value of contingent consideration involve an adjustment to goodwill only if they are made within the measurement period (up to 12 months after the date of the combination) and result from facts and circumstances that existed as of that date. In all other cases, such changes are recognized in income or in other comprehensive income as appropriate, in accordance with the applicable standard.

In a business combination achieved in stages, the Group's previously-held interest in the acquiree is remeasured at its acquisition-date fair value in income. To determine goodwill at the acquisition date, the fair value of the consideration transferred (e.g., price paid) is increased by the fair value of any interest previously held by the Group. The amount previously recognized within other comprehensive income in respect of the previously-held interest is recycled to the statement of income.

3.1.4 Transactions involving non-controlling interests

Changes in transactions involving non-controlling interests that do not result in a change of control are recognized in equity. In particular, in the event of an acquisition of additional shares in an entity already controlled by the Group, the difference between the acquisition price of the shares and the additional interest acquired by the Group in consolidated equity is recorded in stockholders' equity. The value of the entity's identifiable assets and liabilities (including goodwill) for consolidation purposes remains unchanged.

3.1.5 Assets and liabilities held for sale and discontinued operations

When the Group expects to recover the value of an asset or a group of assets through its sale rather than through continuing use, such assets are presented separately under assets held for sale in the statement of financial position. Any liabilities related to such assets are presented on the liabilities held for sale line in the statement of financial position. Assets classified as held for sale are valued at the lower of their carrying amount and their estimated sale price less costs to sell, and are therefore no longer subject to depreciation and amortization.

In accordance with IFRS 5, a discontinued operation is a component of an entity that has either been disposed of or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the date of sale or at an earlier date if the business meets the criteria to be recognized as an asset held for sale. Income or losses generated by these operations, as well as any capital gains or losses on disposal, are presented net of tax on a separate line of the statement of income. To provide a meaningful year-on-year comparison, the same treatment is applied to these items in the previous year.

For assets relating to operations that have not been classified as discontinued, any related impairment losses or proceeds from their disposal are recognized through operating income.

3.2 Changes in the scope of consolidation

3.2.1 Transactions completed during the year

3.2.1.1 Sale of the automotive powertrain system sensor business

On April 30, 2025, Sinotec signed a purchase commitment for Valeo's automotive powertrain system sensor business. The sale agreement was signed on July 10, 2025, and the transaction closed on November 30, 2025.

The sale of this business resulted in a capital gain on disposal of 4 million euros that was reported in other income and expenses (see Note 5.6.2.1, page 404).

The assets and liabilities of the automotive sensor business, which measures the temperature, pressure and position of all types of powertrain systems, had been classified as assets and liabilities held for sale in the consolidated statement of financial position at December 31, 2024, in an amount of 100 million euros and 47 million euros, respectively.

This business represented sales of 133 million euros in 2025 (11 months of operations) and 128 million euros in 2024 (12 months of operations).

3.2.1.2 Sale of the subsidiary gestigon GmbH

In October 2025, Majelan X acquired Valeo subsidiary gestigon, which specializes in 3D image processing software for the vehicle cabin. The disposal was recognized in other income and expenses (see Note 5.6.2.1, page 404).

This business did not represent a material amount of Group sales in either 2024 or 2025.

3.2.1.3 Sale of the Malaysian decorated parts business

On December 24, 2025, the Group signed an agreement with Nationgate System SDN BHD to sell its Malaysian subsidiary specializing in the production of decorated parts manufactured by plastic injection and assembly of electronic modules with the disposal recognized in other income and expenses (see Note 5.6.2.1, page 404).

In both 2024 and 2025, this business contributed 2 million euros to Group sales.

3.2.1.4 Sale of minority interest in Faw-Valeo Climate Control Systems joint venture

On July 4, 2025, Valeo signed an agreement to sell its 36.5% minority interest in the joint venture Faw-Valeo Climate Control Systems Co. Ltd, which operates in China. The sale took place in November 2025.

The sale price provided for in the agreement had led the Group to write down the value of its investment in the company, which is accounted for using the equity method, in its consolidated financial statements for the six months ended June 30, 2025. The impairment loss is recognized under “Share in net earnings of equity-accounted companies” (see Note 5.5.3, pages 401 to 403) in the consolidated statement of income.

3.2.2 Transaction that has not yet been completed

Valeo has begun negotiations to transfer its lighting activities in India to a joint venture owned by Ichikoh and Tata AutoComp Systems. The transfer would result in a change in consolidation method for the business’ assets and liabilities.

In accordance with IFRS 5, the assets and liabilities relating to this business were classified as assets and liabilities held for sale in the consolidated statement of financial position at December 31, 2025. At that date, the assets and liabilities held for sale represented 22 million euros and 16 million euros, respectively. Based on the information available at the reporting date, Valeo has not identified any indications of impairment.

This business represented sales of 35 million euros in 2025 and 32 million euros in 2024.

3.3 Off-balance sheet commitments relating to the scope of consolidation

3.3.1 Commitments given

Valeo and V. Johnson Enterprises set up Detroit Thermal Systems in 2012. At December 31, 2025, Valeo and V. Johnson Enterprises had respective 49% and 51% interests in this company.

V. Johnson Enterprises has a put option that may be exercised if certain contractually defined events – not relating to a level of earnings – occur. For example, the option is exercisable in the event that Valeo is unable to contribute to the financing of the venture or if it sells all or part of its interest to a third party. If the put were to be exercised, all of the shares owned by V. Johnson Enterprises at that time would be sold to Valeo, with the price to be determined according to the provisions of the agreement defining the company’s governance arrangements.

As part of the disposals carried out in 2025 and earlier, Valeo granted various vendor warranties customary for this type of transaction. At December 31, 2025, these warranties totaled 92 million euros, including 76 million euros in connection with the disposal of the Thermal Commercial Vehicles business in 2024 and the automotive powertrain system sensors business in 2025 (see Note 3.2.1.1, page 392).

3.3.2 Commitments received

At December 31, 2025, as at December 31, 2024, Valeo had not received any commitments relating to the scope of consolidation.

Note 4 Segment reporting

In accordance with IFRS 8 – "Operating Segments", the Group's segment information below is presented on the basis of internal reports that are reviewed by the Group's General Management in order to allocate resources to the segments and assess their performance. General Management represents the chief operating decision maker within the meaning of IFRS 8.

General Management represents the chief operating decision maker within the meaning of IFRS 8 – "Operating Segments". In accordance with IFRS 8, the Group's segment information below is presented on the basis of internal reports that are reviewed by the Group's General Management in order to allocate resources to the segments and assess their performance.

Operating segments correspond to the three Divisions:

- POWER Division – This Division designs innovative thermal management and powertrain systems for all vehicle types, combining high-performance electric motors, advanced power electronics and efficient thermal management systems. Through this approach, the Division contributes to the reduction of CO_2 and pollutant emissions. It develops optimized thermal management and electric powertrain systems to improve vehicle range, battery life and safety, passenger comfort.
- BRAIN Division – This Division is leading the way in vehicle automation and the reinvention of the interior experience, leveraging all the opportunities offered by the new electrical/electronic architectures. The Brain Division drives the Software Defined Vehicle (SDV) revolution.
- LIGHT Division – This Division designs and produces innovative, high-performance, smart systems dedicated to exterior and interior lighting and signaling, along with wiper and sensor cleaning systems. In every driving situation, these systems assist the driver and improve safety for occupants and road users alike.

Each of these Divisions is also responsible for production and for part of the distribution of products for the aftermarket. A significant portion of the earnings generated by Valeo Service, which mainly sells products manufactured by the Group, is reallocated among each of the Divisions. The external trading operations of Valeo Service are presented within "Other", along with the operations of the holding companies and eliminations between the three operating segments.

4.1 Key performance indicators by Division

In line with IFRIC's July 2024 agenda decision, the Group reviewed the key performance indicators presented for each of its operating segments.

The key performance indicators for each Division as presented in the tables below are as follows:

- sales;
- raw materials consumed;
- Research and Development expenditure;
- operating margin;
- amortization and depreciation of intangible assets and property, plant and equipment, and impairment losses, net of government grants;
- dividends paid by equity-accounted companies;
- adjusted EBITDA;
- investments on property, plant and equipment and intangible assets;
- segment assets, comprising intangible assets and property, plant and equipment (including goodwill), investments in equity-accounted companies and inventories.

YEAR 2025

(in millions of euros)	POWER	BRAIN	LIGHT	Other	Total
Sales	**10,512**	**4,957**	**5,405**	**29**	**20,903**
• segment (excluding Group)	10,389	4,931	5,398	185	20,903
• intersegment (Group)	123	26	7	(156)	—
Raw materials consumed	(6,109)	(2,562)	(2,857)	2	(11,526)
Research and Development expenditure	(753)	(1,081)	(432)	(7)	(2,273)
Operating margin	**441**	**267**	**270**	**(1)**	**977**
Depreciation, amortization and impairment of property, plant and equipment and intangible assets, net of government grants[1]	831	719	490	56	2,096
Dividends paid by equity-accounted companies	9	—	—	—	9
Adjusted EBITDA	**1,281**	**986**	**760**	**55**	**3,082**
Investments property, plant and equipment and intangible assets	625	945	428	36	2,034
Segment assets[2]	5,881	3,819	2,805	304	12,810

(1) Impairment losses recorded in operating margin only.
(2) The segment assets shown for the LIGHT Division do not include the amount relating to the assets of the Thermal Commercial Vehicles business reclassified as held for sale at December 31, 2025 (see Note 3.2.2, page 392).

YEAR 2024

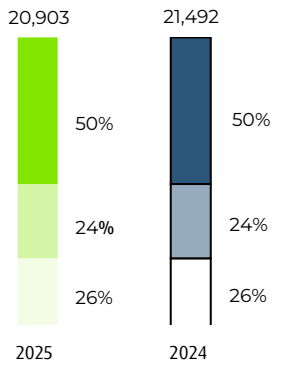
(in millions of euros)	POWER	BRAIN	LIGHT	Other	Total
Sales	**10,845**	**5,053**	**5,554**	**40**	**21,492**
• segment (excluding Group)	10,702	5,021	5,546	223	21,492
• intersegment (Group)	143	32	8	(183)	—
Raw materials consumed	(6,207)	(2,851)	(2,990)	9	(12,038)
Research and Development expenditure	(861)	(867)	(386)	(13)	(2,127)
Operating margin	**319**	**294**	**307**	**(1)**	**919**
Depreciation, amortization and impairment of property, plant and equipment and intangible assets, net of government grants[1]	922	537	425	45	1,929
Dividends paid by equity-accounted companies	15	—	—	—	15
Adjusted EBITDA	**1,256**	**831**	**732**	**44**	**2,863**
Investments to property, plant and equipment and intangible assets	803	925	538	74	2,340
Segment assets[2]	6,559	3,829	3,020	319	13,727

(1) Impairment losses recorded in operating margin only.
(2) The segment assets shown for the POWER Division do not include the amount relating to the assets of the automotive powertrain system sensor business reclassified as held for sale at December 31, 2024 (see Note 3.2.2, page 392).

In 2025, impairment losses on capitalized development expenditure and capitalized property, plant and equipment included in the operating margin amount to 308 million euros, compared with 104 million euros in 2024. These impairment losses are mainly related to contract cancellations.

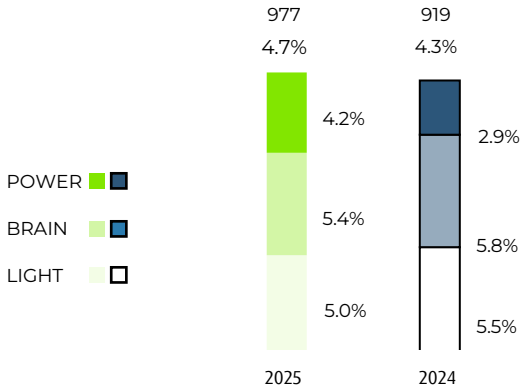
SALES BY DIVISION (INCLUDING INTERSEGMENT SALES)

(in millions of euros and as a % of sales)



OPERATING MARGIN BY DIVISION

(in millions of euros and as a % of sales)



4.2 Reconciliation with Group data

Total segment assets reconcile to total Group assets as follows:

(in millions of euros)	December 31, 2025	December 31, 2024
Segment assets	**12,810**	**13,727**
Accounts and notes receivable	2,956	2,656
Other current assets	659	699
Taxes receivable	58	64
Financial assets	2,957	3,668
Deferred tax assets	805	740
Assets held for sale[1]	25	104
TOTAL GROUP ASSETS	**20,270**	**21,658**

(1) At December 31, 2025, assets held for sale correspond mostly to the assets of the lighting business in India (see Note 3.2.2, page 392). At December 31, 2024, assets held for sale mainly corresponded to the automotive sensor business' assets, which are used to measure temperature, pressure and position for all types of powertrain systems (see Note 3.2.2, page 392).

4.3 Reporting by geographic area

Non-current assets consist of property, plant and equipment, intangible assets (excluding goodwill) and investments in equity-accounted companies. Goodwill balances cannot be broken down by geographic area as they are allocated to Divisions that operate in several geographic areas.

2025

(in millions of euros)	Sales by	Non-current assets
Europe and Africa	11,094	4,867
o/w France	*3,132*	*1,181*
o/w Germany	*2,354*	*1,458*
Americas	4,102	1,147
o/w United States/Mexico[1]	*3,904*	*1,101*
Asia	6,418	1,958
o/w China	*3,442*	*1,060*
Eliminations	(711)	(10)
TOTAL	**20,903**	**7,962**

(1) Valeo's Mexican business operates almost exclusively as a subcontractor for the United States. Accordingly, the breakdown of sales and non-current assets for the Americas region between the United States and Mexico is not relevant.

2024

(in millions of euros)	Sales by	Non-current assets
Europe and Africa	11,083	4,930
o/w France	3,065	1,084
o/w Germany	2,528	1,663
Americas	4,313	1,379
o/w United States/Mexico[1]	4,096	1,337
Asia	6,819	2,226
o/w China	*3,675*	*1,211*
Eliminations	(722)	(4)
TOTAL	**21,492**	**8,531**

(1) Valeo's Mexican business operates almost exclusively as a subcontractor for the United States. Accordingly, the breakdown of sales and non-current assets for the Americas region between the United States and Mexico is not relevant.

Note 5 Operating data

5.1 Sales

For each automotive project, the three main typically identified promises made by Valeo to an automaker are:

- Product Development, which includes determining the intrinsic technical features of parts and those related to the relevant production process. This promise is usually considered to be related to the supply of parts; any contributions from customers in respect of Product Development are therefore recognized in sales over the period of series production as the promise to deliver the parts is fulfilled, within a period of four years. However, the accounting treatment applied may vary based on each project's specific contractual or operational features;
- Supply of Tooling such as molds and other equipment used to manufacture parts:
  - for certain businesses, the supply of molds may be considered to be a distinct promise in view of the manner in which control is transferred. In such cases, sales are recognized at the start of series production for the project,
  - the supply of other equipment used to manufacture parts is considered to be related to the Supply of Parts. Any contributions received in this respect are therefore deferred and recognized over the duration of the manufacturing phase of the project as the promise to deliver the parts is fulfilled, within a period of four years;
- Supply of Parts, sales of which are recognized when control of the parts is transferred to the customer, i.e., generally upon delivery.

In this respect, sales primarily include sales of finished goods and all tooling revenues and customer contributions to Research and Development expenditure and prototypes. Sales are measured at the fair value of the consideration receivable, net of any trade discounts and volume rebates and excluding any VAT or other taxes. If the price of a contract is adjusted, the impact of the change is allocated to the performance obligations to which the change relates.

Under specific contracts, analysis of the relationship with the end customer leads Valeo to consider that it acts as agent when it supplies said end customer with "imposed" components. As such, the transactions in which Valeo acts as agent are recognized based on their net amount. This business model primarily concerns the front-end module operations of the POWER Division.

In general, customers award Valeo contracts to supply all the parts required for a specific project. Estimated future volumes cannot be included in the order book as defined by IFRS 15 until the customer has placed an order for a firm volume. Accordingly, disclosure of this information is not considered relevant.

Group sales contracted by 2.7% to 20,903 million euros in 2025, from 21,492 million euros in 2024.

Changes in exchange rates had a 2.4% negative impact, primarily due to the appreciation of the euro against the US dollar, Chinese renminbi and South Korean won. Changes in Group structure had a 0.8% negative impact, mainly due to the sale (i) on June 30, 2024 of the Thermal Commercial Vehicles business and (ii) in August 2024 of PIAA, a company specialized in the manufacture of innovative vehicle-lighting equipment, which was part of Valeo Service. On a like-for-like basis (comparable Group structure and exchange rates), consolidated sales were up by 0.5% between 2024 and 2025.

Sales can be analyzed as follows:

(in millions of euros)	2025	2024
Original equipment	17,301	17,950
Aftermarket	2,135	2,262
Other	1,467	1,280
SALES	**20,903**	**21,492**

In both 2025 and 2024, two customers generated over 10% of the Group's sales, accounting for 15% and 13%, respectively, of total consolidated sales. These customers represent a broadly similar share of sales across the three Divisions.

Customer contributions to Research and Development expenditure and prototypes amounted to 805 million euros in 2025, compared with 631 million euros in 2024. They are presented under "Other". Customer contributions are mostly recognized in sales during series production of the associated parts.

Group sales take into account indemnities received from customers, notably linked to project cancellations, significant drops in volumes, or early terminations. Compensation received from customers for cancellations of projects not yet in series production stage is presented under "Other".

5.2 Accounts and notes receivable

Accounts and notes receivable are current financial assets which are initially recognized at fair value and subsequently carried at amortized cost, less the expected accumulated impairment losses. The initial fair value of accounts and notes receivable is deemed to be their nominal amount, since payment periods are generally less than three months.

Accounts and notes receivable are written down for expected losses. Two methods are used to measure expected losses:

- expected losses measured based on historical credit losses, receivables aging and a detailed estimate of the risks specific to a receivable or group of receivables;
- expected losses measured based on the customer's credit rating.

Impairment losses are recognized in operating income or in other financial income and expenses if they relate to a credit risk on a debtor.

Accounts and notes receivable may be discounted and sold to banks within the scope of recurring or one-off transactions. In accordance with the principles for derecognizing financial assets, an analysis is performed at the time of these transactions to determine the extent to which the risks and rewards inherent to ownership of the receivables have been transferred, particularly in terms of credit, late payment and dilution risks. If the analysis shows that both the contractual rights to receive the cash flows relating to the receivables and substantially all of the risks and rewards have been transferred, the accounts and notes receivable are removed from the consolidated statement of financial position and all of the rights created or retained on transfer are recognized as appropriate.

If this is not the case, the accounts and notes receivable continue to be carried on the consolidated statement of financial position and a debt is recorded to the extent of the discounted amount.

Upstream price reductions granted to automakers are recognized within contract assets under accounts and notes receivable in the consolidated statement of financial position at the time of payment. They are subsequently recognized in the statement of income on a straight-line basis as a deduction from sales as from the start of volume production.

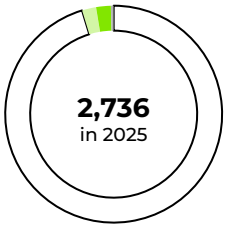
Accounts and notes receivable can be analyzed as follows:

(in millions of euros)	December 31, 2025	December 31, 2024
Contract assets	251	248
Accounts and notes receivable, gross	2,736	2,437
Impairment	(31)	(29)
ACCOUNTS AND NOTES RECEIVABLE, NET	**2,956**	**2,656**

At December 31, 2025, Valeo's largest automotive customer accounted for 24% of the Group's accounts and notes receivable (14% at December 31, 2024).

The average days' sales outstanding stood at 46 days at December 31, 2025, compared to 41 days at December 31, 2024.

The table below presents an aged analysis of accounts and notes receivable at the end of the reporting period:



(in millions of euros)		December 31, 2025	December 31, 2024[1]
95.3%	- Not yet due	2,606	2,294
2.1%	- Less than 1 month past due	59	64
2.2%	- More than 1 month but less than 1 year past due	60	63
0.4%	- More than 1 year past due	11	16
	ACCOUNTS AND NOTES RECEIVABLE, GROSS	**2,736**	**2,437**

(1) The data for the 2024 financial year were revised compared with those presented in the Group's consolidated financial statements as at December 31, 2024.

Gross accounts and notes receivable not yet due and less than one month past due at December 31, 2025 totaled 2,606 million euros and 59 million euros respectively, and represented 97% of total gross accounts and notes receivable (97% at December 31, 2024). Past due receivables were written down in an amount of 31 million euros at December 31, 2025 (29 million euros at December 31, 2024).

Accounts and notes receivable falling due after December 31, 2025, for which substantially all risks and rewards have been transferred and which are no longer carried in assets in the statement of financial position, break down as follows:

(in millions of euros)	December 31, 2025	December 31, 2024
Receivables sold:		
• Recurring sales of receivables	261	168
• Non-recurring sales of receivables	61	152
ACCOUNTS AND NOTES RECEIVABLE SOLD	**322**	**320**
Financial cost related to these transactions	14	9

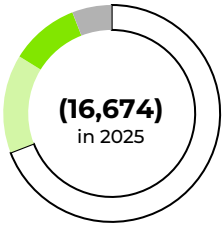
In December 2024, the Group signed a framework agreement with a bank to set up a program of recurring sales of trade receivables. For subsidiaries within the scope of this program, it involves the systematic sale of all receivables in respect of a list of debtors pre-approved by the bank. Given the contractual provisions of the program, the sold receivables are derecognized from the consolidated statement of financial position. Outstanding receivables sold under this program are reported under "Recurring sales of receivables" in the table above.

In the ordinary course of its operations in China, Valeo may be paid by its customers or may pay its suppliers using a payment instrument specific to the Chinese market known as a "bank acceptance draft". Owing to their nature, receivables and payables under bank acceptance drafts continue to be recognized within accounts and notes receivable and payable until they fall due. At December 31, 2025, these instruments represented 183 million euros of accounts and notes receivable and 348 million euros of accounts and notes payable (135 million euros and 282 million euros, respectively, at December 31, 2024).

5.3 Cost of sales

Cost of sales may include insurance indemnities paid out for claims made within the scope of the Group's operations. These claims can relate to product quality issues or property damage. An insurance gain is recognized in the statement of income at the date of the claim, if it is demonstrated that the claim is duly covered by a valid insurance policy. If this right is contingent on the subsequent completion of repairs or on the acquisition of new assets (contingent claim), the associated gain should be recognized at the time the aforementioned repairs or acquisitions are made.

Cost of sales can be analyzed as follows:



(in millions of euros)		2025	2024
55.1% (1)	– Raw materials consumed	(11,526)	(12,038)
11.7% (1)	– Labor	(2,443)	(2,627)
8.2% (1)	– Direct production costs and production overheads	(1,717)	(1,724)
4.7% (1)	– Depreciation, amortization and impairment losses(2)	(988)	(1,022)
	COST OF SALES	**(16,674)**	**(17,411)**

(1) As a % of sales.
(2) This amount does not include amortization and impairment charged against capitalized development expenditure, which is recognized in Research and Development expenditure. It includes the impact of government subsidies on non-current production assets (excluding Research and Development) recognized in the income statement for the year, as well as capital gains on the disposal of property, plant and equipment.

5.4 Inventories

Inventories are measured at the lower of cost or net realizable value. Impairment losses are booked when the expected realizable value of inventories is lower than their cost price. Probable realizable value is based on the price of products on their reference market, and takes into account any risk of obsolescence due to low stock turnover for a given product listing. Obsolete inventories and/or inventories intended for destruction are fully written down.

Inventories of raw materials and goods for resale are carried at purchase cost. Inventories of finished products and work-in-progress are carried at production cost. Production cost includes the cost of raw materials, supplies and labor used in production, and other direct production and indirect plant costs, excluding overheads not related to production. These costs are determined by the "First-in-First-out" method which, due to the rapid inventory turnover rate, approximates the latest cost at the end of the reporting period.

Tooling specific to a given project is subject to an economic analysis of the contractual relationship with the automaker in order to determine if control of the tooling is transferred to that automaker. Tooling is capitalized in the consolidated statement of financial position (see Note 7.3 "Property, plant and equipment", pages 416 to 418) when Valeo has control of the tooling, or is otherwise carried in inventories (until control is transferred). A provision is made for any potential loss on the tooling contract (corresponding to the difference between the customer's contribution and the cost of the tooling) as soon as the amount of the loss is known.

At December 31, 2025, inventories break down as follows:

	December 31, 2025			December 31, 2024
(in millions of euros)	Gross carrying amount	Impairment	Net carrying amount	Net carrying amount
Raw materials	1,022	(253)	769	881
Work-in-progress	261	(45)	216	269
Finished goods and supplies	765	(167)	598	642
Specific tooling	286	(7)	279	318
INVENTORIES, NET	**2,334**	**(472)**	**1,862**	**2,110**

5.5 Operating margin including share in net earnings of equity-accounted companies

Operating margin is equal to sales less costs to sell, Research and Development expenditure and selling and administrative expenses.

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

In 2025, operating margin including share in net earnings of equity-accounted companies was 957 million euros, or 4.6% of sales (4.3% of sales in 2024).

Share in net earnings of equity-accounted companies represented a loss of 20 million euros in 2025, compared with a gain of 12 million euros in 2024.

Further details of the Group's share in earnings of equity-accounted companies are provided in Note 5.5.3, pages 401 to 403.

5.5.1 Research and Development expenditure

5.5.1.1 Capitalized development expenditure

Innovation can be analyzed as either research or development. Research is an activity which can lead to new scientific or technical knowledge and understanding. Development is the application of research findings with a view to creating new products, before the start of commercial production.

Research costs are recognized in expenses in the period in which they are incurred.

Development expenditure is capitalized where the Group can demonstrate that:

- it has the intention and the technical and financial resources to complete the development, evidenced in particular by an engagement letter from the customer stating that Valeo has been chosen as supplier for the project;
- the intangible asset will generate future economic benefits in excess of its carrying amount, i.e., based in particular on whether the project is expected to generate an adequate margin;
- and the cost of the intangible asset can be measured reliably.

Capitalized development expenditure recorded in assets in the statement of financial position therefore corresponds to projects for specific customer applications drawing on approved generic standards or technologies already applied in production. These projects are analyzed on a case-by-case basis to ensure they meet the criteria for capitalization as described opposite. Costs incurred before the formal decision to develop the product are included in expenses for the period. Costs incurred after the launch of series production are considered production costs.

Capitalized development expenditure related to projects that have not yet resulted in the start of series production is tested for impairment at least once a year and whenever there is an indication that it may be impaired. Following the start of series production, capitalized development expenditure is tested at the level of the cash-generating units (CGUs) (see Note 7.4, pages 419 to 422).

Capitalized development expenditure is amortized on a straight-line basis over a maximum period of four years as from the start of series production.

Changes in capitalized development expenditure in 2024 and 2025 are analyzed below:

(in millions of euros)	2025	2024
GROSS CARRYING AMOUNT AT JANUARY 1	**6,511**	**6,042**
Accumulated amortization and impairment	(3,726)	(3,625)
NET CARRYING AMOUNT AT JANUARY 1	**2,785**	**2,417**
Capitalized development expenditure	930	1,045
Disposals	—	—
Reversals of/(additions to) impairment	(234)	(66)
Depreciation	(623)	(625)
Reclassifications	8	(25)
Translation adjustment	(94)	39
NET CARRYING AMOUNT AT DECEMBER 31	**2,772**	**2,785**

5.5.1.2 Research and Development expenditure

Research and Development expenditure comprises the costs incurred during the period, including amortization charged against capitalized development expenditure, less research tax credits and the portion of Research and Development subsidies granted to the Group and taken to income.

Research and Development expenditure can be analyzed as follows for 2024 and 2025:

(in millions of euros)	2025	2024
Gross Research and Development expenditure[1]	(2,459)	(2,652)
Subsidies and grants, and other income[2]	109	109
Capitalized development expenditure	930	1,045
Amortization, impairment, and movement of provisions[3]	(853)	(628)
RESEARCH AND DEVELOPMENT EXPENDITURE	**(2,273)**	**(2,127)**

(1) In the consolidated financial statements as of December 31, 2024, gross Research and Development expenditure included changes in provisions related to Research and Development costs, which resulted in income of 62 million euros. The impact of these changes in provisions is no longer presented within this line in the table above. It is presented in the line "Depreciation, amortization and impairment losses and movements of provisions".

(2) The impact of the French research tax credit (Crédits d'Impôt Recherche)*, or any other similar tax arrangements in other jurisdictions outside the scope of IAS 12, as well as the impact of the subsidy calculated on the loan taken out with the European Investment Bank (EIB) in 2021, are presented on this line.*

(3) Amortization and impairment losses on capitalized development costs reported in operating margin, as well as additions to, reversals of, and uses of provisions for Research and Development expenses, are presented on this line.

In 2025, the actions launched by Valeo during the year to streamline its Research and Development efforts led to a reduction in gross Research and Development expenditure compared with 2024. Moreover, Valeo recognized 234 million euros in impairment losses, mainly following the termination of contracts for which it obtained compensation from its customers.

Customer contributions to Research and Development expenditure and prototypes are recognized in sales and presented under "Other" (see Note 5.1, page 396).

The research tax credit in France is calculated based on certain research expenditure on "eligible" projects and is paid by the French State, regardless of the entity's income tax position. If the company collecting the research tax credit is liable for income tax, the credit will be deducted from its income tax liability. Otherwise, it will be paid by the French State within a period of three years.

The French research tax credit, or any other similar tax provision in other jurisdictions, does not therefore fall within the scope of IAS 12 – "Income Taxes" and is recognized as a deduction from Research and Development expenditure within the Group's operating margin as and when the related costs are taken to income.

The French research tax credit recognized in income for the year totaled 42 million euros in respect of 2025 (50 million euros in 2024).

5.5.2 Other current assets

Amounts receivable in respect of the French research tax credit as well as VAT credits may be discounted and sold to banks. The Group applies the principles for derecognizing financial assets in the same way as for accounts and notes receivable. An analysis is performed to determine the extent to which the risks and rewards inherent to ownership of the receivables are transferred.

If the analysis shows that substantially all of the risks and rewards are transferred, these receivables are removed from the consolidated statement of financial position. If this is not the case, the receivables continue to be carried on the consolidated statement of financial position and a debt is recorded for the discounted amount.

At December 31, 2025, amounts receivable in respect of the French research tax credit for 2022, 2023, 2024 and 2025 are no longer carried in the consolidated statement of financial position.

These receivables were transferred as follows:

- the prospective 2022 research tax credit receivable on December 16, 2022 for 45 million euros, and in July 2023 for the remaining 1 million euros;
- the prospective 2023 research tax credit receivable on December 20, 2023 for 53 million euros, and in June 2024 for the remaining 3 million euros;
- the prospective 2024 research tax credit receivable on December 19, 2024 for 42 million euros, and in June 2025 for the remaining 10 million euros;
- the prospective 2025 research tax credit receivable on December 19, 2025 for 28 million euros.

At December 31, 2025 and December 31, 2024, receivables in respect of VAT credits in Mexico were sold and, as a result, are no longer recorded in the consolidated statement of financial position. These receivables represented an amount of 59 million euros at December 31, 2025 versus 14 million euros at December 31, 2024.

The cost of selling these receivables, recognized in cost of net debt in 2025, amounted to 6 million euros for the Group (5 million euros in 2024).

5.5.3 Associates and joint ventures

5.5.3.1 Share in net earnings of equity-accounted companies

All investments accounted for using the equity method, either joint ventures or associates, contribute to the Group's operations and belong to one of its three operating segments. They are included in the Group's internal reporting within the meaning of IFRS 8 and their operating performance is reviewed at the level of the Division to which they belong.

(in millions of euros)	2025	2024
Share in net earnings of associates	**3**	**5**
Of which Detroit Thermal Systems	*2*	*4*
Of which Other	*1*	*1*
Share in net earnings of joint ventures	**(23)**	**7**
Including Shanghai Valeo Automotive Electrical Systems Company Ltd	*(7)*	*6*
Including Faw-Valeo Climate Control Systems	*(12)*	*(1)*
Of which Other	*(4)*	*2*
SHARE IN NET EARNINGS OF EQUITY-ACCOUNTED COMPANIES	**(20)**	**12**

5.5.3.2 Investments in equity-accounted companies

Investments in associates

Changes in the investments in associates caption can be analyzed as follows:

(in millions of euros)	2025	2024
INVESTMENTS IN ASSOCIATES AT JANUARY 1	**22**	**22**
Share in net earnings of associates	3	5
Dividend payments	(1)	(6)
Impact of changes in scope	—	—
Translation adjustment	(3)	1
INVESTMENTS IN ASSOCIATES AT DECEMBER 31	**21**	**22**

The Group's investments in associates are detailed below:

	Percentage interest (in %)		Carrying amount (in millions of euros)	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Detroit Thermal Systems	49.0	49.0	12	13
Other investments in associates	n.a.	n.a.	9	9
INVESTMENTS IN ASSOCIATES			**21**	**22**

Investments in joint ventures

Changes in the investments in joint ventures caption can be analyzed as follows:

(in millions of euros)	2025	2024
INVESTMENTS IN JOINT VENTURES AT JANUARY 1	**88**	**88**
Share in net earnings of joint ventures	(23)	7
Dividend payments	(8)	(9)
Impact of changes in scope	(8)	(1)
Other movements	1	1
Translation adjustment	(7)	2
INVESTMENTS IN JOINT VENTURES AT DECEMBER 31	**43**	**88**

The Group's investments in joint ventures are detailed below:

	Percentage interest (in %)		Carrying amount (in millions of euros)	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Shanghai Valeo Automotive Electrical Systems Company Ltd	50.0	50.0	18	32
Fawer Valeo eAutomotive Parts (Changshu)	49.5	49.5	19	17
Faw-Valeo Climate Control Systems Co. Ltd	—	36.5	—	22
Other	n.a.	n.a.	6	17
INVESTMENTS IN JOINT VENTURES			**43**	**88**

In December 2025, Valeo sold its 36.5% minority interest in the joint venture Faw-Valeo Climate Control Systems Co. Ltd, which operates in China. In its consolidated financial statements for the six months ended June 30, 2025, the Group had written down the value of the Company's equity-accounted investments on the basis of the sale price provided for in the memorandum of understanding for this transaction.

5.5.3.3 Financial information on equity-accounted companies

This information is presented based on a 100% holding and according to IFRS.

Information for equity-accounted associates and joint ventures is presented on an aggregate basis since the entities are not material taken individually.

Associates

Aggregate financial data in respect of associates is set out below:

(in millions of euros)	December 31, 2025	December 31, 2024
Non-current assets	38	44
Current assets	68	78
Non-current liabilities	(6)	(7)
Current liabilities	(45)	(57)

(in millions of euros)	2025	2024
Sales	287	313
Operating expenses	(280)	(302)

Joint ventures

Summarized financial data in respect of joint ventures are set out in the table below:

(in millions of euros)	December 31, 2025	December 31, 2024
Non-current assets	137	150
Current assets	269	306
Non-current liabilities	(24)	(25)
Current liabilities	(315)	(324)

(in millions of euros)	2025	2024
Sales	519	651
Operating expenses	(542)	(632)

5.5.3.4 Transactions with equity-accounted companies (related parties)

The consolidated financial statements include transactions carried out in the normal course of operations between the Group and its associates and joint ventures. These transactions are carried out at arm's length.

Transactions with associates

(in millions of euros)	December 31, 2025	December 31, 2024
Accounts and notes receivable	4	5
Accounts and notes payable	(6)	(6)
Financial receivables/(net debt)	2	3

(in millions of euros)	2025	2024
Sales of goods and services	27	32
Purchases of goods and services	(39)	(41)

Transactions with joint ventures

(in millions of euros)	December 31, 2025	December 31, 2024
Accounts and notes receivable	47	42
Accounts and notes payable	(10)	(18)
Financial receivables/(net debt)	61	29

(in millions of euros)	2025	2024
Sales of goods and services	112	104
Purchases of goods and services	(39)	(71)

5.6 Operating income and other income and expenses

5.6.1 Operating income

Operating income includes all income and expenses other than:

- interest income and expense comprising cost of net debt;
- other financial income and expenses;
- income taxes.

In 2025, the Group recorded operating income including share in net earnings of equity-accounted companies of 789 million euros, versus 618 million euros in 2024.

5.6.2 Other income and expenses

In order to facilitate interpretation of the statement of income and Group performance, unusual items that are material to the consolidated financial statements are presented separately within operating income under other income and expenses.

This caption mainly includes:

- capital gains and losses and transaction costs arising on changes in the scope of consolidation;
- major litigation and disputes unrelated to the Group's operations (excluding, therefore, the cost of any disputes relating to the quality of products sold, customers, suppliers or contract losses);
- net costs relating to restructuring plans;
- impairment losses on and reversals of fixed assets notably recognized as a result of impairment tests on CGUs and goodwill.

Other income and expenses can be analyzed as follows in 2024 and 2025:

(in millions of euros)	Notes	2025	2024
Capital gains and losses and transaction costs arising on changes in the scope of consolidation	5.6.2.1	—	63
Claims and litigation	5.6.2.2	(21)	(11)
Restructuring plans	5.6.2.3	(156)	(305)
Reversals of/(additions to) impairment of assets	5.6.2.4	9	(60)
OTHER INCOME AND EXPENSES		**(168)**	**(313)**

5.6.2.1 Capital gains and losses and transaction costs arising on changes in the scope of consolidation

This item includes capital gains and losses on disposals, as described in Note 3.2.1, page 392.

At December 31, 2024, this item included the 91 million-euro capital gain on the sale of the Thermal Commercial Vehicles business completed on June 30, 2024.

5.6.2.2 Claims and litigation

This item includes the cost of legal advice in connection with various disputes of an unusual nature, amount or anteriority.

5.6.2.3 Restructuring plans

In 2025, Valeo continued its efforts to streamline its cost structure and realign its production capacities with market demand. These efforts led to the roll-out of restructuring plans, mainly in France, Germany and North America.

Restructuring costs recognized in 2024 mainly related to the plan to restructure the POWER Division, announced in 2024 and ongoing in 2025.

This item also includes expenses related to early retirement plans in Germany.

5.6.2.4 Impairment of assets

Following the impairment tests performed at December 31, 2025, 6 million euros in impairment losses recognized against assets allocated to the Top Column Modules CGU were reversed (see Note 7.4.2, page 420), increasing the carrying value of these assets to the value that would have been determined (net of depreciation and amortization) had no impairment loss been recognized.

At December 31, 2024, the Group recorded a 48 million euro impairment loss against a customer relationship recognized in connection with the takeover of Valeo eAutomotive in 2022, in order to reflect the revision of the expected future economic benefits of a contract with a customer. Impairment losses were also recognized against property, plant and equipment at sites subject to restructuring plans.

Note 6 Personnel expenses and employee benefits

6.1 Headcount

Including temporary staff, the Group's headcount is as follows:

	2025	2024
Total employees at December 31	100,216	106,100
Average employees during the year	103,372	109,957

6.2 Employee benefits

Employee benefits are measured in accordance with IAS 19. They comprise short- and long-term benefits as well as termination benefits.

Group employees are entitled to short-term benefits such as paid annual leave, paid sick leave, bonuses and other benefits (other than termination benefits), payable within 12 months of the end of the period in which the corresponding services are rendered.

These benefits are shown in current liabilities and expensed in the period in which the related service is rendered by the employee.

Long-term benefits cover two categories of employee benefits:

- post-employment benefits, which include statutory retirement bonuses, supplementary pension benefits, and coverage of certain medical costs for retirees and early retirees;
- other long-term benefits payable (during employment), corresponding primarily to long-service bonuses.

Benefits offered to each employee depend on local legislation, collective bargaining agreements, or other agreements in place in each Group entity.

These benefits are broken down into:

- defined contribution plans, under which the employer pays fixed contributions on a regular basis and has no legal or constructive obligation to pay further contributions. These are recognized in expenses based on calls for contributions;
- defined benefit plans, under which the employer guarantees a future level of benefits. An obligation under defined benefit plans (see Note 6.3, pages 406 to 411) is recognized in liabilities in the statement of financial position.

The statement of income presents personnel expenses by function. They include the following items:

(in millions of euros)	2025	2024
Wages and salaries[1]	3,527	3,838
Social security charges	769	793
Share-based payment	32	22
Pension expenses under defined contribution plans	149	167
TOTAL	**4,477**	**4,820**

(1) Including temporary staff.

Pension expenses under defined benefit plans are set out in Note 6.3, pages 406 to 411.

Provisions for restructuring plans and employee disputes are set out in Note 8.1, pages 423 and 424.

6.3 Provisions for pensions and other employee benefits

As explained in Note 6.2, page 405, long-term benefits arising under defined benefit plans give rise to an obligation which is recognized in provisions for pensions and other employee benefits.

The pension provision is equal to the present value of Valeo's future benefit obligation less, where appropriate, the fair value of plan assets in funds allocated to finance such benefits. An asset is only recognized on overfunded plans if it represents future economic benefits that are available to the Group.

The provision for other long-term benefits is equal to the present value of the future benefit obligation. The expected cost of these benefits is recorded in personnel expenses over the employee's working life in the Company.

The calculation of these provisions is based on valuations performed by independent actuaries using the projected unit credit method and end-of-career salaries. These valuations incorporate both macroeconomic assumptions specific to each country in which the Group operates (discount rate, increases in salaries and medical costs) and demographic assumptions, including rate of employee turnover, retirement age and life expectancy.

Discount rates are determined by reference to market yields at the valuation date on high-quality corporate bonds (rated AA) with a term consistent with that of the employee benefits concerned. In countries where the market for investment-grade corporate bonds is insufficient, discount rates are determined by reference to the yield on government bonds.

The effects of differences between previous actuarial assumptions and what has actually occurred (experience adjustments) and the effect of changes in actuarial assumptions (assumption adjustments) give rise to actuarial gains and losses. Actuarial gains and losses arising on long-term benefits payable during employment are recognized immediately in income. However, actuarial gains and losses arising on post-employment benefits are taken directly to other comprehensive income net of deferred tax.

Past service costs resulting from the adoption of a new defined benefit plan or amendments to an existing defined benefit plan are recognized immediately in income.

The expense recognized in the statement of income includes:

- service cost for the period, past service costs, actuarial gains and losses arising on long-term benefits payable during employment and the impact of any plan curtailments, amendments or settlements;
- net interest cost on pension obligations recognized in financial income (including the impact of unwinding) and the expected yield on hedging assets.

6.3.1 Description of the plans in force within the Group

The Group has set up a large number of defined benefit plans covering its current and former employees. The specific characteristics of these plans (benefit formula, funded status) vary depending on the laws and regulations prevailing in each country in which its employees work. At December 31, 2025, 91% of provisions are related to post-employment benefits, while the remaining 9% cover other long-term benefits.

The main post-employment defined benefit plans concern:

- supplementary pension benefits in Germany, the United States, Japan and the United Kingdom, which top up the statutory pension plans in force in those countries:
  - pension entitlement is calculated based on end-of-career salaries and number of years' service within the Group. Certain plans are pre-funded due to local legal requirements in some countries (United States/South Korea/United Kingdom) or as a result of the choice made by the company on setting up the plan (Japan);
  - most plans in the United States have been frozen and no longer give rise to any additional benefits;
- retirement termination benefits in France or severance benefits in South Korea, Mexico and Italy:
  - these benefits are fixed amounts and are calculated depending on the number of years' service and the employee's annual compensation, either at the retirement date, as in France, or at the date the employee leaves the company for whatever reason (retirement, resignation or redundancy), as in South Korea, Mexico and Italy;
- health cover during retirement in the United States:
  - Valeo pays into health plans and life insurance plans for certain retired employees in the United States. These plans are not funded and have all been frozen (the last plan was frozen as of January 1, 2012). Accordingly, no additional benefits have since been offered by these plans to plan participants still working for the Group;
- top-up retirement plans for certain Group managers and executives in France:
  - these plans are now closed to new entrants (the last plan in force concerning a specific level of Valeo management (cadres hors catégorie) was closed to new entrants on June 30, 2017). With effect from July 3, 2019, no further conditional top-up pension rights may accrue under these defined benefit plans in respect of employment periods beyond January 1, 2020. For retirees, these plans are covered by an insurance company. A provision has been recognized in respect of the related obligation based on the probable present value of the future benefits payable, determined considering the number of years' service at the year-end relative to the number of years' service at retirement, it being specified that the beneficiaries must still finish their careers at Valeo.
  - the portion of the obligation relating to the Group's executive managers is detailed in Note 6.5, page 413.

The table below shows the average duration of the Group's main plans and the employees covered by these plans in each region at December 31, 2025:

	France	Other European countries	North America	Asia	Total
Active Valeo employees	9,905	21,051	11,743	12,876	55,575
Active employees having left the Group	—	4,006	773	572	5,351
Retirees	2	5,312	4,951	1,291	11,556
TOTAL NUMBER OF BENEFICIARIES	**9,907**	**30,369**	**17,467**	**14,739**	**72,482**
Average duration of post-employment benefit plans *(in years)*	11	13	9	9	10

The Group also grants other long-term benefits, chiefly long-service bonuses or loyalty awards, mainly in France, Germany, South Korea and China.

All of these plans are accounted for as described above.

6.3.2 Actuarial assumptions

The discount rates used to measure obligations in the countries representing the Group's most significant obligations were as follows:

Country	December 31, 2025	December 31, 2024
Eurozone	4.25	3.40
United Kingdom	5.55	5.50
United States	5.30	5.50
Japan	2.65	1.80
South Korea	4.40	4.30

The weighted average long-term salary inflation rate was around 3% at December 31, 2025, stable compared to December 31, 2024.

The sensitivity of the Group's main obligations to a 1-point rise or fall in discount rates and the inflation rate is set out in Note 6.3.7, page 411.

6.3.3 Breakdown and movements in obligations

Pension obligations and provisions break down as follows by major geographic area:

2025

(in millions of euros)	France	Other European countries	North America[1]	Asia	Total
Present value of unfunded obligations	119	398	104	86	707
Present value of funded obligations	38	131	270	119	557
Market value of plan assets	(18)	(90)	(277)	(133)	(518)
NET PROVISIONS RECOGNIZED AT DECEMBER 31, 2025	**139**	**438**	**97**	**73**	**746**
Permanent employees at December 31, 2025[2]	9,287	33,261	15,008	20,420	77,976

(1) Unfunded pension obligations in North America include medical plans in the United States representing 36 million euros.

(2) Permanent employees shown in the table above do not include permanent staff in South America, for which no obligation was recognized in respect of pensions or other long-term benefits. The Group's pension obligations in North America are significant with regard to the Group's permanent employees in this region, since a large portion of these obligations relates to retired personnel or employees having left the Group.

2024

(in millions of euros)	France	Other European countries	North America[1]	Asia	Total
Present value of unfunded obligations	125	442	104	109	780
Present value of funded obligations	31	145	307	133	616
Market value of plan assets	(15)	(93)	(312)	(146)	(566)
NET PROVISIONS RECOGNIZED AT DECEMBER 31, 2024	**141**	**494**	**99**	**96**	**830**
Permanent employees at December 31, 2024[2]	10,790	35,031	16,265	22,054	84,140

(1) Unfunded pension obligations in North America include medical plans in the United States representing 46 million euros.
(2) Permanent employees shown in the table above do not include permanent staff in South America, for which no obligation was recognized in respect of pensions or other long-term benefits. The Group's pension obligations in North America are significant with regard to the Group's permanent employees in this region, since a large portion of these obligations relates to retired personnel or employees having left the Group.

Movements in obligations in 2025 and 2024 are shown in the tables below by major geographic area:

2025

(in millions of euros)	France	Other European countries	North America	Asia	Total
BENEFIT OBLIGATIONS AT JANUARY 1, 2025	**156**	**587**	**411**	**242**	**1,396**
Actuarial gains and losses recognized in other comprehensive income	(4)	(54)	15	(6)	(50)
Benefits paid	(9)	(30)	(37)	(34)	(109)
Translation adjustment	—	(6)	(48)	(26)	(80)
Impact of changes in scope	(2)	—	—	—	(2)
Expenses (income) for the year:	17	32	32	30	110
• *Service cost*	*20*	*18*	*5*	*18*	*62*
• *Interest cost*	*5*	*21*	*21*	*6*	*54*
• *Other[1]*	*(9)*	*(7)*	*5*	*6*	*(5)*
BENEFIT OBLIGATIONS AT DECEMBER 31, 2025	**156**	**530**	**374**	**204**	**1,264**

(1) The "Other" line mainly includes actuarial gains and losses recognized immediately in income, the impacts of past service costs and gains on settlements.

The 50 million euros in actuarial gains recorded in 2025 primarily stemmed from higher discount rates, mainly in the eurozone and Japan.

2024

(in millions of euros)	France	Other European countries	North America	Asia	Total
BENEFIT OBLIGATIONS AT JANUARY 1, 2024	**174**	**604**	**416**	**248**	**1,442**
Actuarial gains and losses recognized in other comprehensive income	7	(24)	(17)	2	(32)
Benefits paid	(20)	(30)	(36)	(31)	(117)
Translation adjustment	—	2	25	(8)	19
Impact of changes in scope	—	(2)	—	(7)	(9)
Expenses (income) for the year:	(5)	37	23	38	93
• *Service cost*	*15*	*19*	*5*	*30*	*69*
• *Interest cost*	*5*	*21*	*22*	*6*	*54*
• *Other[1]*	*(25)*	*(3)*	*(4)*	*2*	*(30)*
BENEFIT OBLIGATIONS AT DECEMBER 31, 2024	**156**	**587**	**411**	**242**	**1,396**

(1) The "Other" line mainly includes actuarial gains and losses recognized immediately in income, the impacts of past service costs and gains on settlements.

The 32 million euros in actuarial gains recorded in 2024 primarily resulted from higher discount rates, in the eurozone, the United States and the United Kingdom.

6.3.4 Movements in provisions

Movements in provisions in 2025 and 2024, including assets relating to pensions and other employee benefits, are shown in the table below:

(in millions of euros)	France	Other European countries	North America	Asia	Total
NET PROVISIONS AT JANUARY 1, 2024	**156**	**507**	**107**	**83**	**853**
Actuarial gains and losses recognized in other comprehensive income	6	(17)	(12)	17	(6)
Amounts utilized during the year	(16)	(25)	(10)	(33)	(84)
Translation adjustment	—	(2)	6	(1)	3
Impact of changes in scope	—	(2)	—	(4)	(6)
Expenses (income) for the year:	(5)	33	8	34	70
• *Service cost*	*15*	*19*	*5*	*30*	*69*
• *Net interest cost*	*5*	*17*	*7*	*2*	*31*
• *Other*	*(25)*	*(3)*	*(4)*	*2*	*(30)*
NET PROVISIONS AT DECEMBER 31, 2024	**141**	**494**	**99**	**96**	**830**
Actuarial gains and losses recognized in other comprehensive income	(4)	(54)	3	(2)	(57)
Amounts utilized during the year	(12)	(27)	(12)	(37)	(88)
Translation adjustment	—	(2)	(12)	(11)	(25)
Impact of changes in scope	(2)	—	—	—	(2)
Expenses (income) for the year:	16	27	18	25	86
• *Service cost*	*20*	*18*	*5*	*17*	*61*
• *Net interest cost*	*5*	*16*	*7*	*2*	*30*
• *Other*	*(9)*	*(7)*	*5*	*6*	*(5)*
NET PROVISIONS AT DECEMBER 31, 2025	**138**	**440**	**97**	**71**	**746**
Of which current portion (less than one year)	22	27	12	16	77

An 86 million euro net expense was recognized in 2025 in respect of pensions and other employee benefits, representing an increase compared with 2024. Out of this amount, a 71 million euro expense was included in operating margin, a 30 million euro expense was recorded in other financial income and expenses, and income of 15 million euros was recognized under other income and expenses.

6.3.5 Breakdown and movements in plan assets

The breakdown of plan assets at December 31, 2025 and 2024 is shown in the tables below:

2025

(in millions of euros)	France	Other European countries[1]	North America	Asia[1]	Total
Cash and cash equivalents	—	1	43	29	73
Shares	18	4	—	25	47
Government bonds	—	42	115	43	200
Corporate bonds	—	42	119	26	187
Real estate	—	—	—	1	1
Other	—	2	—	9	11
BREAKDOWN OF PLAN ASSETS AT DECEMBER 31, 2025	**18**	**90**	**277**	**133**	**518**

(1) At December 31, 2025, plans in Japan, South Korea and Europe were overfunded, with the fair value of the plan assets exceeding the amount of the obligation. Following an analysis carried out in accordance with the provisions of IFRIC 14, non-current financial assets totaling 29 million euros have been recognized for the plans for which the Group considers it has an unconditional right to a refund.

2024

(in millions of euros)	France	Other European countries[1]	North America	Asia[1]	Total
Cash and cash equivalents	—	1	63	34	98
Shares	15	4	—	21	40
Government bonds	—	46	125	51	222
Corporate bonds	—	40	124	30	194
Real estate	—	—	—	1	1
Other	—	2	—	9	11
BREAKDOWN OF PLAN ASSETS AT DECEMBER 31, 2024	**15**	**93**	**312**	**146**	**566**

(1) At December 31, 2024, plans in Japan, South Korea and Europe were overfunded, with the fair value of the plan assets exceeding the amount of the obligation. Following an analysis carried out in accordance with the provisions of IFRIC 14, non-current financial assets totaling 31 million euros have been recognized for the plans for which the Group considers it has an unconditional right to a refund.

These assets are managed by specialized asset management companies.

In managing the risk arising on these assets, the diversification of the funds among the different asset classes (equities, bonds, cash equivalents or other) is defined by the investment committees or trustees specific to each country concerned, acting on recommendations from external advisors. Asset allocation decisions depend on the market outlook and the characteristics of the pension obligations. These committees carry out regular reviews of the investments made and of their performance.

Movements in the value of plan assets in 2025 and 2024 can be analyzed as follows:

2025

(in millions of euros)	France	Other European countries	North America	Asia	Total
PLAN ASSETS AT JANUARY 1, 2025	**15**	**93**	**312**	**146**	**566**
Expected return on plan assets	1	4	14	4	24
Contributions paid to external funds	3	1	—	14	18
Benefits paid	—	(4)	(25)	(11)	(40)
Actuarial gains and losses	—	—	12	(4)	7
Translation adjustment	—	(4)	(36)	(15)	(55)
Impact of changes in scope	—	—	—	—	—
PLAN ASSETS AT DECEMBER 31, 2025	**18**	**90**	**277**	**133**	**518**

The decline in the fair value of plan assets in 2025 is mainly due to unfavorable currency effects in Asia and the United States.

Contributions totaling 18 million euros were paid to external funds in 2025, which was 5 million euros more than estimated. For 2026, the contributions have been estimated at 10 million euros.

2024

(in millions of euros)	France	Other European countries	North America	Asia	Total
PLAN ASSETS AT JANUARY 1, 2024	**18**	**97**	**309**	**165**	**589**
Expected return on plan assets	—	4	15	4	23
Contributions paid to external funds	4	—	—	12	16
Benefits paid	(8)	(5)	(26)	(10)	(49)
Actuarial gains and losses	1	(7)	(5)	(15)	(26)
Translation adjustment	—	4	19	(7)	16
Impact of changes in scope	—	—	—	(3)	(3)
PLAN ASSETS AT DECEMBER 31, 2024	**15**	**93**	**312**	**146**	**566**

The decrease in the fair value of plan assets in 2024 was chiefly attributable to two plans for which surpluses were not recognized at December 31, 2024 in accordance with IFRIC 14.

6.3.6 Data for previous years

Benefit obligations, financial assets and actuarial gains and losses for previous years can be analyzed as follows:

(in millions of euros)	2025	2024	2023	2022	2021
Benefit obligations	1,264	1,396	1,442	1,359	1,802
Financial assets	(518)	(566)	(589)	(584)	(759)
NET BENEFIT OBLIGATIONS	**746**	**830**	**853**	**775**	**1,043**
Actuarial (losses) gains recognized in other comprehensive income	57	6	(76)	249	71

Actuarial gains recognized in other comprehensive income in 2025 mainly comprise:

- 79 million euros in net actuarial gains on changes in financial assumptions, mainly related to the increase in discount rates mostly in the eurozone and Japan and comprising 65 million euros in actuarial gains on changes in assumptions on obligations and 13 million euros in actuarial gains on the return on plan assets;
- 12 million euros in actuarial losses resulting from experience adjustments;
- 11 million euros in actuarial losses resulting from the surpluses of two plans not recognized at December 31, 2025 in accordance with IFRIC 14.

6.3.7 Sensitivity of obligations

The discount rates and inflation rates applied in each geographic area or country have a significant impact on the amount of the Group's benefit obligations.

A 1-point increase or decrease in these rates would have the following impact on the projected benefit obligation at December 31, 2025:

(in millions of euros)	France	Other European countries	North America	Asia	Total
DISCOUNT RATE					
Impact of a 1-point increase	(12)	(61)	(29)	(17)	(119)
Impact of a 1-point decrease	13	69	32	18	131
SALARY INFLATION RATE					
Impact of a 1-point increase	12	1	3	10	26
Impact of a 1-point decrease	(11)	(1)	(3)	(9)	(24)

At December 31, 2025, the value of the Group's benefit obligation is less sensitive to changes in the salary inflation rate than to changes in the discount rate, particularly in the United States and the United Kingdom. This is due to the existence of plans that have now been frozen and that only bear obligations in relation to the Group's former employees.

Changes in the discount and inflation rates only have a limited impact on 2025 service cost. A 1-point decrease in the discount rate would have led to an additional expense of 5 million euros, while a 1-point increase in the discount rate would have reduced the expense by 4 million euros.

6.3.8 Estimated payouts over the next ten years

Payouts due over the next ten years by the Group in respect of pension plans and other employee benefits can be estimated as follows:

(in millions of euros)	France	Other European countries	North America	Asia	Total
2026	8	22	11	4	46
2027	5	22	12	7	44
2028	7	23	12	6	48
2029	8	25	12	4	49
2030	10	26	13	4	52
2031/2035	63	134	65	27	288
TOTAL	**100**	**251**	**125**	**52**	**527**

6.4 Share-based payment

Some Group employees receive equity-settled compensation in the form of share-based payment.

Free share plans

The fair value of the benefit granted to employees within the scope of free share plans is estimated based on the share price at the grant date, taking into account a discount corresponding to the dividends forfeited over the vesting period.

The overall cost of equity-settled plans is calculated and fixed at the grant date of the plan concerned. The number of instruments that Valeo expects to remit to beneficiaries factors in the turnover of the beneficiary populations concerned by each plan.

Since the final allotment of free shares is subject to a presence condition, this personnel expense is recognized against equity on a straight-line basis over the vesting period of the rights. The Group periodically reviews the number of free shares to be allotted in light of expectations as regards the achievement of performance conditions. Where appropriate, the consequences of revising the number of free shares are reflected in the statement of income. The number of free shares that may be allotted based on total shareholder return (TSR) is determined on the date on which the plan is approved by the Board of Directors.

Free shares are included in the calculation of diluted earnings per share, as described in Note 11.2, page 447.

An expense of 32 million euros was recognized in 2025 in respect of free share plans, compared to an expense of 22 million euros in 2024.

6.4.1 Free share plans

The terms and conditions of the shareholder-approved employee free share plans operated by the Valeo Group at December 31, 2025 were as follows:

Year in which the plan was set up	Number of free shares authorized	*of which subject to conditions*[1]	December 31, 2025	Year of vesting[2]
2021	2,070,829	*904,339*	327,461	2024/2026
2022	2,308,057	*1,143,042*	432,439	2025/2027
2023	2,794,057	*1,295,347*	2,425,030	2026
2024	2,925,243	*1,861,311*	2,774,410	2027
2025	3,666,855	*2,232,088*	3,607,989	2028
TOTAL	**13,765,041**	***7,436,127***	**9,567,329**	

(1) These free shares are subject to the Group meeting performance conditions over the three years following their allotment.
(2) Free shares allotted to the Chief Executive Officer are subject to a two-year retention period.

At the date it was set up, the fair value of the 2025 free share plan was measured based on a par value of 8.33 euros per share allocated. This amount was determined based on a share price of 9.98 euros at the date on which the plan was set up and a risk-free interest rate of 2.29%.

6.4.2 Movements in free share plans

Movements in free share plans in 2025 are detailed below:

	Number of free shares
FREE SHARES OUTSTANDING AT JANUARY 1, 2025	**7,999,173**
Free shares granted	3,666,855
Free shares canceled	(352,585)
Free shares remitted[1]	(1,615,461)
Free shares – Changes related to performance conditions	(130,653)
FREE SHARES OUTSTANDING AT DECEMBER 31, 2025	**9,567,329**

(1) Including cash-settled share-based payments.

6.5 Executive compensation (related party transactions)

The Group's key management personnel include the Chairman of the Board of Directors, the Chief Executive Officer, the members of the Board of Directors (corporate officers) and the members of the Executive Committee. At December 31, 2025, the Operations Committee had 12 members (including the Chief Executive Officer).

Corporate officer compensation is presented in Chapter 3 of the 2025 Universal Registration Document, "Corporate Governance".

Expenses linked to compensation and other benefits accruing to the corporate officers and to the members of the Executive Committee in respect of their duties in the Group can be analyzed as follows:

(in millions of euros)	2025	2024
SHORT-TERM BENEFITS		
• Fixed, variable, exceptional and other compensation	14	16
• Directors' compensation[1]	1	1
OTHER BENEFITS		
• Post-employment benefits[2]	3	3
• Share-based compensation	8	3

(1) Executive corporate officers do not receive any compensation for their position as directors of Valeo SE.
(2) At December 31, 2025, provisions included in the Group's statement of financial position in respect of pension obligations accruing to executive managers amounted to 10 million euros, compared with 8 million euros in 2024.

Note 7 Intangible assets and property, plant and equipment

7.1 Goodwill

Goodwill is initially recognized on business combinations as described in Note 3.1.3, page 391.

Goodwill is not amortized but is tested for impairment at least once a year and whenever there is an indication that it may be impaired. The impairment tests carried out in 2025 are described in Note 7.4, pages 419 to 422.

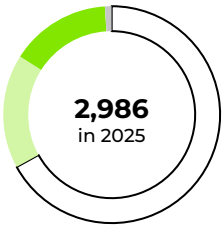
Changes in goodwill in 2025 and 2024 are analyzed below:

(in millions of euros)	2025	2024
NET CARRYING AMOUNT AT JANUARY 1	**3,086**	**3,112**
Acquisitions during the year	—	—
Disposal during the year	—	(3)
Translation adjustment	(98)	6
Other	(2)	(29)
NET CARRYING AMOUNT AT DECEMBER 31	**2,986**	**3,086**
Including accumulated impairment losses at December 31	—	—

The reduction in goodwill over the year 2025 is mainly due to currency effects, notably the euro's appreciation against the US dollar for 44 million euros, the Japanese yen for 26 million euros and the Korean won for 21 million euros.

The change in goodwill in 2024 was mainly due to the reclassification to "Assets held for sale" of 28 million euros in goodwill allocated to the automotive sensor businesses, which manufacture devices used to measure temperature, pressure and position for all types of powertrain systems (see Note 3.2.2, page 392).

Goodwill can be broken down by Division as follows:



(in millions of euros)		December 31, 2025	December 31, 2024[1]
67%	- Valeo POWER Division	2,011	2,053
17%	- Valeo BRAIN Division	523	541
15%	- Valeo LIGHT Division	451	491
1%	- Other	1	1
	GOODWILL	**2,986**	**3,086**

7.2 Other intangible assets

Separately acquired intangible assets are initially recognized at cost. Intangible assets acquired as part of a business combination are recognized at fair value, separately from goodwill. Intangible assets are subsequently carried at cost, less accumulated amortization and impairment losses. They are tested for impairment using the methodology described in Note 7.4, page 419 to 422.

Capitalized development expenditure recognized within other intangible assets in the statement of financial position corresponds to projects for specific customer applications that draw on approved generic standards or technologies already applied in production. These projects are analyzed on a case-by-case basis to ensure they meet the criteria for capitalization as described in Note 5.5.1.1, pages 399 and 400.

Costs incurred before the formal decision to develop the product are included in expenses for the period. Costs incurred after the launch of series production are considered production costs.

Intangible assets are amortized on a straight-line basis over their expected useful lives:

- software: 3 to 5 years
- patents and licenses: based on their useful lives or duration of protection
- capitalized development expenditure: 4 years
- customer relationships acquired: up to 25 years
- other intangible assets: 3 to 5 years

Other intangible assets can be analyzed as follows:

	December 31, 2025			December 31, 2024
(in millions of euros)	Gross carrying amount	Amortization and impairment losses	Net carrying amount	Net carrying amount
Software	503	(425)	78	74
Patents and licenses	544	(304)	240	260
Capitalized development expenditure	6,715	(3,943)	2,772	2,785
Customer relationships and other intangible assets	505	(364)	141	200
OTHER INTANGIBLE ASSETS	**8,267**	**(5,036)**	**3,231**	**3,319**

Changes in intangible assets in 2025 and 2024 are analyzed below:

2025

(in millions of euros)	Software	Patents and licenses	Capitalized development expenditure	Customer relationships and other intangible assets	Total
GROSS CARRYING AMOUNT AT JANUARY 1, 2025	**503**	**554**	**6,511**	**623**	**8,191**
Accumulated amortization and impairment	(429)	(294)	(3,726)	(423)	(4,872)
NET CARRYING AMOUNT AT JANUARY 1, 2025	**74**	**260**	**2,785**	**200**	**3,319**
Acquisitions	31	2	930	—	963
Disposals	—	—	—	(1)	(1)
Impact of changes in scope	—	(2)	—	(1)	(3)
Reversals of/(additions to) impairment	—	—	(234)	1	(233)
Depreciation	(24)	(20)	(623)	(37)	(704)
Translation adjustment	(1)	(2)	(94)	(11)	(108)
Reclassifications[1]	(2)	2	8	(10)	(2)
NET CARRYING AMOUNT AT DECEMBER 31, 2025	**78**	**240**	**2,772**	**141**	**3,231**

(1) Mainly includes the assets of the lighting business in India reclassified as assets held for sale at December 31, 2025.

2024

(in millions of euros)	Software	Patents and licenses	Capitalized development expenditure	Customer relationships and other intangible assets	Total
GROSS CARRYING AMOUNT AT JANUARY 1, 2024	**483**	**556**	**6,042**	**659**	**7,740**
Accumulated amortization and impairment	(422)	(259)	(3,625)	(377)	(4,683)
NET CARRYING AMOUNT AT JANUARY 1, 2024	**61**	**297**	**2,417**	**282**	**3,057**
Acquisitions	40	2	1,045	2	1,089
Reversals of/(additions to) impairment	—	—	(66)	(48)	(114)
Depreciation	(29)	(37)	(625)	(36)	(727)
Translation adjustment	(1)	(2)	39	(3)	33
Reclassifications[1]	3	—	(25)	3	(19)
NET CARRYING AMOUNT AT DECEMBER 31, 2024	**74**	**260**	**2,785**	**200**	**3,319**

(1) Mainly includes the automotive sensor business' assets, which are used to measure temperature, pressure and position for all types of powertrain systems. These assets were reclassified as held for sale at December 31, 2024.

In 2025, Valeo recognized significant impairment losses following the cancellation of contracts in the development phase, for which the Group obtained compensation from its customers. The impairment losses recognized in 2024 were also mainly related to contract cancellations.

7.3 Property, plant and equipment

Separately acquired property, plant and equipment are initially recognized at cost. Cost includes expenses directly attributable to the acquisition of the asset and the estimated cost of the Group's obligation to rehabilitate certain assets, where appropriate. Property, plant and equipment acquired as part of a business combination are recognized at fair value, separately from goodwill.

Property, plant and equipment are subsequently carried at cost, less accumulated depreciation and impairment losses. Material revaluations, recorded in accordance with the laws and regulations applicable in the countries in which the Group operates, have been eliminated in order to ensure that consistent valuation methods are used for all capital assets in the Group.

Any subsequent costs incurred in respect of property, plant and equipment are expensed as incurred, unless they are designed to extend the asset's useful life.

Property, plant and equipment are tested for impairment using the methodology described in Note 7.4, pages 419 to 422.

Depreciation method and useful life

All property, plant and equipment except land are depreciated over their estimated useful lives using the components approach.

Depreciation is calculated on a straight-line basis over the following estimated useful lives:

- buildings 20 years
- fixtures and fittings 8 years
- machinery and industrial equipment 8 to 15 years
- other property, plant and equipment 3 to 8 years

Tooling

Depending on its nature, tooling specific to a given project is subject to an economic analysis of the contractual relationship with the automaker in order to determine if control of the tooling is transferred to that automaker. Tooling is capitalized in the consolidated statement of financial position when Valeo has control of the tooling, or is otherwise carried in inventories (until control is transferred).

Any financing received from customers in respect of capitalized tooling is recognized under liabilities in the statement of financial position and taken to income under sales in line with the depreciation charged against the related assets.

Tooling is depreciated on a straight-line basis over its estimated useful life, not exceeding four years.

Tax credits

In certain countries, the government can contribute to the Group's investment expenditure in the form of tax credits. The tax credits received are analyzed to determine whether they fall within the scope of IAS 12 – "Income Taxes" or whether they should be considered as a government subsidy. In the latter case, the tax credit is recognized in income over the period during which the subsidized assets are depreciated, as a deduction from depreciation expense.

Property, plant and equipment can be analyzed as follows:

	December 31, 2025			December 31, 2024
(in millions of euros)	Gross carrying amount	Amortization and impairment losses	Net carrying amount	Net carrying amount
Land	269	(21)	248	281
Buildings	2,855	(1,789)	1,066	1,088
Machinery and industrial equipment	10,389	(7,719)	2,670	2,974
Specific tooling	2,628	(2,211)	417	483
Other property, plant and equipment	843	(586)	257	260
Property, plant and equipment in progress	9	—	9	16
PROPERTY, PLANT AND EQUIPMENT	**16,993**	**(12,326)**	**4,667**	**5,102**

Certain items of property, plant and equipment were pledged as security at December 31, 2025 (see Note 7.5.2, page 422).

Changes in property, plant and equipment in 2025 and 2024 are analyzed below:

YEAR 2025

(in millions of euros)	Land	Buildings	Machinery and industrial equipment	Specific tooling	Other property, plant and equipment	Property, plant and equipment in progress	Total
GROSS CARRYING AMOUNT AT JANUARY 1, 2025	**303**	**2,856**	**10,659**	**2,720**	**859**	**16**	**17,413**
Accumulated depreciation and impairment	(22)	(1,768)	(7,685)	(2,237)	(599)	—	(12,311)
NET CARRYING AMOUNT AT JANUARY 1, 2025	**281**	**1,088**	**2,974**	**483**	**260**	**16**	**5,102**
Acquisitions	8	185	623	131	123	1	1,071
Disposals	(25)	(12)	(27)	(5)	—	—	(69)
Impact of changes in scope	—	(2)	(4)	—	—	—	(6)
Reversals of/(additions to) impairment	1	2	(62)	(6)	(2)	—	(67)
Depreciation	(3)	(176)	(687)	(174)	(83)	—	(1,123)
Translation adjustment	(16)	(38)	(135)	(21)	(11)	(1)	(222)
Reclassifications[1]	2	19	(12)	9	(30)	(7)	(19)
NET CARRYING AMOUNT AT DECEMBER 31, 2025	**248**	**1,066**	**2,670**	**417**	**257**	**9**	**4,667**

(1) Mainly includes the assets of the lighting business in India reclassified as assets held for sale at December 31, 2025.

YEAR 2024

(in millions of euros)	Land	Buildings	Machinery and industrial equipment	Specific tooling	Other property, plant and equipment	Property, plant and equipment in progress	Total
GROSS CARRYING AMOUNT AT JANUARY 1, 2024	**309**	**2,752**	**10,210**	**2,617**	**839**	**27**	**16,754**
Accumulated depreciation and impairment	(22)	(1,682)	(7,163)	(2,221)	(599)	(2)	(11,689)
NET CARRYING AMOUNT AT JANUARY 1, 2024	**287**	**1,070**	**3,047**	**396**	**240**	**25**	**5,065**
Acquisitions	8	186	706	208	140	3	1,251
Disposals	(1)	(5)	(24)	(3)	(4)	(9)	(46)
Impact of changes in scope	—	—	—	—	—	—	—
Reversals of/(additions to) impairment	—	1	(50)	—	(2)	—	(51)
Depreciation	(2)	(177)	(728)	(160)	(75)	—	(1,142)
Translation adjustment	(4)	7	60	6	—	—	69
Reclassifications[1]	(7)	6	(37)	36	(39)	(3)	(44)
NET CARRYING AMOUNT AT DECEMBER 31, 2024	**281**	**1,088**	**2,974**	**483**	**260**	**16**	**5,102**

(1) Mainly includes the automotive sensor business' assets, which are used to measure temperature, pressure and position for all types of powertrain systems. These assets were reclassified as held for sale at December 31, 2024.

In 2025, Valeo recognized significant impairment losses following the cancellation of contracts in the development phase, for which the Group obtained compensation from its customers. The impairment losses recognized in 2024 were also mainly related to contract cancellations.

Leases

For leases falling within the scope of IFRS 16 – "Leases", the lessee recognizes:

- a financial liability representing its obligation to pay for the right to use the asset, in the consolidated statement of financial position;
- a non-current asset representing its right to use the leased asset, in the consolidated statement of financial position;
- depreciation of the right-of-use asset and interest expenses on the lease liability, in the consolidated statement of income.

Lease liability

At the lease commencement date, the lease liability is measured at the present value of the minimum lease payments outstanding at that date, plus payments under any options that the lessee is reasonably certain to exercise.

The lease term used to calculate the lease liability is determined based on an economic analysis of any early termination, extension or renewal options or any options to purchase the underlying asset included in the enforceable term of the lease.

This amount is then measured at amortized cost using the effective interest rate. The carrying amount of the lease liability is subsequently increased by the interest due on the lease liability and reduced by the lease payments made.

The discount rates are determined based on the Group's incremental borrowing rate, plus a margin to reflect the economic conditions in each country, the currency, and the lease term.

Right-of-use assets

At the lease commencement date, the right-of-use asset is measured at cost. The cost of the right-of-use asset comprises (i) the initial lease liability, (ii) any prepaid lease payments made, less any lease incentives received, (iii) any initial direct costs incurred by the lessee in establishing the lease, and (iv) an estimate of costs to be incurred by the lessee in dismantling or rehabilitating the underlying asset as required by the terms and conditions of the lease.

It is subsequently reduced by depreciation and any impairment losses. The right-of-use asset is depreciated on a straight-line basis. Any non-removable leasehold improvements are depreciated over either the adopted lease term or the estimated period of use, whatever is shorter.

If the lease transfers ownership of the underlying asset to the lessee or when the lease includes a purchase option that the lessee is reasonably certain to exercise, the right-of-use asset is depreciated over the useful life of the underlying asset under the same conditions as those applied to assets owned by the lessee. In all other cases, the right-of-use asset is depreciated over the reasonably certain useful life of the underlying asset.

Subsequently, the lease liability and the right-of-use asset are remeasured to reflect the following:

- changes in the lease term;
- changes in the assessment of whether it is reasonably certain an option will be exercised;
- changes in the amounts expected to be payable under residual value guarantees;
- changes in the rates or indexes used to determine the lease payments;
- changes in the lease payments.

The main exemptions provided under IFRS 16 and adopted by the Group are:

- exclusion of short-term leases;
- exclusion of leases of low-value assets.

Lease payments on leases falling outside the scope of IFRS 16 and any variable payments not included in the initial measurement of the lease liability are recognized in operating expenses and presented within net cash flows from operating activities in the consolidated statement of cash flows.

For leases falling within the scope of IFRS 16, payments for the interest portion of the lease liability and payments for the principal portion are recorded under cash flows from financing activities in the consolidated statement of cash flows. Payments for the principal portion of the lease liability are added back to calculate free cash flow.

Movements in right-of-use assets included within property, plant and equipment can be analyzed as follows:

	Right-of-use assets					
(in millions of euros)	**Land**	**Buildings**	**Machinery and industrial equipment**	**Specific tooling**	**Other property, plant and equipment**	**Total**
GROSS CARRYING AMOUNT AT JANUARY 1, 2025	**21**	**709**	**140**	**8**	**132**	**1,010**
Accumulated depreciation and impairment	(7)	(303)	(58)	(8)	(60)	(436)
NET CARRYING AMOUNT AT JANUARY 1, 2025	**14**	**406**	**82**	**—**	**72**	**574**
New contracts/Renewals/Modifications	6	127	106	—	25	264
Depreciation	(2)	(90)	(23)	—	(32)	(147)
Translation adjustment	(1)	(3)	(4)	—	(3)	(11)
Reclassifications	3	(8)	1	—	2	(2)
NET CARRYING AMOUNT AT DECEMBER 31, 2025	**20**	**432**	**162**	**—**	**64**	**678**

In 2025, the expenses recorded with respect to payments on leases excluded from the scope of IFRS 16 and any variable payments amounted to 44 million euros.

7.4 Impairment of fixed assets

Intangible assets and property, plant and equipment with definite useful lives are tested for impairment whenever objective indicators exist that they may be impaired. Goodwill and intangible assets not yet ready to be brought into service are tested for impairment at least once a year and whenever there is an indication that they may be impaired.

Cash-generating units (CGUs) and goodwill

CGUs are operating entities that generate independent cash flows. Based on the Group's organizational structure, CGUs generally correspond to groups of plants belonging to the same Product Line or Product Group or the same regional operations. At December 31, 2025, there was a total of 19 CGUs.

CGUs represent the level at which all intangible assets and property, plant and equipment are tested for impairment if there is an indication that they may be impaired. However, specific impairment tests may be carried out on certain idle intangible assets and property, plant and equipment. Valeo may review the value in use of certain assets and recognize non-recurring impairment losses where appropriate, if significant, prolonged adverse factors arise for the Group such as a deterioration in a country's economic environment or in one of the Group's plants, or contractual disputes.

Goodwill is tested for impairment at the level of the Divisions, as set out in Note 4 "Segment reporting", pages 393 to 395. The Divisions are groups of CGUs and correspond to the level at which management monitors goodwill.

At the end of the year, goodwill is tested for impairment using the same methodology and assumptions as those used for CGUs and as described below.

Impairment tests

Impairment tests compare the recoverable amount of a fixed asset with its net carrying amount. If the asset's carrying amount is greater than its recoverable amount, it is written down to its recoverable amount. The recoverable amount of an asset or group of assets is the higher of its fair value less costs to sell and its value in use.

Fair value less costs to sell is determined using available information allowing Valeo to establish a best estimate of the selling price net of the costs necessary to make the sale, between knowledgeable, willing parties in an arm's length transaction.

Value in use corresponds to the present value of the future cash flows expected to be derived from an asset or group of assets, taking into account its residual value.

Since there is seldom a reliable basis to measure the fair value less costs to sell of a group of assets belonging to Valeo, the Group uses value in use for CGU and goodwill impairment tests to determine the recoverable amount of an asset or group of assets, unless otherwise specified.

The value in use of CGUs and goodwill is determined as follows:

- post-tax cash flow projections covering a period of five years, prepared on the basis of medium-term business plans drawn up by Group entities and approved by General Management and the Board of Directors, are discounted;
- cash flows beyond the five-year period are extrapolated by applying a perpetuity growth rate to normative forecast cash flows, corresponding to the last year of the medium-term business plan adjusted where applicable for non-recurring items;
- cash flows are discounted based on a rate which reflects current market assessments of the time value of money and the risks specific to the asset (or group of assets). This rate corresponds to the post-tax weighted average cost of capital (WACC). The use of a post-tax rate applied to post-tax cash flows results in recoverable amounts that are similar to those that would have been obtained by applying pre-tax rates to pre-tax cash flows.

In certain circumstances in which this method is not appropriate for determining the value in use of a CGU or item of goodwill, cash flow projections beyond a five-year period may be used. This may be the case for fast-growing markets that will not have reached maturity at the end of the business plan period, as well as for activities that have a finite timeframe. When this method is applied, business plan projections beyond five years are based on the most reliable market data available.

Leases falling within the scope of IFRS 16 – "Leases" are accounted for as follows:

- capital employed tested for impairment includes right-of-use assets;
- post-tax WACC is determined taking into account lease liabilities.

Impairment losses recognized for goodwill cannot be reversed.

Impairment losses recognized for assets other than goodwill may only be reversed if there are indications that the impairment may no longer exist or may have decreased. If this is the case, the carrying amount of the asset is increased to its revised estimated recoverable amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset.

7.4.1 Impairment testing

The tests are carried out using the following assumptions:

- the projections used are based on past experience, macroeconomic data for the automotive market, order intake and products under development;
- a perpetuity growth rate of 1.5%, which is the same as that used in 2024 and is in line with the average long-term growth rate for the Group's business sector;
- a discount rate (WACC) of 10.0%, calculated using a method reviewed by an independent expert and identical to that used for 2024. The main components of WACC are a market risk premium, a risk-free rate corresponding to the average yield on long-term government bonds, and beta calculated based on a sample of companies in the industry, which came out at 0.86 (0.96 in 2024). As in 2024, Valeo used a discount rate corresponding to the upper end of the calculated range given the degree of uncertainty in the sector.

The key assumptions underpinning the perpetuity growth rate and the discount rate are the same for each group of CGUs to which goodwill is allocated, as well as for CGUs that have a global geographic footprint and relations with the world's leading automakers. For the CGUs of the POWER Division, which correspond to the Division's Regional Operations, the impairment tests were performed based on a WACC and a perpetuity growth rate related to the CGUs' main countries of production.

To prepare the medium-term business plans used to perform impairment tests on CGUs and goodwill, the Group based itself on projected data for the automotive market, as well as its order intake and its development prospects.

Forecasts are made at the smallest level (for each CGU), based on detailed projections of the automotive market by country, by automaker and by model or powertrain, taking into account expected product developments related to the CGU's recorded and planned order intake.

The medium-term business plans for 2026-2030 are underpinned by the following assumptions:

- global automotive production of 91.9 million light vehicles in 2030, representing average annual growth of 0.1% for 2025-2030. This production assumption is consistent with the forecasts of Standard & Poor's and has been revised downwards slightly compared with the forecasts used in 2024 for the 2025-2029 medium-term business plan. At the end of the period covered by the new business plan, Asia and the Middle East should represent 60% of global production, Europe and Africa 20%, North America 16% and South America 4%;
- a growing share of electrification solutions in the Group's market and sales forecasts over the term of the medium-term business plan. These forecasts take into account the changes announced in 2025 by certain automakers to their electrification strategies;
- inflation assumptions made when the plans were drawn up, based on (i) forecasts by a panel of banks and the International Monetary Fund for general price inflation, and (ii) on internal estimates of market prices for raw materials, electronic components, energy and transportation;
- the tax, customs and regulatory frameworks in force at the time of their development, taking into account that the main associated costs will be fully or almost fully passed on to customers;
- the absence of major tensions in the supply chain in markets that are supposed to be fluid and balanced;
- exchange rate assumptions based on projections of a panel of banks at the time the business plan is drawn up. The exchange rates used for the main currencies featured in the business plan are 1 euro for: 1.17 US dollars, 8.35 Chinese renminbi, 156 Japanese yen and 1,554 South Korean won on average over the five years of the plan;
- Group sales were forecast based on the orders known at the time the business plan was drawn up and by reference to an estimate of the orders to be taken over the term of the business plan. The order book at December 31, 2025 already represents 69% of cumulative original equipment sales for the next five years, and around 47% of sales for the final year of the plan.

7.4.2 Intangible assets and property, plant and equipment (excluding goodwill)

The Group carries out impairment tests on CGUs that (i) have been written down in previous periods and remain sensitive to the criteria set out in Note 7.4.3, page 421, or (ii) present an indication of impairment.

The main impairment indicators used by the Group as the basis for impairment tests of CGUs are a negative operating margin for 2025, a fall of more than 20% in 2025 sales compared to 2024, and a recurring substantial shortfall with respect to the objectives set in the medium-term business plans. Any CGUs experiencing strong growth and whose value in use was significantly above their capital employed were excluded from the scope of the impairment tests.

Based on the above factors, six CGUs were tested for impairment at December 31, 2025:

- the Thermal Europe Regional Operation, part of the POWER Division;
- the Drive Americas Regional Operation, part of the POWER Division;
- the Thermal Americas Regional Operation, part of the POWER Division;
- the Connect Product Line, part of the BRAIN Division;
- the Top Column Module activity, part of the BRAIN Division;
- the Special Products – Lighting Systems Product Line, part of the LIGHT Division.

For the 2025 fiscal year, impairment tests performed on cash-generating units (CGUs) did not result in the recognition of any impairment losses. The actions implemented to improve the operating efficiency of the Top Column Module activity enabled the full reversal of impairment losses previously recognized for this CGU, in an amount of 6 million euros (see Note 5.6.2.4, page 404).

7.4.3 Sensitivity of CGU impairment tests

The following changes in assumptions were used to determine the sensitivity of CGU impairment tests, projected over an infinite time period (for the Thermal Europe Regional Operation, Drive Americas Regional Operation, Thermal Americas Regional Operation, Connect Product Line, and Special Products – Lighting Systems Product Line):

- 1-point increase in the discount rate;
- 0.5-point decrease in the perpetuity growth rate;
- 1-point decrease in the rate of operating income over sales used to calculate the terminal value (this provides an overview of sensitivity to the operating assumptions applied in drawing up the medium-term business plans).

The headroom of the tests, representing the difference between value in use and net carrying amount, as well as the impacts of changes in key assumptions on this headroom, are presented in the table below:

				Impact on the headroom of the test			
(in millions of euros)	WACC	Perpetuity growth rate	Headroom of the test 2025	WACC (+1 pt)	Perpetuity growth rate (-0.5 pts)	1-pt decrease in the rate of operating income used to calculate the terminal value	Combination of all three factors
Thermal Europe Regional Operation CGU	10.0%	1.3%	470	(78)	(32)	(110)	(192)
Drive Americas Regional Operation CGU	10.8%	1.9%	310	(66)	(28)	(69)	(144)
Thermal Americas Regional Operation CGU	10.7%	1.9%	21	(27)	(10)	(78)	(98)
Connect Product Line CGU	10.0%	1.5%	91	(46)	(20)	(44)	(97)
Special Products – Lighting Systems CGU	10.0%	1.5%	326	(61)	(25)	(56)	(126)

As the impairment test of the Cash-Generating Unit (CGU) Top Column Module activity was performed over a finite time horizon, its sensitivity was tested against the following parameters:

- 1-point increase in the discount rate;
- a 5% decrease in sales for each year of the plan;
- a 0.5-point deterioration of the material consumption rate for each year of the plan.

			Impact on the headroom of the test			
(in millions of euros)	WACC	Headroom of the test 2025	WACC at 11% (+1 pt)	5% decrease in sales for each year	Material consumption rate deterioration (-0.5 pts)	Combination of all three factors
Top Column Module Activity CGU	10.0%	14	—	(1)	(2)	(4)

In view of the positive headroom of the impairment test at December 31, 2025, the Group has reversed all the impairment losses recognized on the Top Column Modules Activity CGU for 6 million euros. The income generated by this reversal is recognized in other income and expenses (see Note 5.6.2.1, page 404).

7.4.4 Goodwill

No impairment losses were recognized against goodwill at December 31, 2025 as a result of the impairment tests carried out at the level of the Divisions in line with the methodology described above. This was also the case in 2024.

7.4.5 Sensitivity of goodwill impairment tests

The following changes in the three main assumptions were also used to check the sensitivity of goodwill impairment tests:

- 1-point increase in the discount rate;
- 0.5-point decrease in the perpetuity growth rate;
- a 1-point decrease in the rate of operating income over sales used to calculate the terminal value (this provides an overview of sensitivity to the operating assumptions applied in drawing up the medium-term business plans).

No additional impairment losses would be recognized as a result of these changes in assumptions, either individually or taken as a whole.

The headroom of the tests, representing the difference between the value in use and the net carrying amount, as well as the impacts of changes in key assumptions on this headroom, are presented by Division in the table below:

	Headroom of the test	Impact on the headroom of the test			
(in millions of euros)	Based on 2025 assumptions	11% WACC (+1 pt)	1% perpetuity growth rate (-0.5 pts)	1-pt decrease in the rate of operating income used to calculate the terminal value	Combination of all three factors
Valeo POWER Division	4,019	(867)	(352)	(779)	(1,774)
Valeo BRAIN Division	3,767	(760)	(316)	(574)	(1,473)
Valeo LIGHT Division	2,187	(464)	(190)	(448)	(976)

7.4.6 Sensitivity of impairment tests to the impacts of climate change

Climate change could have various impacts on the value of Valeo's assets. The Group's consideration of physical risks when measuring its assets is described in Note 1.3, pages 387 and 388.

The main transition risk facing the automotive industry results from the gradual shift to electric mobility. The Group has long prepared for this profound transformation of its industry and this is reflected in its medium-term business plans, which are used as the basis for its impairment tests on non-current assets.

As part of impairment testing of CGUs and goodwill, an impairment test simulation was carried out based on a pessimistic scenario. For those businesses most affected by electrification, this pessimistic scenario assumes a rapid, sharp decline in sales of internal combustion engine vehicles worldwide (excluding the United States), coupled with much slower than expected growth in sales of products for electric vehicles due to a smaller market share than forecast in medium-term business plans resulting in an unfavorable customer mix.

When testing the POWER Division for impairment, this scenario simulated:

- a 10% drop in sales each year compared with the forecasts in the Division's medium-term plan, leading to a 1% reduction in the percent operating margin;
- a perpetuity growth rate of zero beyond the projected cash flow in the last year of the plan.

In this very pessimistic simulation, an impairment loss would not have been recognized. The headroom of the impairment test on the POWER Division would fall by around 75%.

On the other hand, using an optimistic scenario, a sharper and faster decline in worldwide sales of internal combustion engine vehicles and an acceleration in electrification could also lead to higher sales and profitability growth than is currently expected by Valeo for the Division.

Given the US government's political stance, a scenario involving a sharp and rapid fall in sales of internal combustion engine vehicles in the United States was not considered relevant by the Group. Consequently, no sensitivity analysis was carried out on the impairment test for the Drive Americas Regional Operation CGU in relation to the consequences of climate change.

Thermal management equipment is being adapted to meet the specific requirements of electrically powered vehicles, in particular to guarantee their efficiency. However, some thermal management components and processes are common to both internal combustion and electric vehicles. As a result, the value in use of the Thermal Europe Regional Operation and Thermal Americas Regional Operation CGUs is less sensitive to the electrification of mobility.

7.5 Off-balance sheet commitments relating to leases and investments

Binding asset purchase commitments, including those on leases signed but not yet commenced, are down compared with December 31, 2024.

7.5.1 Leases

At December 31, 2025, future minimum commitments on outstanding leases excluded from the scope of IFRS 16 and on leases signed but not yet in force are as follows:

(in millions of euros)	December 31, 2025	December 31, 2024
Less than 1 year	34	25
1 to 5 years	58	88
More than 5 years	24	18
TOTAL	**116**	**131**

7.5.2 Other commitments given

At December 31, 2025, Valeo had given binding asset purchase commitments totaling 456 million euros (666 million euros at December 31, 2024), as well as 3 million euros worth of other commitments relating to operating activities.

At December 31, 2025, as at December 31, 2024, no Group assets were pledged.

Note 8 Other provisions and contingent liabilities

8.1 Other provisions

A provision is recognized when:

- the Group has a present legal, contractual or constructive obligation resulting from a past event;
- it is probable that future outflows of resources embodying economic benefits will be necessary to settle the obligation; and
- the amount of the obligation can be estimated reliably.

Provisions are measured in accordance with IAS 37 and take into account assumptions deemed most probable at the end of the reporting period.

Provisions for customer warranties are set aside to cover the estimated cost of returns of goods sold and are computed either on a statistical basis or based on specific quality risks. Statistical warranty provisions cover risks related to contractual warranty obligations, and are determined based on both historical data and probability calculations. The provision for specific quality risks covers costs arising in specific situations not covered by usual warranties. The corresponding expense is recognized in cost of sales.

Commitments resulting from restructuring plans are recognized when an entity has a detailed formal plan and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or by announcing its main features.

A provision for onerous contracts is recognized when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received by the Group under said contracts.

Provisions intended to cover commercial, tax and employee-related risks and disputes arising in the ordinary course of operations are also included in this caption.

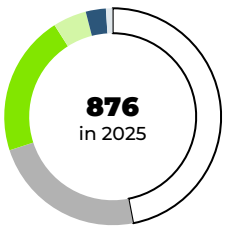
When the Group expects all or part of the expenditure required to settle a provision to be reimbursed, this reimbursement leads to the recognition of a receivable, when the reimbursement is virtually certain.

Provisions relating to events that are expected to materialize in more than one year or whose timing cannot be reliably determined are classified within other provisions – long-term portion.

Movements in other provisions in 2025 are shown in the table below:

(in millions of euros)	Provisions for product warranties	Provisions for onerous contracts	Provisions for restructuring costs	Other provisions for contingencies and disputes	Total
PROVISIONS AT JANUARY 1, 2025	**381**	**86**	**274**	**148**	**889**
Additions	247	31	75	143	496
Amounts utilized during the year	(137)	(31)	(120)	(26)	(314)
Reversals	(50)	(37)	(31)	(47)	(165)
Reclassifications	(4)	—	—	(1)	(5)
Translation adjustment	(21)	(2)	(1)	(1)	(25)
PROVISIONS AT DECEMBER 31, 2025	**416**	**47**	**197**	**216**	**876**
Of which current portion (less than one year)	225	20	170	126	541

At December 31, 2025 and 2024, provisions break down as follows:



(in millions of euros)		December 31, 2025	December 31, 2024
47%	– Provisions for product warranties	416	381
23%	– Provisions for restructuring costs	197	274
21%	– Provisions for employee-related and other disputes	181	113
5%	– Provisions for onerous contracts	47	86
3%	– Provisions for tax-related disputes	28	16
1%	– Provisions for environmental risk	7	8
—%	– Provisions for unfavorable contracts	—	11
	TOTAL OTHER PROVISIONS	**876**	**889**

Provisions for product warranties are set aside to cover the estimated cost of returns of goods sold, either as a result of contractual warranty obligations or arising in specific situations not covered by standard warranties.

Provisions for restructuring costs cover certain future costs that Valeo expects to incur on the implementation of the restructuring plans announced prior to December 31, 2025. The decrease of 77 million euros compared with December 31, 2024 is mainly due to the use of provisions to cover costs incurred during the year in connection with restructuring plans, for which provisions had been accrued at end-December 2024.

Expected future losses on customer contracts were lower in 2025, which resulted in a reduction in provisions for onerous contracts.

Provisions for employee-related and other disputes, which totaled 181 million euros at December 31, 2025, cover various disputes relating to Valeo's operating activities. Each known dispute was reviewed at the date on which the consolidated financial statements were authorized for issue. The provisions deemed necessary were set aside to cover the estimated outflows of resources.

8.2 Contingent liabilities

Unlike a provision (see definition above), a contingent liability is:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

The Group has contingent liabilities relating to legal, regulatory and fiscal proceedings as well as litigation arising in the normal course of its business. Known or ongoing claims and litigation involving Valeo or its subsidiaries were reviewed at the date on which the consolidated financial statements were authorized for issue. Since the necessary provisions were able to be reliably measured, they have been made to cover the related risks.

Recall campaigns were launched in the second half of 2025 and in the first quarter of 2026 without Valeo's consent, notably for the replacement of products delivered by the Group between 2017 and 2022. Based on the information available as of the date the financial statements were authorized for issue, the Group considers that the issue giving rise to these recalls is not its responsibility. Accordingly, no provision was recognized as of December 31, 2025.

8.3 Subsequent events

In January 2026, the Group presented the European Works Council with a restructuring plan for its POWER Division, which provides for ongoing restructuring of its industrial and R&D footprint in Germany, Slovakia and Poland. Under this plan, 684 jobs are set to be eliminated in Germany and Slovakia, two sites are to be closed in Germany and 192 roles are to be created in Germany and Poland. As the employee representative bodies were informed of this project in January 2026, no provision was recognized in the Group's financial statements at December 31, 2025 in respect of the reorganization.

Note 9 Financing and financial instruments

9.1 Financial assets and liabilities

Financial assets and liabilities mainly comprise:

- long- and short-term debt and bank overdrafts, which make up gross debt (see Note 9.1.2, pages 427 to 431);
- long-term loans and receivables (see Note 9.1.3.1, page 432);
- cash and cash equivalents (see Note 9.1.3.2, page 432);
- derivative financial instruments (see Note 9.1.4, pages 433 to 438);
- other current and non-current financial assets and liabilities (see Note 9.1.5, page 439).

9.1.1 Fair value measurement of financial assets and liabilities

9.1.1.1 Measurement methods

(in millions of euros)	2025 carrying amount under IFRS 9			December 31, 2025	December 31, 2024
	Amortized cost	Fair value through OCI	Fair value through income	Carrying amount	Carrying amount
ASSETS					
Non-current financial assets:					
• Long-term investments	—	29	243	272	312
• Long-term loans and receivables (including accrued interest)	27	—	—	27	25
• Deposits and guarantees	30	—	—	30	34
• Other non-current financial assets	2	—	—	2	1
• Hedging derivatives	—	1	3	4	22
• Trading derivatives	—	—	—	—	1
Assets relating to pensions and other employee benefits	—	29	—	29	31
Accounts and notes receivable	2,956	—	—	2,956	2,656
Other current financial assets:					
• Hedging derivatives	—	65	—	65	37
• Trading derivatives	—	—	21	21	20
• Accrued interest and other current financial assets	—	—	26	26	32
Cash and cash equivalents	—	—	2,481	2,481	3,153
LIABILITIES					
Non-current financial liabilities:					
• Hedging derivatives	—	—	—	—	—
• Trading derivatives	—	—	1	1	2
Bonds	4,026	—	—	4,026	4,087
Schuldschein loans (German private placements)	162	—	—	162	553
European Investment Bank (EIB) loan	444	—	—	444	540
Bilateral bank loans	405	—	—	405	250
Other long-term debt	879	—	—	879	763
Accounts and notes payable	5,098	—	—	5,098	5,382
Other current financial liabilities:					
• Hedging derivatives	—	5	—	5	32
• Trading derivatives	—	—	20	20	9
Short-term financing	594	—	—	594	840
Bank overdrafts	—	—	51	51	4

9.1.1.2 Fair value estimates

IFRS 13 establishes a hierarchy of valuation techniques for financial instruments based on the following categories:

- Level 1: inputs directly based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3: prices established using valuation techniques drawing on non-observable inputs.

The fair value of bonds is calculated based on prices quoted on an active bond market. This method corresponds to Level 1 in the fair value hierarchy.

For the *Schuldschein* private placements, the European Investment Bank (EIB) loans and the bilateral bank loans, fair value is measured by discounting future cash flows at the market interest rate at the reporting date. This method corresponds to Level 2 in the fair value hierarchy.

Since they fall due in the short term, the fair value of other components of Group debt, as well as of accounts and notes payable and receivable, is deemed equal to their carrying amount.

	December 31, 2025			December 31, 2024		
(in millions of euros)	Carrying amount	Fair value	Level	Carrying amount	Fair value	Level
ASSETS						
Cash and cash equivalents	2,481	2,481	1-2	3,153	3,153	1
Derivative financial instruments	90	90	2	80	80	2
LIABILITIES						
Bonds	4,026	4,128	1	4,087	4,094	1
Schuldschein loans (German private placements)	162	168	2	553	563	2
European Investment Bank (EIB) loan	444	439	2	540	519	2
Bilateral bank loans	405	412	2	250	251	2
Other long-term debt	879	879	2	763	763	2
LOANS RECOGNIZED AT AMORTIZED COST	**5,916**	**6,026**		**6,193**	**6,190**	
Short-term financing	594	594	2	840	840	2
Bank overdrafts	51	51	1	4	4	1
Derivative financial instruments	26	26	2	43	43	2

IFRS 13 prescribes the methods for assessing fair value and for taking into account the credit risk on derivatives, through:

- a *Credit Valuation Adjustment* (CVA), which is a component of the market value of a derivative financial instrument that reflects the exposure in the event of counterparty default;
- a Debit Valuation Adjustment (DVA), which is a component of the market value of a derivative financial instrument that reflects the entity's own credit risk.

The credit risk on derivatives is calculated according to historical probabilities of default and a recovery rate, as observed on the market.

At December 31, 2024 and 2025, this had only a minimal impact on the Group.

9.1.2 Gross debt

Gross debt includes long-term debt, short-term financing and bank overdrafts.

At December 31, 2025, the Group's gross debt can be analyzed as follows:

	December 31, 2025			December 31, 2024		
(in millions of euros)	**Non-current**	**Current**	**Total**	**Non-current**	**Current**	**Total**
Long-term debt	5,432	484	5,916	4,859	1,334	6,193
Short-term financing	—	594	594	—	840	840
Bank overdrafts	—	51	51	—	4	4
GROSS DEBT	**5,432**	**1,129**	**6,561**	**4,859**	**2,178**	**7,037**

9.1.2.1 Long-term debt

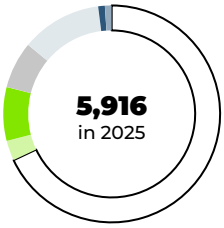
Long-term debt primarily includes bonds, private placements, European Investment Bank (EIB) loans, lease liabilities and other borrowings.

Bonds and other borrowings are valued at amortized cost. The amount of interest recognized in financial expenses is calculated by multiplying the loan's effective interest rate by its carrying amount. Any difference between the expense calculated using the effective interest rate and the actual interest payment impacts the value at which the loan is recognized.

When a fixed-rate loan is designated as a hedged item in a fair value hedging relationship, its carrying amount is adjusted at each reporting date to reflect the change in fair value attributable to the hedged risk.

Lease liabilities are measured as described in Note 7.3, pages 416 to 418.

Breakdown of long-term debt



(in millions of euros)		December 31, 2025	December 31, 2024
68%	- Bonds	4,026	4,087
3%	- *Schuldschein* loans (German private placements)	162	553
7%	- European Investment Bank (EIB) loan	444	540
7%	- Bilateral bank loans	405	250
12%	- Lease liabilities	718	626
1%	- Other borrowings	40	30
2%	- Accrued interest	121	107
	LONG-TERM DEBT	**5,916**	**6,193**

Change in and characteristics of long-term debt

(in millions of euros)	Bonds	*Schuldschein* loans (German private placements)	European Investment Bank (EIB) loans	Bilateral bank loans	Lease liabilities	Other borrowings	Accrued interest	Total
CARRYING AMOUNT AT JANUARY 1, 2025	**4,087**	**553**	**540**	**250**	**626**	**30**	**107**	**6,193**
Increases/Subscriptions	1,135	—	—	155	—	14	—	1,304
New contracts/Renewals/ Modifications	—	—	—	—	266	—	—	266
Redemptions/ Repayments	(1,200)	(391)	(100)	—	(152)	(5)	—	(1,848)
Value adjustments	4	—	4	—	—	—	—	8
Translation adjustment	—	—	—	—	(20)	—	—	(20)
Other movements	—	—	—	—	(2)	1	14	13
CARRYING AMOUNT AT DECEMBER 31, 2025	**4,026**	**162**	**444**	**405**	**718**	**40**	**121**	**5,916**

The Group completed several financing transactions in 2025:

- On January 22, 2025, Valeo took out a 100 million euro bilateral loan.
- On February 10, 2025, Valeo repaid a 50 million euro installment on the second tranche of its European Investment Bank loan.
- On April 9, 2025, Valeo redeemed tranches 3 and 4 of the *Schuldschein* loan (German private placement) issued in 2019 for nominal amounts of 90 million euros and 123 million euros, respectively.
- On May 20, 2025, the Group issued 650 million euros' worth of six-year bonds maturing in May 2031 with a 5.125% coupon. These green bonds, which were issued under the Green and Sustainability-Linked Financing Framework drawn up in July 2021 and updated in September 2023, will be used to finance projects and investments related to the portfolio of technologies that contribute to low-carbon mobility, in particular for vehicle electrification.
- On June 18, 2025, Valeo redeemed the 600 million euro bond issued in 2018 under the Euro Medium Term Note (EMTN) financing program.
- On June 18, 2025, Valeo repaid a 50 million euro installment on the first tranche of its European Investment Bank loan.
- On August 22, 2025, Valeo took out a 25 million euro bilateral loan.
- On September 23, 2025, the Group issued 500 million euros' worth of six-year bonds maturing in March 2032 with a 4.625% coupon. These green bonds, which were issued under the Green and Sustainability-Linked Financing Framework drawn up in July 2021 and updated in September 2023, will be used to finance projects and investments related to the portfolio of technologies that contribute to low-carbon mobility, in particular for vehicle electrification.
- On October 31, 2025, Valeo redeemed tranches 1 and 2 of the *Schuldschein* loan (German private placement) issued in 2022 for nominal amounts of 30 million euros and 149 million euros, respectively.
- On October 31, 2025, Valeo took out a 30 million euro bilateral loan.
- On December 18, 2025, Valeo exercised its early redemption option on the 600 million euro bond issued in 2016, which was due to mature in March 2026.

At December 31, 2025, the key terms and conditions of long-term debt were as shown below:

Type	Outstanding at December 31, 2025 *(in millions of euros)*	Issuance	Maturity	Nominal amount outstanding *(in millions of euros)*	Currency	Nominal interest rate
BONDS						
EMTN program[1]	698	July 2021	August 2028	700	EUR	1.00%
EMTN program[1][3]	751	November 2022	May 2027	750	EUR	5.375%
EMTN program[2]	597	October 2023	April 2029	600	EUR	5.875%
EMTN program[2]	843	April 2024	April 2030	850	EUR	4.50%
EMTN program[2]	643	May 2025	May 2031	650	EUR	5.125%
EMTN program[2]	494	September 2025	March 2032	500	EUR	4.625%
***SCHULDSCHEIN* LOAN ISSUED IN 2022**						
Tranche 3[1]	30	October 2022	October 2027	30	EUR	5.251%
Tranche 4[1]	52	October 2022	October 2027	52	EUR	6-month Euribor +2.10%
Tranche 5[1]	30	December 2022	October 2027	30	EUR	6-month Euribor +2.10%
Tranche 6[1]	5	October 2022	October 2029	5	EUR	5.503%
Tranche 7[1]	45	December 2022	October 2029	45	EUR	6-month Euribor +2.30%
EUROPEAN INVESTMENT BANK (EIB) LOAN						
Tranche 1[4]	198	June 2021	June 2029	200	EUR	1.265%
Tranche 2[5]	246	February 2022	February 2030	250	EUR	1.463%
OTHER						
Lease liabilities	718	—	—	718	—	—
Bilateral bank loans	405	—	—	405	—	—
Other long-term debt[6]	161	—	—	161	—	—
LONG-TERM DEBT	**5,916**					

(1) Indexed to an end-2025 carbon footprint objective.
(2) Issues carried out under Valeo's Green and Sustainability-Linked Financing Framework.
(3) Fixed-rate coupons partly exchanged for floating-rate coupons indexed to six-month Euribor via interest rate swaps with a notional amount of 600 million euros.
(4) Reduced-rate loan repayable in six annual installments of 50 million euros as from June 2024.
(5) Reduced-rate loan repayable in six annual installments of 50 million euros as from February 2025.
(6) Other long-term debt chiefly comprises accrued interest for 121 million euros.

At December 31, 2025, the Group has drawn down 4.1 billion euros under its Euro Medium Term Note (EMTN) financing program capped at 5 billion euros, stable compared with December 31, 2024.

The Group also has confirmed bank credit lines with an average maturity of 2.6 years, representing an aggregate amount of 1.6 billion euros. None of these credit lines had been drawn down at December 31, 2025. These bilateral credit lines were taken out with nine banks with an average rating of A from S&P and A1 from Moody's.

Maturity of long-term debt

	Maturity						
			≥1 year and ≤5 years				>5 years
(in millions of euros)	Carrying amount	<1 year	2027	2028	2029	2030	2031 and beyond
Bonds	4,026	—	751	698	572	868	1,137
Schuldschein loans (German private placements)	162	—	112	—	50	—	—
European Investment Bank (EIB) loan	444	98	98	98	98	52	—
Lease liabilities	718	132	119	108	105	59	195
Bilateral bank loans	405	110	60	110	125	—	—
Other borrowings	40	23	3	2	1	1	10
Accrued interest	121	121	—	—	—	—	—
LONG-TERM DEBT	**5,916**	**484**	**1,143**	**1,016**	**951**	**980**	**1,342**

Contractual maturity of long-term debt

In managing its liquidity risk, the Group seeks to ensure a balanced long-term debt repayment profile. At December 31, 2025, the average maturity of Valeo's (the parent company) debt was 3.4 years, compared to 2.8 years at December 31, 2024.

The future cash outflows presented below, comprising both interest payments and principal repayments, are not discounted. The forward interest rate curve at December 31, 2025 was used for variable-rate interest.

	Contractual cash flows							
			≥1 year and ≤5 years				>5 years	
(in millions of euros)	Carrying amount	<1 year	2027	2028	2029	2030	2031 and beyond	Total
Bonds	4,026	166	927	837	730	945	1,230	4,835
Schuldschein loans (German private placements)	162	7	119	2	52	—	—	180
European Investment Bank (EIB) loan	444	106	105	103	102	51	—	467
Lease liabilities	718	159	134	125	117	68	215	818
Bilateral bank loans	405	124	71	120	126	—	—	441
Other borrowings	40	23	3	2	1	1	10	40
Accrued interest[1]	121	121	—	—	—	—	—	121
LONG-TERM DEBT	**5,916**	**706**	**1,359**	**1,189**	**1,128**	**1,065**	**1,455**	**6,902**

(1) Cash flows relating to accrued interest are included in the short-term (i.e., less than one year) contractual cash flows of the debt to which they relate.

Off-balance sheet commitments relating to Group financing

Certain financing contracts include early repayment clauses in the event of failure to comply with specified financial ratios. The table below sets out the main covenant:

Financing agreements	Ratio	Thresholds	Ratio at December 31, 2025[1]
Credit lines European Investment Bank (EIB) loan Bilateral bank loans *Schuldschein* loans (German private placements)	Consolidated net debt/adjusted consolidated EBITDA	<3.5	1.3

(1) Calculated over 12 months.

Bonds issued under the Euro Medium Term Note medium- and long-term financing program include an option enabling bondholders to request early repayment or redemption of their bonds in the event of a change of control at Valeo leading to (i) a withdrawal of the bond rating or (ii) a downgrade in the rating to below investment grade (assuming that the bonds were previously rated investment grade), or (iii) if Valeo's bonds had previously been rated below investment grade, a one-category downgrade in the rating (e.g., from Ba1 to Ba2).

Other financings (notably bilateral loans, lines of credit and Schuldscheindarlehen private placements) include a change-of-control clause which allows lenders or investors to request early repayment if a change of control of Valeo occurs and, for some of these financings, if Valeo does not obtain an investment grade rating at the end of the change-of-control period.

The credit lines and bilateral credit facilities set up with Valeo's banking pool, as well as the Group's European Investment Bank loan and its long-term debt, include cross-default clauses. This means that if a default event triggering early repayment occurs on a certain amount of debt, then other debt may also be deemed to be in default with early repayment triggered.

At the date these consolidated financial statements were authorized for issue, the Group expects to comply with all debt covenants over the next few months.

Group credit ratings

The Group is rated by several credit rating agencies.

Rating agency	Publication date	Long-term debt	Outlook	Short-term debt
Standard & Poor's	March 13, 2025	BB	Stable	B
Moody's	September 26, 2024	Ba1	Negative	Non-prime

Subsequent events

None.

9.1.2.2 Short-term financing and bank overdrafts

Short-term debt mainly includes Negotiable European Commercial Paper (NEU CP) (previously "commercial paper") issued by Valeo for its short-term financing needs. NEU CP has a maturity of between one and twelve months and is valued at amortized cost.

In order to reflect the Group's cash requirements, short-term financing is presented in net cash flows from financing activities in the consolidated statement of cash flows.

(in millions of euros)	December 31, 2025	December 31, 2024
Negotiable European Commercial Paper	294	525
Other short-term financing	300	315
Bank overdrafts	51	4
SHORT-TERM FINANCING AND BANK OVERDRAFTS	**645**	**844**

Valeo has a short-term commercial paper financing program for a maximum amount of 2.5 billion euros. At December 31, 2025, a total of 294 million euros had been drawn on this program, compared with 525 million euros at December 31, 2024.

9.1.3 Net debt

Net debt comprises all long-term debt, liabilities, short-term financing and bank overdrafts (see Note 9.1.2.2, page 431), less loans and other long-term financial assets, cash and cash equivalents, and the fair value of derivative instruments hedging interest rate and currency risks associated with these items (see Note 9.1.4, pages 433 to 438).

	December 31, 2025			December 31, 2024		
(in millions of euros)	**Non-current**	**Current**	**Total**	**Non-current**	**Current**	**Total**
Long-term debt	5,432	484	5,916	4,859	1,334	6,193
Short-term financing	—	594	594	—	840	840
Bank overdrafts	—	51	51	—	4	4
GROSS DEBT	**5,432**	**1,129**	**6,561**	**4,859**	**2,178**	**7,037**
Long-term loans and receivables (including accrued interest)	(27)	—	(27)	(25)	—	(25)
Accrued interest	—	(26)	(26)	—	(32)	(32)
Cash and cash equivalents	—	(2,481)	(2,481)	—	(3,153)	(3,153)
Derivative instruments associated with interest rate and foreign currency risks[1]	(3)	(2)	(5)	(3)	(11)	(14)
NET DEBT	**5,402**	**(1,380)**	**4,022**	**4,831**	**(1,018)**	**3,813**

(1) At end-December 2025 and end-December 2024, the fair value of derivative instruments associated with an item of net debt reflects the fair value of currency and interest rate instruments hedging assets and liabilities relating to the Group's financing activities.

9.1.3.1 Long-term loans and receivables

This category consists essentially of long-term loans, which are measured on an amortized cost basis using the effective interest rate. They are shown in the statement of financial position as other non-current financial assets.

9.1.3.2 Cash and cash equivalents

Cash and cash equivalents are comprised of marketable securities such as money market and short-term money market funds, deposits and very short-term risk-free securities which can be readily sold or converted into cash and cash equivalents.

The cash equivalents included in this line are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value. These current financial assets are carried at fair value through income and are held with a view to meeting short-term cash requirements.

(in millions of euros)	**December 31, 2025**	**December 31, 2024**
Marketable securities	1,247	1,585
Cash and other liquid resources	1,234	1,568
CASH AND CASH EQUIVALENTS	**2,481**	**3,153**

Cash and cash equivalents totaled 2,481 million euros at December 31, 2025, consisting of 1,247 million euros of marketable securities with a very low price volatility risk, and 1,234 million euros in cash. Marketable securities consist solely of money market mutual funds (FCP).

These items were measured using Level 1 or 2 inputs of the fair value hierarchy.

Short-term liquidity management

Cash is pooled whenever this is permitted by local legislation. In such cases, subsidiaries' surplus cash or financing requirements are pooled and invested or funded by Valeo, the parent company. The Group has set up a cross-border, multi-currency cash pooling arrangement in euros, US dollars, Hungarian forint and Czech koruna for European subsidiaries, in US dollars for US subsidiaries, and in Chinese renminbi for Chinese subsidiaries. This arrangement enables day-to-day cash to be managed on a centralized basis. In other countries, local cash pooling arrangements exist and loans and borrowings are regularly taken out with the parent company (Valeo). In some countries, these cross-border transactions can give rise to tax issues or may be subject to specific regulations and require approval from the local tax authorities.

The Group also manages liquidity by ensuring that dividends from subsidiaries are transferred to Valeo.

Bank counterparty risk management

The Group invests its surplus liquidity with asset management companies that are subsidiaries of leading banks. Securities are held by leading custodians.

9.1.3.3 Analysis of net debt by currency

Net debt can be analyzed as follows by currency:

(in millions of euros)	December 31, 2025	December 31, 2024
Euro	4,181	4,104
US dollar	98	116
Brazilian real	(53)	(56)
South Korean won	(201)	(298)
Chinese renminbi	20	(1)
Other currencies	(23)	(52)
TOTAL	4,022	3,813

In the table above, net financial debt includes the fair value of derivative instruments (in particular hedging swaps) associated with financial liabilities. This fair value is presented in the functional currency of the entity that entered into these instruments.

9.1.4 Derivative financial instruments

The Group uses derivative financial instruments to manage and reduce its exposure to foreign exchange, commodity and interest rate risks.

Derivatives are recognized in the statement of financial position at fair value under other non-current financial assets or other non-current financial liabilities when the underlying transaction matures beyond one year, and under other current financial assets or other current financial liabilities when the underlying transaction matures within one year.

The accounting impact of changes in the fair value of these derivative instruments depends on whether or not hedge accounting is applied.

When hedge accounting is applied:

- for fair value hedges of assets and liabilities recognized in the statement of financial position, the hedged item of these assets or liabilities is stated at fair value. Changes in fair value are recognized through income and offset (for the effective portion of the hedge) by symmetrical changes in the fair value of the derivative;
- for future cash flow hedges, changes in the fair value of the derivatives relating to the effective portion of the hedge are recognized directly in other comprehensive income, while the ineffective portion is taken to other financial income and expenses. The amounts recognized in other comprehensive income are recycled to income when the hedged risk itself affects income.

Changes in the fair value of derivatives that do not qualify for hedge accounting are recognized within other financial income and expenses in the statement of income.

Foreign currency derivatives

Although they may act as hedges, foreign currency derivatives hedging balance sheet positions in foreign currencies are not designated as part of a hedging relationship for accounting purposes. In these cases, changes in the fair value of the derivatives are recognized in financial income and expenses and are generally offset by the impact of remeasuring the underlying foreign currency receivables and payables.

Foreign currency derivatives hedging highly probable future transactions that are generally material and will impact operating margin are classified as hedges. In these cases, changes in the fair value of the derivatives are recognized in other comprehensive income for the effective portion of the hedge, and subsequently taken to operating income when the hedged item itself affects operating income. The ineffective portion of the hedge is recognized in other financial income and expenses.

Commodities

In principle, the Group applies cash flow hedge accounting to commodity derivatives. Gains and losses relating to the effective portion of the hedge are reclassified from other comprehensive income to operating margin when the hedged position itself affects income. Gains and losses relating to the ineffective portion of the hedge are recognized in other financial income and expenses. When a forecast transaction is no longer highly probable, the cumulative gains and losses carried in other comprehensive income are transferred immediately to other financial income and expenses.

Interest rate derivatives

The Group may need to protect itself against fluctuations in cash flows relating to interest payments on variable-rate borrowings. These hedges are eligible for cash flow hedge accounting.

Hedging instruments are measured at fair value and recognized in the statement of financial position. When there is a designated cash flow hedging relationship, changes in the fair value of the instrument relating to the effective portion of the hedge are recognized in other comprehensive income, while changes relating to the ineffective portion are recognized in other financial income and expenses in the statement of income. Amounts carried in other comprehensive income in respect of the effective portion of the hedge are taken to income as and when the hedged interest expenses themselves affect income.

The Group's operating entities are responsible for identifying and measuring financial risks. However, the Group's Finance Department is responsible for hedging and managing these risks using derivatives on behalf of subsidiaries with risk exposure.

At monthly Treasury Committee meetings, the main risks and exposures are assessed, the required hedges are approved (in accordance with the strategy described below), and the results of these hedges are analyzed.

The Group uses derivative financial instruments to reduce its exposure to market risk. At December 31, 2025 and 2024, these instruments had the following fair values:

					Other financial assets		Other financial liabilities		December 31, 2025	December 31, 2024
(in millions of euros)	Accounting classification	Nominal purchase price[1]	Nominal sale price[1]	OCI reserves	Non-current	Current	Non-current	Current	Total	Total
Forward foreign currency contracts	*Cash flow hedge*	647	(226)	46	1	48	—	(3)	46	24
Forward foreign currency contracts	*Trading*	572	(513)	—	—	5	—	(6)	(1)	1
OPERATING FOREIGN CURRENCY DERIVATIVES		**1,219**	**(739)**	**46**	**1**	**53**	**—**	**(9)**	**45**	**25**
Swaps	*Trading*	1,046	(1,046)	—	—	16	(1)	(13)	2	10
Forward foreign currency contracts	*Trading*	9	(26)	—	—	—	—	—	—	—
Cross-currency swaps	*Trading*	22	(22)	—	—	—	—	—	—	—
FINANCIAL FOREIGN CURRENCY DERIVATIVES		**1,077**	**(1,094)**	**—**	**—**	**16**	**(1)**	**(13)**	**2**	**10**
Swaps	*Cash flow hedge*	216	(11)	15	—	17	—	(2)	15	(3)
COMMODITY DERIVATIVES		**216**	**(11)**	**15**	**—**	**17**	**—**	**(2)**	**15**	**(3)**
Swaps	*Cash flow hedge*	—	—	—	—	—	—	—	—	1
Swaps	*Fair value hedge*	600	(600)	—	3	—	—	—	3	5
Cross-currency swaps	*Trading*	22	(22)	—	—	—	—	(1)	(1)	(1)
INTEREST RATE DERIVATIVES		**622**	**(622)**	**—**	**3**	**—**	**—**	**(1)**	**2**	**5**
TOTAL DERIVATIVE FINANCIAL INSTRUMENTS					**4**	**86**	**(1)**	**(25)**	**64**	**37**

(1) The nominal amounts of the derivatives are expressed in euros.

Bank counterparty risk management

The Group contracts derivatives with leading banks and carries out periodic counterparty risk monitoring.

9.1.4.1 Fair value of foreign currency derivatives

Operational currency risk management

The Group's subsidiaries are exposed to foreign currency risk arising within the scope of their industrial and commercial activities. These risks and the related hedges are monitored by the Financing and Treasury Department.

The Group systematically hedges balance sheet exposures (non-financial foreign currency receivables and payables). Subsidiaries primarily hedge their transactions with Valeo, the parent company, which then hedges net Group positions with external counterparties. As the corresponding foreign currency derivatives are not designated as part of a hedging relationship for accounting purposes, they are accounted for as derivatives held for trading.

The Group also hedges its operating margin against foreign currency risk, on a regular basis over the budget period and on an exceptional basis over a contractual period for specific major contracts. The principal hedging instruments used by the Group are forward purchases and sales of foreign currencies. In this case, the Group applies cash flow hedge accounting to commodity derivatives.

The fair value of these derivatives is computed as follows: future cash flows are calculated using forward exchange rates at the end of the reporting period and are then discounted using the interest rate of the functional currency. This method corresponds to Level 2 in the fair value hierarchy.

At both December 31, 2025 and December 31, 2024, the ineffective portion of these hedges represented a negligible amount.

Financial currency risk management

Centralizing cash surpluses, the financing needs of foreign subsidiaries and certain Group financing transactions exposes the Group to financial currency risk. This risk corresponds to the risk of changes in the value of financial receivables or payables denominated in currencies other than the functional currency of the borrowing or lending entity. This currency risk is primarily hedged by currency swaps.

The Group tends to finance its subsidiaries in their local currencies and systematically enters into hedges to protect itself against the resulting currency risk.

The Group's external borrowings and investments are generally denominated in euros, in particular for debt issues under the Euro Medium Term Note financing program.

The unrealized gain of 2 million euros mainly concerns currency swaps relating to hedges of the Group's current accounts and bank accounts.

Analysis of the Group's overall net exposure

The Group's overall net exposure (on its balance sheet positions) at December 31, 2025, based on notional amounts, arises on the following main currencies (excluding entities' functional currencies):

	December 31, 2025						December 31, 2024[2]
(in millions of euros)	USD	CNY	EUR	JPY	Other currencies	Total	Total
Exposed business assets and liabilities	(141)	(97)	(267)	(28)	(19)	(552)	(587)
Exposed financial assets and liabilities	(416)	(1,313)	49	(153)	720	(1,113)	(1,832)
GROSS EXPOSURE	**(557)**	**(1,410)**	**(218)**	**(181)**	**701**	**(1,665)**	**(2,419)**
Currency derivatives[1]	549	1,386	(38)	177	(741)	1,333	2,200
NET EXPOSURE	**(8)**	**(24)**	**(256)**	**(4)**	**(40)**	**(332)**	**(219)**

(1) Excluding cash flow hedging instruments.
(2) The data for the 2024 financial year were revised compared with those presented in the Group's consolidated financial statements as at December 31, 2024.

In the table above, the EUR column represents the net euro exposure of Group entities whose functional currency is not the euro. Exposure arises in particular on subsidiaries based in Central Europe and the Mediterranean area, which are financed in euros by Valeo.

Analysis of the sensitivity of net foreign currency risk exposure

The sensitivity analysis was based on an exchange rate of 1.175 US dollars, 184.09 Japanese yen and 8.2262 Chinese renminbi for 1 euro at December 31, 2025, (1.0389 US dollars, 163.06 Japanese yen and 7.5833 Chinese renminbi at December 31, 2024).

An increase of 10% in the value of the euro against these currencies at December 31, 2025 and December 31, 2024 would have had the following pre-tax impacts on income and other comprehensive income:

	December 31, 2025		December 31, 2024[2]	
(in millions of euros)	Income Gain (loss)	Equity Gain (loss)[1]	Income Gain (loss)	Equity Gain (loss)[1]
Exposure to US dollar	—	4	—	(4)
Exposure to Japanese yen	—	(1)	(1)	(2)
Exposure to Chinese renminbi	2	(5)	1	—
Exposure to euro	(25)	(1)	(19)	1
TOTAL	**(22)**	**(3)**	**(19)**	**(5)**

(1) The figures presented reflect the sensitivity of other comprehensive income to changes in cash flow hedging instruments
(2) The data for the 2024 financial year were revised compared with those presented in the Group's consolidated financial statements as of December 31, 2024.

For the purpose of these analyses, it is assumed that all other variables, particularly interest rates, remained unchanged.

Assuming that all other variables remained unchanged, a 10% fall in the value of the euro against these currencies at December 31, 2025 would have had the opposite impacts to the ones shown above.

The effects of changes in exchange rates on the translation of net assets into euros are reflected in the Group's consolidated stockholders' equity.

Many Group entities are located outside the eurozone. As Valeo's presentation currency is the euro, the financial statements of its subsidiaries are translated into euros for the preparation of the consolidated financial statements. As part of its foreign currency risk management, the Group considers its investments in foreign operations to be permanent. The effects of exchange rate fluctuations on the translation of net assets into euros are reflected in the Company's consolidated net equity.

Financing transactions between two Group entities with different functional currencies may expose Valeo's earnings to foreign currency risk. To hedge against this risk, the Group may enter into derivative contracts. As intragroup financing transactions are eliminated in the Group's consolidated financial statements, changes in the fair value of these hedging instruments may affect the Group's net debt.

Remaining contractual maturities of foreign currency derivatives

The European Central Bank (ECB) closing rates and forward rates at December 31, 2025 were used to value foreign currency derivatives.

		Contractual cash flows						
			≥1 year and ≤5 years				>5 years	
(in millions of euros)	Carrying amount	<1 year	2027	2028	2029	2030	2031 and beyond	Total
Forward foreign currency contracts used as hedges:								
• Assets	54	53	1	—	—	—	—	54
• Liabilities	(9)	(9)	—	—	—	—	—	(9)
Currency swaps used as hedges:								
• Assets	16	16	—	—	—	—	—	16
• Liabilities	(13)	(13)	—	—	—	—	—	(13)

9.1.4.2 Fair value of commodity (non-ferrous metals) derivatives

Commodity risk management

The Group manages its exposure to raw materials by using price indexation clauses in commercial contracts as much as possible. This is the case particularly for non-ferrous metals and steel, for which such clauses cover over 80% of the Group's exposure.

Exposure to non-ferrous metals (mainly listed on the London Metal Exchange (LME) and the Shanghai Futures Exchange) and, to a lesser extent, exposure to propylene is hedged with leading banks using derivative hedging instruments. These hedges are designed to limit the impact of fluctuations in commodity prices on the Group's earnings and to give Valeo the time it needs to negotiate the corresponding price rises with its customers. Exposures resulting from sales price indexation over periods different to those provided for in the raw materials purchasing agreements are also hedged.

The hedges correspond to derivative instruments which do not involve physical delivery of the underlying commodity (primarily swaps on the average monthly price). These transactions are eligible for cash flow hedge accounting within the meaning of IFRS 9.

Steel, most plastics, and rare-earth metals cannot be hedged on the financial markets as they are not listed on an organized exchange.

Inventory values in the Group's statement of financial position are not significantly affected by the rise in commodity prices because the rapid inventory turnover and optimization of logistics flows reduce the amount.

Volumes of non-ferrous metals hedged at December 31, 2025 and 2024 break down as follows:

(in metric tons)	December 31, 2025	December 31, 2024
Aluminum	41,213	44,483
Secondary aluminum	10,513	9,600
Copper	10,309	11,326
TOTAL	**62,035**	**65,409**

Base metals derivatives used by the Group are designated as cash flow hedges. An unrealized gain of 15 million euros relating to existing hedges was recognized in other comprehensive income for 2025.

The unrealized loss of 3 million euros recognized in other comprehensive income in 2024 and relating to existing hedges was reclassified in full to operating income in 2025.

Analysis of the sensitivity of hedges in place at December 31, 2025

The table below shows the pre-tax impact on equity and income of a 10% increase in metal forward prices at December 31, 2025 and 2024:

	December 31, 2025		December 31, 2024	
(in millions of euros)	Income Gain (loss)	Equity Gain (loss)	Income Gain (loss)	Equity Gain (loss)
Impact of a 10% rise in metal forward prices	—	12	—	10

At December 31, 2025, a 10% fall in metal forward prices would have had an unfavorable impact for the same amount.

For the purposes of the sensitivity analysis, it is assumed that all other variables remain unchanged over the period.

Remaining contractual maturities of commodity derivatives

Forward prices on the London Metal Exchange (LME) at December 31, 2025 were used to determine contractual maturities for commodity derivatives.

		Contractual cash flows						
			≥1 year and ≤5 years				>5 years	
(in millions of euros)	Carrying amount	<1 year	2027	2028	2029	2030	2031 and beyond	Total
Commodity derivatives:								
• Assets	17	17	—	—	—	—	—	17
• Liabilities	(2)	(2)	—	—	—	—	—	(2)

9.1.4.3 Fair value of interest rate derivatives

Interest rate risk management

The Group may use interest rate swaps to convert the contractual interest rates on its debt into either a variable or a fixed rate. Cash and cash equivalents are invested in both fixed- and variable-rate instruments. At December 31, 2025, 82% of long-term debt (i.e., due in more than one year) was at fixed rates, up compared to end-2024.

One of the Group's Japanese subsidiaries has arranged financing of one of its subsidiaries in Indonesian rupiah. In order to hedge the interest-rate and currency risks associated with this financing, the company has entered into two cross-currency swaps with a notional amount of 4 billion Japanese yen, for the same amount and with the same maturity. These derivatives are not designated in an accounting hedging accounting relationship.

The variable-rate tranche of the Schuldschein loan (German private placement) issued in April 2019 was hedged by an interest rate swap, which exchanged the variable coupon for a fixed rate. This instrument was designated as a hedging instrument in a cash flow hedge relationship, which ended in 2025.

Two interest rate swaps for a total of 600 million euros were put in place in November 2022 to partially hedge the interest on the 750 million euro EMTN financing issued at the same time. These swaps are designated as hedging instruments in a fair value hedge relationship.

	December 31, 2025		December 31, 2024	
(in millions of euros)	Nominal	Fair value	Nominal	Fair value
Interest rate swaps:				
• Loan in Indonesian rupiah[(1)]	22	(1)	24	(1)
• *Schuldschein* loans (German private placements)	—	—	123	1
• EMTN due 2027	600	3	600	5
TOTAL	**622**	**2**	**747**	**5**

(1) The nominal amounts of the cross-currency swaps correspond to the JPY leg, converted into euros using the December 31, 2025 exchange rates.

Analysis of the Group's net exposure

At the end of the reporting period, the Group's net interest rate position based on nominal values can be analyzed as follows:

2025

	Less than 1 year		1 to 5 years		More than 5 years		Total nominal amount		
(in millions of euros)	Fixed portion	Variable portion	Fixed portion	Variable portion	Fixed portion	Variable portion	Fixed portion	Variable portion	Total
Financial liabilities	931	200	3,703	402	1,355	—	5,989	602	6,591
Loans	—	—	(26)	—	—	—	(26)	—	(26)
Accrued interest	(26)	—	—	—	—	—	(26)	—	(26)
Cash and cash equivalents	(429)	(2,052)	—	—	—	—	(429)	(2,052)	(2,481)
NET POSITION BEFORE HEDGING	**476**	**(1,852)**	**3,677**	**402**	**1,355**	**—**	**5,508**	**(1,450)**	**4,058**
Derivative instruments	—	—	(600)	600	—	—	(600)	600	—
NET POSITION AFTER HEDGING	**476**	**(1,852)**	**3,077**	**1,002**	**1,355**	**—**	**4,908**	**(850)**	**4,058**

2024

	Less than 1 year		1 to 5 years		More than 5 years		Total nominal amount		
(in millions of euros)	Fixed portion	Variable portion	Fixed portion	Variable portion	Fixed portion	Variable portion	Fixed portion	Variable portion	Total
Financial liabilities	1,910	272	3,413	377	1,090	—	6,413	649	7,062
Loans	—	—	(25)	—	—	—	(25)	—	(25)
Accrued interest	(32)	—	—	—	—	—	(32)	—	(32)
Cash and cash equivalents	(788)	(2,365)	—	—	—	—	(788)	(2,365)	(3,153)
NET POSITION BEFORE HEDGING	**1,090**	**2,093**	**3,388**	**377**	**1,090**	**—**	**5,568**	**(1,716)**	**3,852**
Derivative instruments	122	(122)	(600)	600	—	—	(478)	478	—
NET POSITION AFTER HEDGING	**1,212**	**(2,215)**	**2,788**	**977**	**1,090**	**—**	**5,090**	**(1,238)**	**3,852**

Financial liabilities mainly include the nominal amount of long-term debt, short-term financing, lease liabilities and bank overdrafts.

Analysis of sensitivity to interest rate risk

At December 31, 2025, almost all long-term debt was at fixed rates. Fixed-rate debt carried at amortized cost is not included in the calculation of sensitivity to interest rate risk. The Group's exposure to interest rate risk therefore arises solely on its variable-rate debt.

The table below shows the pre-tax impact on income and other comprehensive income of a sudden 1% rise in the interest rates applied to variable-rate financial assets and liabilities, after hedging:

	December 31, 2025		December 31, 2024	
(in millions of euros)	Income Gain (loss)	Equity Gain (loss)	Income Gain (loss)	Equity Gain (loss)
Impact of a 1% rise in interest rates	(9)	—	(12)	—

At December 31, 2025, a sudden 1% fall in interest rates would have had a favorable impact for the same amount.

9.1.5 Other financial assets and liabilities

Other financial assets and liabilities mainly comprise the following current and non-current items:

- guarantee deposits, valued at amortized cost;
- derivative financial instruments (see Note 9.1.4, pages 433 to 438);
- long-term investments.

Long-term investments primarily include investments in non-consolidated companies and mutual funds, which are measured at fair value.

Changes in the fair value of investments in non-consolidated companies are recorded in the statement of income, unless the investment is neither held for trading nor contingent consideration is recognized by an acquirer as part of a business combination. In such cases, the Group may make an irrevocable election at initial recognition of each investment to present subsequent changes in fair value in other comprehensive income, and dividend income in the statement of income. Once this election has been made, unrealized gains and losses recognized in other comprehensive income may not subsequently be recycled to the statement of income, even in the event of disposal of the related investment.

The election described above for equity instruments is not available for mutual funds. Accordingly, changes in fair value are recognized under other financial income and expenses in the consolidated statement of income.

The fair value of securities listed on an active market is their stock market value.

Long-term investments totaled 272 million euros at end-December 2025 and can be analyzed as follows:

(in millions of euros)	2025	2024
LONG-TERM INVESTMENTS AT JANUARY 1	**312**	**321**
Acquisitions	5	—
Disposals	—	(1)
Impact of changes in scope	—	(2)
Changes in fair value recognized in equity	—	—
Changes in fair value recognized in income	(23)	(2)
Dividends paid by Company mutual funds	(9)	(9)
Translation adjustment	(13)	5
LONG-TERM INVESTMENTS AT DECEMBER 31	**272**	**312**

They mainly comprise investments in the following companies:

(in millions of euros)	December 31, 2025	December 31, 2024
Hubei Cathay China	52	54
Hubei Cathay China II	18	20
Sino-French Innovation Fund (Cathay)	41	78
Sino-French Innovation Fund II (Cathay)	30	30
Sino-French Innovation Fund III (Cathay)	30	30
Iris Capital	27	24
Aledia	20	20
Other long-term investments[1]	54	56
LONG-TERM INVESTMENTS AT DECEMBER 31	**272**	**312**

(1) Other investments in investment funds and in companies over which Valeo exercises neither control nor significant influence with an individual value of no more than 20 million euros.

9.1.6 Accounts and notes payable

Accounts and notes payable are initially recognized at fair value and subsequently carried at amortized cost. The fair value of accounts and notes payable is deemed to be their nominal amount, since payment periods are generally less than three months.

A reverse factoring program is available to Valeo's suppliers worldwide. Under the program, participating suppliers can sell receivables owed to them by Valeo to a financial institution ("factor") before their due date. Relations between the parties are structured based on two separate agreements:

- Valeo's suppliers enter into an agreement with the factor under which they may sell to them the amounts owed from Valeo. The decision to sell receivables is entirely at the discretion of the suppliers, who bear the financial cost;
- Valeo enters into an agreement under which it pays the factor for amounts owed under supplier invoices at the date they fall due.

Receivables acquired by the factor through this program are allocated to a syndicate of several financial institutions (five at December 31, 2025), including the factor.

Two local reverse factoring programs are also available to Group suppliers in Japan.

Given the characteristics of these programs, the sale of these accounts and notes payable does not change the substance of the liabilities concerned. As such, all amounts included in these programs are presented under accounts and notes payable, whether or not they have been sold.

At December 31, 2025, the liabilities concerned broke down as follows:

(in millions of euros)	2025	2024
Accounts and notes payable for which suppliers have signed up to reverse factoring agreements	825	864
O/w payables sold to the factor by suppliers	*435*	*471*
Other operating payables	4,273	4,518
ACCOUNTS AND NOTES PAYABLE	**5,098**	**5,382**

At December 31, 2025, the average payment time for accounts and notes payable was between 100 and 150 days depending on the geographical regions where the Group operates, compared with an average of between 120 and 150 days for suppliers who have signed up to reverse factoring agreements in these same regions. At the Group level, the average payment period for trade payables is around 120 days. This period is generally about 10 days longer for suppliers that have entered into reverse factoring arrangements.

These payment times are comparable to payment times at December 31, 2024.

9.2 Financial income and expenses

Net financial income comprises interest income, interest expense (cost of net debt) and other financial income and expenses.

Cost of net debt

Interest expense mainly corresponds to interest recognized on debt, while interest income corresponds to interest earned on cash and cash equivalents.

Other financial income and expenses

Other financial income and expenses notably include:

- the ineffective portion of gains and losses on interest rate hedging transactions;
- gains and losses on foreign exchange transactions or non-ferrous metals purchases that do not meet the definition of hedges of financial instruments;
- the cost of credit insurance and write-downs taken in respect of credit risk and losses on bad debts in the event of client default;
- the net interest cost arising on provisions for pensions and other employee benefits, which includes the impact of unwinding the discount on the obligations to take into account the passage of time, and financial income related to the expected return on plan assets;
- changes in the fair value of long-term investments held for trading.

(in millions of euros)	2025	2024
Cost of gross debt[1]	(327)	(363)
Interest income on cash and investments	71	112
COST OF NET DEBT	**(256)**	**(251)**
Net interest cost on provisions for pensions and other employee benefits[2]	(30)	(31)
Currency gains (losses)	(25)	3
Gains (losses) on commodity derivatives (ineffective portion)	—	—
Gains (losses) on interest rate derivatives (ineffective portion)	—	—
Gains (losses) on long-term investments held for trading[3]	(23)	(2)
Other[4]	5	(4)
OTHER FINANCIAL INCOME AND EXPENSES	**(73)**	**(34)**
NET FINANCIAL INCOME (EXPENSE)	**(329)**	**(285)**

(1) Including, in 2025, finance costs for 6 million euros on undrawn credit lines, interest on lease liabilities for 31 million euros and financial expenses for 20 million euros arising on the discounting of trade and tax receivables.
(2) See Note 6.3.4, page 409.
(3) See Note 9.1.5, page 439.
(4) Of which income of 12 million euros in 2025 and an expense of 4 million euros in 2024 related to hyperinflation in Turkey.

Note 10 Income taxes

10.1 Income taxes

Income tax expense includes current income taxes and deferred taxes of consolidated companies.

Taxes relating to items reported directly in other comprehensive income are also reported in other comprehensive income and not in the statement of income.

Since January 1, 2024, the Group is subject to the "Global Anti-Base Erosion Rules" (the "GloBE Rules"), which provide for a minimum tax rate of 15% in each of the jurisdictions in which it operates.

10.1.1 Breakdown of income tax expense

	2025	2024
Current taxes	(315)	(215)
Deferred taxes	110	116
INCOME TAXES	**(205)**	**(99)**

The Group recognized an income tax expense of 205 million euros for 2025, corresponding to an effective tax rate of 42.7%. This income tax expense includes 1 million euros recognized under the Pillar Two global minimum tax rules.

10.1.2 Tax proof

(in millions of euros)	2025	2024
INCOME BEFORE INCOME TAXES EXCLUDING SHARE IN NET EARNINGS OF EQUITY-ACCOUNTED COMPANIES	**480**	**321**
Standard tax rate in France	25.83%	25.83%
THEORETICAL INCOME TAX (EXPENSE)/BENEFIT	**(124)**	**(83)**
Impact of:		
• Unrecognized deferred tax assets and unused tax losses (current year)	(34)	(53)
• Recognition of previously unrecognized deferred tax assets	25	48
• Other income tax rates	27	3
• Utilization of prior-year tax losses	18	26
• Permanent differences between accounting income and taxable income	(114)	(43)
• Tax credits	1	6
• *Cotisation sur la valeur ajoutée des entreprises (CVAE)*	(4)	(3)
GROUP INCOME TAX (EXPENSE)/BENEFIT	**(205)**	**(99)**
Effective tax rate	42.7%	30.8%

The tax expense at December 31, 2025 includes 41 million euros in withholding taxes related to dividend distributions between Group subsidiaries, as well as the recognition of deferred tax assets, including in the Czech Republic.

The Group considers that the *Cotisation sur la Valeur Ajoutée des Entreprises* (CVAE), tax on company value-added, meets the definition of income tax set out in IAS 12. Income tax in 2025 therefore includes a net expense of 4 million euros in respect of the CVAE tax (3 million euros in 2024).

The favorable 27 million euro impact relating to tax rates that are different from the standard tax rate breaks down as follows:

Country	Current tax rate[1]	2025	2024
Brazil	34.0%	(2)	(2)
China	25.0%	(1)	(1)
Czech Republic	21.0%	2	8
Germany	27.8%	7	(26)
Hungary	9.0%	4	8
Ireland	12.5%	8	3
Japan	31.6%	(2)	(1)
Morocco	8.8%	3	—
Poland	19.0%	6	(1)
South Korea	23.1%	3	13
United States	21.0%	(3)	6
Other countries	n.a.	2	(4)
TOTAL		**27**	**3**

(1) The current tax rate shown is the effective tax rate at the end of the reporting period. The tax rate used to calculate deferred taxes takes into account any changes adopted in the tax rate for the coming years.

10.2 Deferred taxes

Deferred taxes are accounted for using the liability method for all temporary differences between the tax base and the carrying amount of assets and liabilities in the consolidated financial statements, and for all tax loss carryforwards.

The main temporary differences relate to tax loss carryforwards, provisions for pensions and other employee benefits, other temporarily non-deductible provisions and capitalized development expenditure. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply when the temporary differences reverse, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are only recognized to the extent that it appears probable that Valeo will generate future taxable profits against which these tax assets will be able to be recovered. The Group reviews the probability of future recovery of deferred tax assets on a periodic basis for each tax entity. This review can, where appropriate, lead the Group to derecognize deferred tax assets that it had recognized in prior years. The probability of recovery is assessed using the approach deemed most appropriate in light of the entity's legal and tax organization, tax history and projected taxable earnings outlook.

Each entity or tax consolidation group assesses the recoverability of its tax loss carryforwards annually using future taxable profit projections covering a period of five years, prepared on the basis of medium-term business plans drawn up by Group entities and approved by General Management. Where an entity or tax consolidation group reports a net deferred tax asset position, tax loss carryforwards may generally be recognized in the statement of financial position for a maximum period of five years. Taxes payable and tax credits receivable on planned dividend distributions by subsidiaries are recorded in the statement of income.

Deferred tax assets and liabilities are offset when a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities concern income taxes levied by the same taxation authority. In France, Valeo has elected for tax consolidation. The tax group includes the parent company and its principal French subsidiaries that are eligible for tax consolidation. Valeo has also elected for tax consolidation for its subsidiaries in other countries where this is permitted by local legislation (Germany, Spain, the United Kingdom and the United States).

Deferred taxes broken down by temporary differences are shown below:

(in millions of euros)	31 décembre 2025	December 31, 2024
Loss carryforwards	1,631	1,670
Capitalized development expenditure	(414)	(431)
Pensions and other employee benefits	144	163
Other provisions	167	164
Inventories	138	133
Provisions for restructuring costs	24	46
Tooling	6	2
Property, plant and equipment	180	101
Other	285	271
TOTAL DEFERRED TAXES, GROSS	**2,161**	**2,119**
Unrecognized deferred tax assets	(1,424)	(1,427)
TOTAL DEFERRED TAXES	**737**	**692**
Of which:		
Deferred tax assets	805	740
Deferred tax liabilities	(68)	(48)

At December 31, 2025, the main countries for which deferred tax assets were recognized in the statement of financial position for tax loss carryforwards are as follows:

(in millions of euros)	Loss carryforwards	Potential tax saving
Germany[2]	606	168
United States	186	39
China	113	28
Brazil[1]	106	36
Czech Republic	55	12
MAIN COUNTRIES	**1,066**	**283**
Other countries		29
DEFERRED TAX ASSETS RECOGNIZED FOR TAX LOSS CARRYFORWARDS		**312**

(1) Deferred taxes recognized based on an expected utilization after five years. The portion of deferred taxes expected to be utilized after five years was not material at December 31, 2025.
(2) Tax loss carryforwards are recognized up to the amount of deferred tax liabilities.

At December 31, 2025, deferred tax assets not recognized by the Group can be analyzed as follows:

(in millions of euros)	Tax basis	Potential tax saving
Tax losses available for carryforward from 2026 through 2029	284	(37)
Tax losses available for carryforward in 2030 and thereafter	160	(29)
Tax losses available for carryforward indefinitely	4,651	(1,253)
CURRENT TAX LOSS CARRYFORWARDS	**5,095**	**(1,319)**
Unrecognized deferred tax assets on temporary differences		(105)
TOTAL		**(1,424)**

Note 11 Stockholders' equity and earnings per share

11.1 Stockholders' equity

11.1.1 Change in share capital

11.1.1.1 Change in the number of shares outstanding

The number of shares outstanding and the number of treasury shares held at December 31, 2025 can be analyzed as follows:

	2025	2024
NUMBER OF SHARES OUTSTANDING AT JANUARY 1	**242,976,320**	**243,921,120**
Number of treasury shares purchased/sold under the liquidity agreement[1] or delivered following the exercise of free shares granted	1,591,435	1,230,883
Number of shares purchased under the share buyback program[2]	(2,584,352)	(2,175,683)
Number of shares issued under employee share ownership plans: Shares4U[3]	974,120	0
NUMBER OF SHARES OUTSTANDING AT DECEMBER 31	**242,957,523**	**242,976,320**
Number of treasury shares held by the Group	2,650,101	1,657,184
NUMBER OF SHARES REPRESENTING THE COMPANY'S SHARE CAPITAL AT DECEMBER 31[4]	**245,607,624**	**244,633,504**

(1) See Note 11.1.1.2, page 445.
(2) See Note 11.1.1.3, page 445.
(3) As part of the Shares4U 2025 plan, a 8 million euro capital increase reserved for employees took place on November 13, 2025, issuing 974,120 new shares, each with a par value of 1 euro. This plan allows employees to subscribe to Valeo shares directly or through a Company mutual fund, at a subscription price set on September 12, 2025 by the Group's Chief Executive Officer, acting on the authority of the Board of Directors, at 8.40 euros. This gave rise to 7 million euros in additional paid-in capital.
(4) At December 31, 2025 and December 31, 2024, each share had a par value of 1 euro and was fully paid up.

11.1.1.2 Equity management

The Group seeks to maintain a solid capital base in order to retain the confidence of investors, creditors and the market, and to secure its future development. Its objective is to strike a balance between levels of debt and equity.

The Group may be required to buy back treasury shares on the market to cover its obligations with regard to free share and employee share ownership plans, as well as the liquidity agreement. The liquidity agreement, which is consistent with the Code of Ethics published by the French Association of Investment Firms (*Association Française des Entreprises d'Investissement* – AFEI), was signed with an investment services provider on March 25, 2019. At December 31, 2025, 17,343,876 euros had been allocated to the liquidity agreement compared with 17,321,056 euros at December 31, 2024.

11.1.1.3 Share buyback program

Valeo requested the assistance of an investment services provider to meet certain objectives of its 2025 share buyback program as authorized by the Ordinary and Extraordinary Shareholders' Meeting of May 22, 2025.

Pursuant to the agreement signed on June 17, 2025, the parties agreed that the investment services provider would sell a certain quantity of Valeo shares to Valeo, which undertook to acquire them at term, within the limit of 25 million euros, at an average price determined in an objective and independent manner by the market during the full term of the agreement. This average price could not in any case exceed the maximum purchase price set by the Ordinary and Extraordinary Shareholders' Meeting of May 22, 2025.

Under the program, Valeo bought back a total of 2,584,352 shares. They have been allocated in full to cover the allotment of shares to employees under free share plans designed to involve them in the Company's growth, and the implementation of any Company savings plans.

The main features of the share buyback program carried out in 2025 are as follows:

	2025 Program
Date agreement took effect	June 17, 2025
Expiration date	September 24, 2025
Maximum nominal amount of buyback *(in millions of euros)*	25
Treasury shares delivered *(in number of shares)*	2,584,352
Average share price *(in euros per share)*	9.67

11.1.2 Translation adjustment

Movements in the translation adjustment (attributable to the Group) in the year resulted in an unrealized loss of 584 million euros (compared to an unrealized gain of 101 million euros at December 31, 2024). This loss primarily reflects the adverse impact of the appreciation of the euro against the US dollar (228 million euros), the Chinese renminbi (179 million euros), the South Korean won (76 million euros), and the Japanese yen (69 million euros).

11.1.3 Non-controlling interests

Changes in non-controlling interests can be analyzed as follows:

(in millions of euros)	2025	2024
NON-CONTROLLING INTERESTS AT JANUARY 1	**796**	**785**
Share in net earnings	55	72
Dividends paid	(40)	(42)
Impact of changes in scope	0	6
Fair value adjustments to put options granted to holders of non-controlling interests[1]	0	(2)
Other movements	4	(11)
Translation adjustment	(65)	(12)
NON-CONTROLLING INTERESTS AT DECEMBER 31	**750**	**796**

(1) See Note 9.1.2.2, page 431.

Non-controlling interests can be analyzed as follows:

	Percentage interest held by non-controlling interests *(in %)*		Stockholders' equity attributable to non-controlling interests *(in millions of euros)*	
	December 31, 2025	December 31, 2024	2025	2024
Pyeong Hwa Company[1]	50.0	50.0	537	571
Ichikoh China Alliance entities	5.8	5.8	28	43
Other Ichikoh entities	38.8	38.8	157	150
Other individually non-material interests	n.a.	n.a.	28	32
NON-CONTROLLING INTERESTS			**750**	**796**

(1) Pyeong Hwa Company is the longstanding partner in Valeo Pyeong Hwa and Valeo-Kapec, particularly in South Korea.

11.2 Earnings per share

Basic earnings per share is calculated by dividing consolidated net income by the weighted average number of shares outstanding during the year, excluding the average number of shares held in treasury stock.

Diluted earnings per share is calculated by dividing consolidated net income by the weighted average number of shares outstanding during the year, plus the weighted average number of ordinary shares that would be outstanding had all the potentially dilutive ordinary shares been converted.

Stock options and free shares have a dilutive impact when their exercise price is below market price. This calculation method – known as the treasury stock method – serves to determine the "unpurchased" shares to be added to the shares of common stock outstanding for the purposes of computing the dilution.

	2025	2024
Net income for the year attributable to owners of the Company *(in millions of euros)*	200	162
Weighted average number of ordinary shares outstanding *(in thousands of shares)*	243,668	242,977
ATTRIBUTABLE BASIC EARNINGS PER SHARE *(IN EUROS)*	**0.82**	**0.67**

	2025	2024
Weighted average number of ordinary shares outstanding *(in thousands of shares)*	243,668	242,977
Potential dilutive effect from free shares *(in thousands)*	1,940	1,656
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES OUTSTANDING ADJUSTED FOR IMPACT OF DILUTIVE SHARES *(in thousands of shares)*	**245,608**	**244,634**
ATTRIBUTABLE DILUTED EARNINGS PER SHARE *(IN EUROS)*	**0.81**	**0.66**

Note 12 Breakdown of cash flows

12.1 Expenses (income) with no cash effect

Expenses and income with no cash effect can be analyzed as follows in 2025 and 2024:

(in millions of euros)	2025	2024
Depreciation, amortization and impairment of fixed assets	2,088	1,989
Net additions to (reversals from) provisions	13	(112)
Losses (gains) on sales of fixed assets	(34)	30
Expenses related to share-based payment	32	22
Losses (gains) on long-term investments	23	2
Losses (gains) on assets held for sale	—	0
Losses (gains) on previously held interests	(11)	(71)
Other losses (gains) with no cash effect	21	(25)
TOTAL	**2,132**	**1,835**

12.2 Change in working capital

Changes in the main components of working capital in 2025 and 2024 are shown in the table below:

(in millions of euros)	2025	2024
Inventories	119	251
Accounts and notes receivable and other operating receivables	(405)	186
Accounts and notes payable and other operating payables	(16)	55
TOTAL	**(301)**	**492**

The increase in working capital in 2025 is mainly due to customer compensation agreed during the year but which had not yet been collected at December 31, 2025.

Accounts and notes receivable falling due after December 31, 2025 for which substantially all risks and rewards have been transferred and which are no longer carried in assets in the statement of financial position are detailed in Note 5.2, pages 397 and 398, for accounts and notes receivable and in Note 5.5.2, page 401, for amounts receivable under French research and VAT tax credits.

12.3 Disposals of investments with loss of control, net of cash transferred

In 2025, the positive impact of 79 million euros on the Group's net cash position corresponds mainly to the disposal of the automotive powertrain system sensor business (see Note 3.2.1.1, page 392), the decorated parts business in Malaysia (see Note 3.2.1.3, page 392) and the subsidiary gestigon GmbH (see Note 3.2.1.2, page 392).

In 2024, the positive impact of 211 million euros on the Group's net cash position related mainly to the disposal of the Thermal Commercial Vehicles business and of PIAA Corporation.

12.4 Issuance and repayment of long-term debt

In 2025, net cash flows from financing activities include:

- repayments of long-term borrowings totaling 1,848 million euros, mainly corresponding to the repayment of (i) two bond issues of 600 million euros each issued in 2016 and 2018 under the Euro Medium Term Note medium- and long-term financing program, (ii) four *Schuldschein* tranches for a total amount of 391 million euros; (iii) lease liabilities recognized under IFRS 16 'Leases' amounting to 152 million euros, and (iv) two installments of 50 million euros each on the loan from the European Investment Bank;
- issuances of long-term borrowings totaling 1,304 million euros, corresponding to two Green Bond issuances of 650 million and 500 million euros, maturing in May 2031 and March 2032, respectively. These issuances were carried out in accordance with Valeo's Green and Sustainable Financing Framework, with the proceeds intended to finance activities aligned with the European green taxonomy. In addition, three bilateral loans were entered into during the year, in amounts of 100 million, 30 million, and 25 million euros.

12.5 Free cash flow and net cash flow

Free cash flow corresponds to net cash from operating activities (excluding changes in non-recurring sales of accounts and notes receivable) after taking into account acquisitions and disposals of intangible assets and property, plant and equipment and payments for the principal portion of lease liabilities and net interest. This indicator reflects the Group's ability to generate cash from its operations and is taken into account by General Management to define its investment strategy and financing policy.

Net cash flow corresponds to free cash flow less (i) cash flows in respect of investing activities, relating to acquisitions and disposals of investments and to changes in certain items shown in non-current financial assets, (ii) cash flows in respect of financing activities relating to share capital, dividends paid, treasury share purchases and sales, loan issuance costs and premiums and acquisitions of investments without gain of control, and (iii) changes in non-recurring sales of accounts and notes receivable.

As of December 31, 2025, the Group revised its definition of free cash flow to include interest cash flows.

Free cash flow and net cash flow can be reconciled as follows with the consolidated statement of cash flows between 2025 and 2024:

(in millions of euros)	2025	2024
Gross operating cash flows	2,877	2,422
Income taxes paid	(287)	(227)
Changes in working capital	(301)	492
NET CASH FLOWS FROM OPERATING ACTIVITIES	**2,289**	**2,687**
Net payments for purchases of intangible assets and property, plant and equipment	(1,639)	(2,136)
Net payments for the principal portion of lease liabilities	(152)	(135)
Elimination of change in non-recurring sales of accounts and notes receivable[1]	91	65
FREE CASH FLOW BEFORE NET FINANCIAL EXPENSES	**589**	**481**
Net interest paid/received	(218)	(234)
FREE CASH FLOW	**371**	**247**
Change in non-recurring sales of accounts and notes receivable[1]	(91)	(65)
Net change in non-current financial assets	(8)	(27)
Acquisitions of investments in associates and/or joint ventures	(1)	—
Disposals of investments with loss of control, net of cash transferred	79	211
Dividends paid to owners of the Company and to non-controlling interests of consolidated subsidiaries	(143)	(139)
Capital increase in cash	8	0
Sale (purchase) of treasury stock	(25)	(25)
NET CASH FLOW	**190**	**202**

(1) Valeo carries out recurring and one-off sales of its accounts and notes receivable to banks. An agreement at a specific date is drawn up for one-off, or non-recurring, transactions of this type. An agreement spanning one or more years is drawn up for recurring transactions. Each contract is analyzed in light of IFRS 9 on the derecognition of financial assets in order to determine whether the risks and rewards inherent to ownership of the receivables has been transferred (see Note 5.2, pages 397 and 398).

Note 13 Fees paid to the statutory auditors

Fees paid to the Group's Statutory Auditors (excluding their network) and recognized in the consolidated statement of income for the Valeo parent company and the French subsidiaries, are as follows:

	Ernst & Young		Forvis Mazars SA	
(in millions of euros)	2025	2024	2025	2024
AUDIT				
Statutory audit, certification and review of the individual and consolidated financial statements	2.0	2.0	1.5	1.6
Certification of sustainability disclosures	—	—	0.5	0.5
Non-audit services	0.1	0.1	0.1	0.1
TOTAL FEES	**2.1**	**2.1**	**2.1**	**2.2**

Non-audit services provided by Ernst & Young et Autres and Forvis Mazars SA to the Group and the entities it controls generally correspond to (i) comfort letters in connection with bond issues, (ii) statements issued to validate information presented in expenditure reports relating to subsidized projects, and (iii) audits of the combined financial statements of some of the Group's operating structures.

Note 14 List of consolidated companies

Company	December 31, 2025 Consolidation method	December 31, 2025 % interest	December 31, 2024 Consolidation method	December 31, 2024 % interest
EUROPE				
FRANCE				
Valeo (parent company)				
DAV	FC	100	FC	100
Equipement 2	FC	100	FC	100
Equipement 11	FC	100	FC	100
SC2N(3)	—	—	FC	100
Valeo Embrayages	FC	100	FC	100
Valeo Management (ex-Valeo Bayen)(4)	FC	100	FC	100
Valeo Management Services(4)	—	—	FC	100
Valeo Comfort and Driving Assistance	FC	100	FC	100
Valeo Service	FC	100	FC	100
Valeo Électrification	FC	100	FC	100
Valeo Systèmes d'Essuyage	FC	100	FC	100
Valeo Systèmes Thermiques	FC	100	FC	100
Valeo Vision	FC	100	FC	100
Valeo Power France(4)	—	—	FC	100
Equipement 22	FC	100	FC	100
Valeo Expertin	FC	50.1	FC	50.1
SPAIN				
Valeo España, SAU	FC	100	FC	100
Valeo Service España, SAU	FC	100	FC	100
Valeo Termico, SAU	FC	100	FC	100
ITALY				
Valeo Service Italia, SpA	FC	100	FC	100
Valeo, SpA	FC	100	FC	100

FC: fully consolidated/EM: equity method (see Note 3.1.1, page 390).

(1) Creation during the year with no material impact on the consolidated financial statements.
(2) Acquisitions.
(3) Disposals.
(4) Mergers and liquidations.
(5) These entities, which have been consolidated by the Valeo Group, have chosen to exercise their right under section 264 – sub-section 3 of the German Commercial Code (HGB) on exemption and preparation. The consolidated financial statements of Valeo include the financial statements of the identified entities. They will be published in the German Federal Gazette.

Company	December 31, 2025		December 31, 2024	
	Consolidation method	% interest	Consolidation method	% interest
GERMANY				
Valeo Auto-Electric GmbH[5]	FC	100	FC	100
Valeo GmbH[5]	FC	100	FC	100
Valeo Holding GmbH[5]	FC	100	FC	100
Valeo Klimasysteme GmbH[5]	FC	100	FC	100
Valeo Schalter und Sensoren GmbH[5]	FC	100	FC	100
Valeo Service Deutschland GmbH[5]	FC	100	FC	100
Valeo Wischersysteme GmbH[5]	FC	100	FC	100
Valeo Telematik und Akustik GmbH[5]	FC	100	FC	100
Valeo eAutomotive Germany GmbH [5]	FC	100	FC	100
Valeo eAutomotive BSAES Holding GmbH[5]	FC	100	FC	100
FTE Verwaltungs GmbH[5]	FC	100	FC	100
Valeo Powertrain GmbH[5]	FC	100	FC	100
FTE automotive systems GmbH[5]	FC	100	FC	100
FTE automotive Möve GmbH[5]	FC	100	FC	100
gestigon GmbH[3]	—	—	FC	100
Valeo Detection Systems GmbH[5]	FC	100	FC	100
UNITED KINGDOM				
Valeo (UK) Limited	FC	100	FC	100
Valeo Climate Control Limited[4]	—	—	FC	100
Valeo Engine Cooling UK Limited	FC	100	FC	100
Valeo Management Services UK Limited[4]	—	—	FC	100
Valeo Service UK Limited	FC	100	FC	100
Valeo Air Management UK Limited[4]	—	—	FC	100
IRELAND				
Connaught Electronics Limited	FC	100	FC	100
HI-KEY Limited	FC	100	FC	100
Valeo Ichikoh Holding Limited	FC	94	FC	94

FC: fully consolidated/EM: equity method (see Note 3.1.1, page 390).
(1) Creation during the year with no material impact on the consolidated financial statements.
(2) Acquisitions.
(3) Disposals.
(4) Mergers and liquidations.
(5) These entities, which have been consolidated by the Valeo Group, have chosen to exercise their right under section 264 – sub-section 3 of the German Commercial Code (HGB) on exemption and preparation. The consolidated financial statements of Valeo include the financial statements of the identified entities. They will be published in the German Federal Gazette.

Company	December 31, 2025		December 31, 2024	
	Consolidation method	% interest	Consolidation method	% interest
BELGIUM				
Valeo Service Belgique	FC	100	FC	100
Valeo Vision Belgique	FC	100	FC	100
LUXEMBOURG				
Coreval	FC	100	FC	100
NETHERLANDS				
Valeo Sub-Holdings C.V.	FC	100	FC	100
Valeo Holding Netherlands BV	FC	100	FC	100
Valeo International Holding BV	FC	100	FC	100
Lucia Technologies B.V.	FC	100	FC	100
CZECH REPUBLIC				
Valeo Autoklimatizace k.s.	FC	100	FC	100
Valeo Compressor Europe s.r.o.	FC	100	FC	100
Valeo Vymeniky Tepla s.r.o.	FC	100	FC	100
FTE automotive Czechia s.r.o.	FC	100	FC	100
Valeo Detection Systems s.r.o.(4)	—	—	FC	100
SLOVAKIA				
FTE automotive Slovakia s.r.o.	FC	100	FC	100
POLAND				
Valeo Autosystemy SpZOO	FC	100	FC	100
Valeo Electric and Electronic Systems SpZOO	FC	100	FC	100
Valeo Service Eastern Europe SpZOO	FC	100	FC	100
HUNGARY				
Valeo Auto-Electric Hungary LLC	FC	100	FC	100
Valeo eAutomotive Hungary Kft.	FC	100	FC	100
ROMANIA				
Valeo Lighting Injection SA	FC	100	FC	100
Valeo Sisteme Termice SRL	FC	100	FC	100
RUSSIA				
Valeo Technology Rus Limited Liability Company	FC	100	FC	100
Valeo Service Limited Liability Company	FC	100	FC	100

FC: fully consolidated/EM: equity method (see Note 3.1.1, page 390).
(1) Creation during the year with no material impact on the consolidated financial statements.
(2) Acquisitions.
(3) Disposals.
(4) Mergers and liquidations.
(5) These entities, which have been consolidated by the Valeo Group, have chosen to exercise their right under section 264 – sub-section 3 of the German Commercial Code (HGB) on exemption and preparation. The consolidated financial statements of Valeo include the financial statements of the identified entities. They will be published in the German Federal Gazette.

Company	December 31, 2025		December 31, 2024	
	Consolidation method	% interest	Consolidation method	% interest
TURKEY				
Valeo Otomotiv Sanayi ve Ticaret AS	FC	100	FC	100
AFRICA				
TUNISIA				
DAV Tunisie SA	FC	100	FC	100
Valeo Embrayages Tunisie SA	FC	100	FC	100
Valeo Tunisie SA	FC	100	FC	100
MOROCCO				
Valeo Vision Maroc, SA	FC	100	FC	100
EGYPT				
Valeo Internal Automotive Software Egypt	FC	100	FC	100
Valeo Detection Systems LLC	FC	100	FC	100
SOUTH AFRICA				
Valeo Systems South Africa (Proprietary) Ltd	FC	51	FC	51
Valeo Thermal Systems East London (Pty) Ltd	FC	51	FC	51
NORTH AMERICA				
UNITED STATES				
Valeo North America, Inc.	FC	100	FC	100
Valeo Radar Systems, Inc.	FC	100	FC	100
Detroit Thermal Systems LLC	EM	49	EM	49
Valeo Kapec North America, Inc.	FC	50	FC	50

FC: fully consolidated/EM: equity method (see Note 3.1.1, page 390).
(1) Creation during the year with no material impact on the consolidated financial statements.
(2) Acquisitions.
(3) Disposals.
(4) Mergers and liquidations.
(5) These entities, which have been consolidated by the Valeo Group, have chosen to exercise their right under section 264 – sub-section 3 of the German Commercial Code (HGB) on exemption and preparation. The consolidated financial statements of Valeo include the financial statements of the identified entities. They will be published in the German Federal Gazette.

Company	December 31, 2025		December 31, 2024	
	Consolidation method	% interest	Consolidation method	% interest
CANADA				
Valeo Canada, Inc.	FC	100	FC	100
MEXICO				
Delmex de Juarez, S de RL de CV	FC	100	FC	100
Valeo Sistemas Automotrices de México, SA de CV	FC	100	FC	100
Valeo Sistemas Electricos, SA de CV	FC	100	FC	100
Valeo Sistemas Electronicos, S de RL de CV	FC	100	FC	100
Valeo Mexico Tech Center, SA de CV	FC	100	FC	100
Valeo Telematica y Acustica, SA de CV	FC	100	FC	100
Valeo Kapec, SA de CV	FC	50	FC	50
FTE Mexicana, SA de CV	FC	100	FC	100
SOUTH AMERICA				
BRAZIL				
Valeo Sistemas Automotivos Ltda	FC	100	FC	100
ASIA PACIFIC				
THAILAND				
Valeo Niles (Thailand) Co. Ltd	FC	100	FC	100
Valeo Siam Thermal Systems Co. Ltd	FC	74.9	FC	74.9
Valeo Comfort and Driving Assistance Systems (Thailand) Ltd	FC	100	FC	100
Ichikoh Industries (Thailand) Co. Ltd	FC	61	FC	61

FC: fully consolidated/EM: equity method (see Note 3.1.1, page 390).
(1) Creation during the year with no material impact on the consolidated financial statements.
(2) Acquisitions.
(3) Disposals.
(4) Mergers and liquidations.
(5) These entities, which have been consolidated by the Valeo Group, have chosen to exercise their right under section 264 – sub-section 3 of the German Commercial Code (HGB) on exemption and preparation. The consolidated financial statements of Valeo include the financial statements of the identified entities. They will be published in the German Federal Gazette.

Company	December 31, 2025		December 31, 2024	
	Consolidation method	% interest	Consolidation method	% interest
SOUTH KOREA				
Valeo Automotive Korea Co. Ltd	FC	100	FC	100
Valeo Electrical Systems Korea, Ltd	FC	100	FC	100
Valeo Pyeong HWA Co. Ltd	FC	50	FC	50
Valeo Pyeong Hwa Automotive Components Co. Ltd	FC	50	FC	50
Valeo Pyeong HWA International Co. Ltd	FC	50	FC	50
Valeo Samsung Thermal Systems Co. Ltd	EM	50	EM	50
Valeo Pyeong HWA Metals Co. Ltd	EM	50	EM	50
Valeo Kapec Co. Ltd	FC	50	FC	50
Valeo PHC Co. Ltd	FC	50	FC	50
Valeo Detection Systems Korea Co. Ltd[4]	—	—	FC	100
Valeo PHC Thermal Systems Co. Ltd.	EM	50	EM	50
Valeo Mobility Korea Co. Ltd	FC	100	FC	100
Valeo PHC High Voltage Systems Co., Ltd.[1]	EM	50	—	—
INDONESIA				
PT Valeo AC Indonesia	FC	100	FC	100
PT VPH Asean Transmission	FC	50	FC	50
PT. Ichikoh Indonesia	FC	61	FC	61
MALAYSIA				
Valeo Malaysia SDN.BHD.	FC	100	FC	100
Ichikoh (Malaysia) SDN.BHD.	FC	43	FC	43
Valeo Malaysia CDA SDN.BHD.[3]	—	—	FC	100
UNITED ARAB EMIRATES				
Valeo Middle East Aftermarket FZE (ex-Valeo Thermal Commercial Vehicles Middle East FZE)[2]	FC	100	—	—
AUSTRALIA				
Valeo Service Australia Pty Ltd	FC	100	FC	100

FC: fully consolidated/EM: equity method (see Note 3.1.1, page 390).

(1) Creation during the year with no material impact on the consolidated financial statements.

(2) Acquisitions.

(3) Disposals.

(4) Mergers and liquidations.

(5) These entities, which have been consolidated by the Valeo Group, have chosen to exercise their right under section 264 – sub-section 3 of the German Commercial Code (HGB) on exemption and preparation. The consolidated financial statements of Valeo include the financial statements of the identified entities. They will be published in the German Federal Gazette.

Company	December 31, 2025		December 31, 2024	
	Consolidation method	% interest	Consolidation method	% interest
JAPAN				
Ichikoh Industries Limited	FC	61	FC	61
Kyushu Ichikoh Industries Ltd	FC	61	FC	61
Valeo Japan Co. Ltd	FC	100	FC	100
Valeo Kapec Japan K,K.	FC	50	FC	50
CHINA				
Faw-Valeo Climate Control Systems Co. Ltd(3)	—	—	EM	36.5
Foshan Ichikoh Valeo Auto Lighting Systems Co. Ltd	FC	94	FC	94
Guangzhou Valeo Engine Cooling Co. Ltd	FC	100	FC	100
Huada Automotive Air Conditioner (Hunan) Co. Ltd	FC	66	FC	66
Nanjing Valeo Clutch Co. Ltd	FC	37.5	FC	37.5
Shanghai Valeo Automotive Electrical Systems Co. Ltd	EM	50	EM	50
Shenyang Valeo Auto Lighting Co. Ltd	FC	94	FC	94
Shenyang Valeo Pyeong-Hwa Transmission Systems Co. Ltd	FC	50	FC	50
Taizhou Valeo Wenling Automotive Systems Company Ltd	FC	100	FC	100
Valeo Auto Parts Trading (Shanghai) Co. Ltd	FC	100	FC	100
Valeo Automotive Air Conditioning Hubei Co. Ltd	FC	100	FC	100
Valeo Kapec Torque Converters (Nanjing) Co. Ltd	FC	50	FC	50
Valeo Engine Cooling (Foshan) Co. Ltd	FC	100	FC	100
Valeo Compressor (Changchun) Co. Ltd	FC	100	FC	100
Valeo Friction Materials (Nanjing) Co. Ltd	FC	50	FC	50
Valeo Ichikoh (China) Auto Lighting Co. Ltd	FC	94	FC	94
Valeo Interior Controls (Shanghai) Co. Ltd	FC	100	FC	100
Valeo Interior Controls (Shenzhen) Co. Ltd	FC	100	FC	100
Valeo Lighting Hubei Technical Center Co. Ltd	FC	94	FC	94
Valeo Management (Shanghai) Co. Ltd	FC	100	FC	100
Valeo Comfort Driving Assistance Systems (Guangzhou) Co. Ltd	FC	100	FC	100

FC: fully consolidated/EM: equity method (see Note 3.1.1, page 390).
(1) Creation during the year with no material impact on the consolidated financial statements.
(2) Acquisitions.
(3) Disposals.
(4) Mergers and liquidations.
(5) These entities, which have been consolidated by the Valeo Group, have chosen to exercise their right under section 264 – sub-section 3 of the German Commercial Code (HGB) on exemption and preparation. The consolidated financial statements of Valeo include the financial statements of the identified entities. They will be published in the German Federal Gazette.

Company	December 31, 2025		December 31, 2024	
	Consolidation method	% interest	Consolidation method	% interest
Valeo Shanghai Automotive Electric Motors & Wiper Systems Co. Ltd	FC	100	FC	100
Wuxi Valeo Automotive Components and System Co., Ltd(3)	—	—	FC	100
Changshu Valeo Automotive Wiper System Co. Ltd	FC	100	FC	100
Shanghai Valeo Pyeong Hwa International Co. Ltd	FC	50	FC	50
Valeo eAutomotive (Shenzhen) Co. Ltd	FC	100	FC	100
Valeo Automotive ePowertrain Systems (Shanghai) Co. Ltd	FC	100	FC	100
Valeo Bluepark Automotive E-Drive Systems (Changzhou) Co. Ltd	FC	60	FC	60
Foshan Valeo Electronic Auto Parts Co. Ltd	FC	100	FC	100
Valeo Powertrain (Nanjing) Co. Ltd	FC	100	FC	100
Valeo ePowertrain (Tianjin) Co. Ltd	FC	100	FC	100
Valeo eAutomotive (Changshu) Co. Ltd	FC	100	FC	100
Fawer Valeo eAutomotive Parts Changshu	EM	49.5	EM	49.5
Valeo Power Technology (Nanjing) Co., Ltd. (formerly FTE automotive (Taicang) Co. Ltd)	FC	100	FC	100
Zhihui Valeo (Zhejiang) Auto Parts Co. Ltd	EM	20	EM	20
Valeo Mobility Systems (Shanghai) Co. Ltd	FC	100	FC	100
Valeo Detection Systems (Shenzhen) Co. Ltd	FC	100	FC	100
Valeo Special Products eAutomotive Lighting (Changshu) Co., Ltd(1)	FC	100	FC	100
INDIA				
Amalgamations Valeo Clutch Private Ltd	EM	50	EM	50
Valeo Friction Materials India Ltd	FC	60	FC	60
Valeo India Private Ltd	FC	100	FC	100

FC: fully consolidated/EM: equity method (see Note 3.1.1, page 390).
(1) Creation during the year with no material impact on the consolidated financial statements.
(2) Acquisitions.
(3) Disposals.
(4) Mergers and liquidations.
(5) These entities, which have been consolidated by the Valeo Group, have chosen to exercise their right under section 264 – sub-section 3 of the German Commercial Code (HGB) on exemption and preparation. The consolidated financial statements of Valeo include the financial statements of the identified entities. They will be published in the German Federal Gazette.

5.4.7 Statutory Auditors' report on the consolidated financial statements

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the company issued in French and it is provided solely for the convenience of English-speaking users. This statutory auditor's report includes information required by French law, such as the verification of the management report and other documents provided to the shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

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S.A. à directoire et conseil de surveillance
au capital de € 8.320.000
784 824 153 R.C.S. Nanterre

Commissaire aux Comptes
Membre de la compagnie régionale de Versailles et du Centre

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438 476 913 R.C.S. Nanterre

Commissaire aux Comptes
Membre de la compagnie régionale de Versailles et du Centre

To the Shareholders of Valeo,

Opinion

In compliance with the engagement entrusted to us by your General Meeting of Shareholders, we have audited the accompanying consolidated financial statements of Valeo for the year ended 31 December 2025.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2025 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit and Risk Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence rules provided under the French Code of Ethics for Statutory Auditors (*Code de déontologie de la profession de commissaire aux comptes*), for the period from 1 January 2025 to the date hereof and specifically we did not provide any prohibited non-audit services referred to in article 5(1) of Regulation (EU) No 537/2014.

Justification of Assessments – Key Audit Matters

In accordance with the requirements of articles L. 821-53 and R. 821-180 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Impairment tests of goodwill and cash-generating units (CGUs), capitalized development costs and specific fixed assets

Risk identified

As at 31 December 2025, goodwill amounted to €2,986m and other tangible and intangible fixed assets to €7,898m, including €2,772m in net capitalized development costs.

Tangible and intangible assets with a specified useful life are impairment-tested when objective impairment indicators exist. Goodwill and intangible fixed assets that are not yet ready to be brought online are the subject of impairment testing as soon as impairment indicators appear and, in any event, at least once per year.

These tests are carried out at the division level, which corresponds to groups of cash generating units (CGU) for goodwill, or directly at CGU level for all property, plant and equipment and intangible assets, except for those which are unused, which are subject to a specific impairment test.

The conditions for the tests performed and the details of the assumptions used are presented in Note 7.4.1 to the consolidated financial statements

During FY 2025, these tests were performed in an unsettled geopolitical and macroeconomic environment, marked notably by the delay of certain production startups by customers who are reconsidering their product offer, and demand impacted by uncertainties relating to the adoption of electric vehicles.

The impairment recognized by the Group after these tests, as well as the sensitivity tests, are presented in Notes 5.5.1.1, 5.5.1.2, 7.4.1, 7.4.2, 7.4.3. 7.4.4, 7.4.5 and 7.4.6 to the consolidated financial statements, specifically for capitalized development costs, the CGUs and goodwill.

We considered that the recoverable amount of the goodwill, the CGUs, capitalized development costs and specific fixed assets, which represent a significant amount, constitute a key audit matter as the valuation of the recoverable amount of these assets, based on the value of future discounted cash flows, relies on significant assumptions, estimates or judgements made by the company's Management.

Our response

We performed the following procedures:

- Analyzed the consistency of the definition of CGUs, with regard to the rules set out in IAS 36;
- Analyzed the existence of impairment indicators causing impairment testing of goodwill, the CGUs, development costs and specific fixed assets.

With the support help of our valuation experts, for all impairment tests including annual goodwill tests:

- Analyzed the existence of impairment indicators causing impairment testing of goodwill, the CGUs, development costs and specific fixed assets.Reconciled the carrying amount of each division and the assets of each CGU used for the tests with the consolidated financial statements, as well as the carrying amount of the capitalized development costs and specific fixed assets relating to contracts in progress;
- Analyzed the internal control procedures and Management's involvement to ensure the quality of the preparation of key information;
- Assessed the consistency of the cash flow projections with the most recent Management estimates as presented to the Board of Directors in the context of the preparation of a medium-term plan, the revised volume forecasts, and the agreements or negotiations with automobile manufacturers;
- Analyzed business plans drawn up by the Management per division and per CGU when these plans present a significant impairment risk;
- Analyzed forecasts of volume and internal costs for projects that present an impairment risk;
- Analyzed the main valuation assumptions (discount rate and perpetual growth rate) which we compared to the amounts used by the main financial analysts;
- Reviewed the conditions of implementation and the methods used to value recoverable amounts and the arithmetic accuracy of the calculations made;
- Evaluated the impact of a variation in the discount rate and the main operational assumptions by means of sensitivity analyses.

Lastly, we reviewed the content of the information disclosed in Notes 7.4 and 5.5.1.2 to the consolidated financial statements concerning impairment of the goodwill, the CGU assets, the capitalized development costs and the specific fixed assets.

Assets and liabilities relating to specific quality risks

Risk identified

As at 31 December 2025, provisions for customer guarantees stood at €416m. They are intended to cover the estimated cost of future returns of products sold. They notably include provisions for specific quality risks.

Said provisions cover the costs relating to occasional situations which exceed the framework of the legal or contractual guarantees.

The estimated costs to be borne in the context of these specific quality risks are based on both historical data and probability calculations: the expected rates of return and estimated replacement/repair costs. The Group also analyzes the potential indemnities and records accrued income, net of any deductibles, if it is proven that some or all of the costs of implementing the guarantees is/are covered by your Group's insurance policies or by the suppliers concerned.

These provisions are discussed in Note 8.1 to the consolidated financial statements.

We considered the valuation of assets and liabilities relating to specific quality risks to be a key audit matter, as this valuation requires your company's Management to make significant estimates and judgements.

Our response

We familiarized ourselves with the process for identifying the specific quality risks and for valuing the provisions and the corresponding accrued income.

Our work also consisted in:

- Analyzing the valuation methodology used by the Group;
- Verifying the completeness of the provisions for specific quality risks by interviewing managers from the divisions' quality departments and the site financial controllers, and by analyzing the Group's internal reporting;
- Analyzing the assumptions used to determine the provisions for specific quality risks, notably by considering the summary notes prepared by the divisions' quality departments summarizing the main causes, as well as the main scenarios for correcting the technical problems identified;
- Familiarizing ourselves with the Group's insurance policy and the policies in place, by interviewing the Group's insurance department manager;
- Evaluating the available documentation, in particular the exchanges between the Group and its customers, as well as the exchanges between the Group and its insurers and/or providers to assess the existence and documented nature of the compensation expected when accrued income is recognized;
- Interviewing the site financial controllers and the finance departments at division level to assess the main assumptions underlying the risk estimates and the corresponding accrued income where applicable.

Lastly, assessing the content of the information disclosed in Note 8.1 to the consolidated financial statements concerning specific quality risks.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the information relating to the Group provided in the Board of Directors' management report.

We have no matters to report as to their fair presentation and their consistency with the consolidated financial statements.

Report on Other Legal and Regulatory Requirements

Format of preparation of the consolidated financial statements to be included in the annual financial report

In accordance with the professional standards applicable to the statutory auditors' procedures for annual and consolidated financial statements presented according to the European single electronic report format, we have also verified that the presentation of the consolidated financial statements to be included in the annual financial report referred to in Article L. 451-1-2 of the French Monetary and Financial Code (*Code monétaire et financier*) and prepared under the responsibility of the Chief Executive Officer complies with the format defined by Delegated Regulation (EU) 2019/815 of 17 December 2018. As it relates to the consolidated financial statements, our work included verifying that the tagging in the financial statements complies with the format defined by the aforementioned Regulation.

Based on our work, we conclude that the presentation of the consolidated financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

It is not our responsibility to ensure that the consolidated financial statements to be included by Valeo in the annual financial report filed with the AMF (French Financial Markets Authority) correspond to those on which we carried out our work.

Appointment of the Statutory Auditors

We were appointed as Statutory Auditors of Valeo by the Annual General Meeting held on 3 June 2010.

As at 31 December 2025, both our firms were in their fifteenth year of total uninterrupted engagement.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless it is expected to liquidate the company or to cease operations.

The Audit and Risk Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and Audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements taken as a whole, are free from material misstatement. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users, taken based on these consolidated financial statements.

As specified in article L. 821-55 of the French Commercial Code (Code de commerce), our statutory audit does not include assurance on the viability of the company or the quality of management of the affairs of the company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgement throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the consolidated financial statements;
- Assesses the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit a report to the Audit and Risk Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit and Risk Committee includes the risks of material misstatement that, in our professional judgement, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit and Risk Committee with the declaration provided for in article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by articles L. 821-27 to L. 821-34 of the French Commercial Code (Code de commerce) and in the French Code of Ethics for Statutory Auditors (Code de déontologie de la profession de commissaire aux comptes). Where appropriate, we discuss with the Audit and Risk Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Levallois-Perret and Paris-La Défense, March 6, 2026

The Statutory Auditors

French original signed by

FORVIS MAZARS SA		**ERNST & YOUNG et Autres**	
Emmanuelle Bertuzzi	Olivier Lenel	Philippe Berteaux	Alexandre Resten

5.5 ANALYSIS OF VALEO'S RESULTS RFA

Valeo is a European Company (Societas Europaea) providing holding and cash management services for the Group. It holds financial investments that give it direct or indirect control over the Group's companies and is the head of the tax consolidation group in France. Valeo also implements the financing policy and centralizes the management of the market risks to which the Group's subsidiaries are exposed.

Analysis of earnings

Valeo reported a net operating loss of 18 million euros in 2025, compared with a net operating loss of 3 million euros in 2024, as a result of the application of the new ANC Standard in both years. This change is mainly due to the impacts of movements in provisions for free share plans, reinvoicing of free share plans to French entities, and a reduction in other purchases and external charges.

Net financial income came in at 103 million euros for 2025, 67 million euros lower than in 2024. This decrease was mainly due to a reduction in dividends received by the Company, which totaled 60 million euros, compared with 136 million euros for the previous year. This 60 million euros includes dividends of 40 million euros from Valeo International Holding BV (VIHBV) (versus 80 million euros in 2024), 15 million euros from South Korean subsidiaries and 5 million euros from Indian subsidiaries. Net financial income also includes a 54 million euro net reversal of provisions for impairment in value of subsidiaries and affiliates.

Other interest and financial income largely relate to income from the financing of subsidiaries and returns on the Group's investments. The 94 million euro decrease in these items compared with 2024 is mainly attributable to changes in the financing of European subsidiaries.

As at December 31, 2025, interest income and expenses amounted to 348 million euros, compared with 374 million euros in 2024. These amounts relate to financing costs, the remuneration of subsidiaries' excess cash balances, and expenses associated with hedging activities.

As of December 31, 2025, Valeo's centralized management of market operations for its subsidiaries resulted in net income of 6 million euros, compared with a net expense of 1 million euros in the previous year.

Amortization of bond issue fees and premiums amounted to 9 million euros, compared with 22 million euros in 2024.

Non-recurring items represented a net expense of 2 million euros in 2025, compared with net expense of 1 million euros in 2024.

Income tax for 2025 represented a tax benefit of 13 million euros arising on tax consolidation, down 2 million euros versus 2024.

Net income came in at 96 million euros in 2025, compared with 181 million euros in 2024.

Analysis of the balance sheet

At December 31, 2025, Valeo's stockholders' equity stood at 4,329 million euros, a decrease compared to the end-2024 figure of 4,327 million euros. This 2 million euro net decrease mainly reflects the 2025 net income figure of 96 million euros, and the payment to shareholders of a 102 million euro dividend in May 2025 in respect of 2024 earnings. A dividend of 97 million euros was paid in 2024 in respect of 2023 earnings.

Analysis of cash and cash equivalents

Net changes in cash and cash equivalents represented a positive 670 million euros in 2025.

Net cash from operating activities decreased by 106 million euros in 2025 compared with 2024, due to a reduction in gross operating cash flows and a less favorable change in working capital.

Net cash from investing activities represented an inflow of 6 million euros in 2025, partly thanks to a 18 million euro net cash inflow from early repayments of loans granted to subsidiaries.

Net cash used in financing activities represented a net cash outflow of 670 million euros at 2025, due to the repayment of two bond issues of 600 million euros each, as well as the repayment of *Schuldscheindarlehen* issues for 392 million euros, and the repayment of the 100 million euros subscribed with the EIB. As part of the EMTN program, the Group has also issued two bonds of 650 million euros and 500 million euros, maturing in May 2031 and March 2032 respectively, in addition to three bilateral loans for a total of 155 million euros. In addition, the Group has reduced its outstanding non-Group short-term borrowings (including Negotiable European Commercial Paper (NEU CP)) by 319 million euros, and paid a dividend of 102 million euros to Group shareholders.

Information on payment terms

At December 31, 2025, trade payables due by that date excluding accrued payables totaled 74 thousand euros. At December 31, 2024, trade payables due by that date totaled 159 thousand euros.

Pursuant to the provisions of Article D.441-4 of the French Commercial Code, details of payment terms for the Company's suppliers and customers are provided below and include outstanding incoming and outgoing invoices as of December 31, 2025.

Suppliers

	Article D.441-6-I, 1° of the French Commercial Code: Outstanding incoming invoices as at December 31, 2025					
(in thousands of euros)	**0 days (indicative)**	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91+ days**	**Total (1 day or more)**
(A) BY AGING CATEGORY						
Number of invoices	15	5	5	—	38	48
Total amount of invoices (incl. VAT)	188	51	5	—	18	74
Percentage of total amount of purchases over the period (incl. VAT)	0.7%	0.18%	—%	—%	0.1%	0.3%
(B) INVOICES EXCLUDED FROM (A) RELATING TO DISPUTED OR UNRECOGNIZED PAYABLES AND RECEIVABLES						
Number of invoices excluded	None					
Total amount of invoices excluded	None					
(C) STANDARD PAYMENT TERMS USED						
Payment terms used to calculate late payments	The contractual period does not exceed net 60 days for French suppliers					

Customers

	Article D.441-6-I, 2° of the French Commercial Code: Outstanding outgoing invoices as at December 31, 2025					
(in thousands of euros)	**0 days (indicative)**	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91+ days**	**Total (1 day or more)**
(A) BY AGING CATEGORY						
Number of invoices	10	—	—	—	—	—
Total amount of invoices (incl. VAT)	26,743	—	—	—	—	—
Percentage of total sales over the period (incl. VAT)	2.3%	—%	—%	—%	—%	—%
(B) INVOICES EXCLUDED FROM (A) RELATING TO DISPUTED OR UNRECOGNIZED PAYABLES AND RECEIVABLES						
Number of invoices excluded	None					
Total amount of invoices excluded	None					
(C) STANDARD PAYMENT TERMS USED						
Payment terms used to calculate late payments	Contractual and statutory terms of 0 to 60 days					

Non tax-deductible expenses

Valeo did not recognize any sumptuary expenses that were not deductible for tax purposes in 2025. No overheads were added back to income for tax purposes in 2025.

5.6 PARENT COMPANY FINANCIAL STATEMENTS 2025 AFR

In accordance with Article 19 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017, the following information is incorporated by reference in this Universal Registration Document:

- the parent company financial statements and the Statutory Auditors' report for the year ended December 31, 2024, set out on pages 438 to 457 and 458 to 461 of the Universal Registration Document filed with the French financial markets authority (*Autorité des marchés financiers* – AMF) on March 27, 2025 under number D.25-0180;
- the parent company financial statements and the Statutory Auditors' report for the year ended December 31, 2023, set out on pages 395 to 416 and 417 to 420 of the Universal Registration Document filed with the French financial markets authority (*Autorité des marchés financiers* – AMF) on March 29, 2024 under number D.24-0200.

5.6.1 Income statement

(in millions of euros)	Notes	2025	2024
Reversals of depreciation, provisions and impairment losses		20	36
Other	*4.1.1*	57	33
Total operating income (I)		**77**	**69**
Other purchases and external charges	*4.1.3*	(27)	(27)
Wages and salaries	*3.2*	(23)	(20)
Social security contributions		1	(1)
Other taxes		—	(2)
Depreciation, amortization and impairment:		—	
Provisions	*3.1.2*	(46)	(22)
Total operating expenses (II)		**(95)**	**(72)**
OPERATING INCOME (I+II)		**(18)**	**(3)**
Financial income:			
From investments		137	221
From other long-term investments and non-current assets		19	16
Other interest income		243	327
Reversals of depreciation, amortization and provisions		55	30
Foreign exchange gains		657	571
Net proceeds from disposals of marketable securities and cash instruments		—	1
Total financial income (III)		**1,111**	**1,166**
Financial expenses:			
Depreciation, amortization and provisions		(4)	(17)
Interest expense		(353)	(379)
Foreign exchange losses		(651)	(572)
Other financial expenses		—	(27)
Net expenses on disposals of marketable securities and cash instruments		—	(1)
TOTAL FINANCIAL EXPENSES (IV)		**(1,008)**	**(996)**
Net financial income (III+IV)	*7*	**103**	**170**
RECURRING INCOME BEFORE TAX (I+II+III+IV)		**85**	**167**
Non-recurring income (V)		—	*1*
Non-recurring expenses (VI)		(2)	(2)
Net non-recurring expense (V+VI)		**(2)**	**(1)**
Income taxes (VII)	*8.2*	13	*15*
TOTAL INCOME (I+III+V)		**1,188**	**1,241**
TOTAL EXPENSES (II+IV+VI+VII)		**(1,096)**	**(1,060)**
NET INCOME		**96**	**181**

The Notes are an integral part of these financial statements.

5.6.2 Balance sheet

(in millions of euros)	Notes	December 31, 2025 Gross	Depr., amort. & impairment losses	Net	December 31, 2024 Net
ASSETS					
Property, plant and equipment:					
Land		1	—	1	1
Buildings		4	(4)	—	—
Long-term financial assets:					
Participations	*5*	5,340	(11)	5,329	5,263
Loans and advances to subsidiaries	*5*	1,754		1,754	1,773
Other investment securities	*5*	2	(2)	—	—
Total non-current assets (I)		**7,101**	**(17)**	**7,084**	**7,036**
Receivables					
Accounts receivable[1]		78	—	78	39
Other current assets[1]	*6.1.5*	6,790	—	6,790	6,209
Marketable securities					
Treasury shares	*6.1.6*	25		25	19
Other securities	*6.1.6*	1,225		1,225	1,567
Derivative financial instruments and digital tokens held		92		92	123
Cash equivalents	*6.1.6*	652		652	889
Total current assets (II)		**8,862**	**—**	**8,862**	**8,846**
Debt issuance costs (III)	**4.2.2**	**27**		**27**	**22**
TOTAL ASSETS (I+II+III)		**15,990**	**(17)**	**15,973**	**15,906**
[1] due in less than one year		*6,868*		*6,868*	*6,248*

(in millions of euros)	Notes	December 31, 2025	December 31, 2024
EQUITY AND LIABILITIES			
Share capital	*9.1*	246	245
Additional paid-in capital	*9.2*	1,596	1,588
Reserves:			
Legal reserve		25	25
Untaxed reserves		4	4
Other reserves		263	263
Retained earnings		2,099	2,021
Net income for the year		96	181
Total stockholders' equity (I)	*9*	**4,329**	**4,327**
Provisions for contingencies	*4.2.1*	9	10
Provisions for charges	*4.2.1*	98	69
Total provisions (II)		**107**	**79**
Other bonds	*6.1*	4,157	4,204
Bank borrowings and debt	*6.1*	1,307	1,429
Miscellaneous borrowings and debt	*6.1*	5,765	5,524
Forward financial instruments	*6.1*	88	123
Trade payables	*10.1*	14	9
Accrued taxes and payroll costs	*10.1*	10	11
Other payables	*8.5*	196	201
Total liabilities (III)[1]		**11,537**	**11,500**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (I+II+III)		**15,973**	**15,906**
(1) due in less than one year excluding Advances and downpayments on orders		*6,423*	*6,878*

The Notes are an integral part of these financial statements.

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Note 1 Description of the Company

Valeo is a European Company (Societas Europaea) subject to French law, whose registration number (SIREN) is 552 030 967. The Company's registered office is at 100, rue de Courcelles, 75017 Paris, France.

Valeo is the parent company of the Valeo Group and the head of the tax consolidation group in France.

It acts as a holding company by holding financial investments, which give it direct or indirect control over the Group's companies.

It also implements the Group financing policy and ensures that its subsidiaries' financing requirements are covered. It centralizes the management of market risks (changes in interest rates, exchange rates and listed commodity prices) to which Valeo and its subsidiaries are exposed.

Note 2 Accounting Policies

2.1 Basis of preparation

Valeo's financial statements have been prepared in accordance with regulation ANC 2014-03 relating to the French General Chart of Accounts, updated to include all regulations that have subsequently amended it, as well as subsequent opinions and recommendations issued by the French Accounting Standards Authority (*Autorité des normes comptables*). Valeo therefore applies new ANC regulation 2022-06 on the modernization of financial statements with effect from January 1, 2025. Assets and liabilities are measured at historical cost, contribution value or revalued amount.

Figures in the financial statements are presented in millions of euros and are rounded to the nearest million.

Preparation of the financial statements requires Valeo to make estimates and assumptions which could have an impact on the reported amounts of assets and liabilities for both the Company and its subsidiaries and affiliates. These estimates and assumptions concern risks specific to the automotive supply business as well as more general risks to which Group companies are exposed on account of their industrial and commercial operations around the globe. The Group based the medium-term business plans and budgets on projected data for the automotive market, as well as on its order intake and its outlook for new markets thanks to new technologies. These business plans and budgets were used to measure investments in subsidiaries and affiliates (when these measurements are based on subsidiaries' projected data). The medium-term business plan, used as the basis for impairment testing of investments, was prepared after taking into account the opportunities and uncertainties related to physical and transition risks associated with the consequences of climate change.

The medium-term business plan for 2026-2030 is underpinned by the following assumptions:

- world automotive production of 91.9 million vehicles in 2030, representing average annual growth of 0.1% for 2025-2030. This production assumption is consistent with the forecasts of Standard & Poor's and has been revised downwards slightly compared with the forecasts used in 2024 for the 2025-2029 medium-term business plan. At the end of the period covered by the new business plan, Asia and the Middle East should represent 60% of global production, Europe and Africa 20%, North America 16% and South America 4%;
- a growing share of electrification solutions in the Group's market and sales forecasts over the term of the medium-term business plan. These forecasts take into account the developments announced by certain automakers in their 2025 electrification strategy;
- inflation assumptions established during the preparation of the plans, based on (i) forecasts by a panel of banks and the International Monetary Fund for general price inflation, and (ii) internal estimates of market prices for raw materials, electronic components, energy and transportation;
- the tax, customs and regulatory frameworks in force at the time of their development, taking into account that the main associated costs will be entirely or almost entirely passed on to customers;
- the absence of any major tensions in the supply chain in markets that are considered to be fluid and balanced;
- exchange rate assumptions based on projections of a panel of banks at the time the business plan is drawn up. The exchange rates used for the main currencies featured in the business plan are 1 euro for: 1.17 US dollars, 8.35 Chinese renminbi, 156 Japanese yen, and 1,554 South Korean won on average over the five years of the plan;
- Group sales were forecast based on the orders known at the time the business plan was drawn up and by reference to an estimate of the orders to be taken over the term of the business plan. The order book at December 31, 2025 already represents 69% of cumulative original equipment sales for the next five years, and around 47% of sales for the final year of the plan.

The estimates and assumptions used are revised on an ongoing basis. In light of the uncertainties inherent in any assessment, the final amounts reported in future financial statements may differ from the amounts resulting from these estimates.

2.2 Foreign currency translation

Transactions in foreign currencies are translated using the exchange rates prevailing at the transaction date.

Assets and liabilities denominated in foreign currencies are translated using the year-end exchange rate.

If no foreign currency hedges are in place, the differences resulting from the translation of foreign currency receivables and payables at the year-end exchange rate are recognized within accruals in the balance sheet. Provisions are recognized for unrealized foreign exchange losses at the year-end to the extent of the unhedged risk. If foreign currency hedges are in place (see Note 6.3, page 451), the remeasurement of foreign currency assets and liabilities at the year-end exchange rate is offset by the gains and losses arising on the derivative instruments.

2.3 Change in accounting method

The company has applied ANC Standard No. 2022-06 to present its 2025 financial statements.

The 2024 financial statements were subject to reclassifications in accordance with the new standard.

The main impacts are detailed below.

On the asset side of the balance sheet, in 2024, borrowing issuance costs amounting to 22 million euros were initially presented in accruals.

On the liability side of the balance sheet, borrowings and debt are now presented by type, whereas they were previously presented by maturity.

The deferred charges that were presented under accruals in the financial statements published in 2024 corresponded to the unamortized portion of bond issuance costs. Their amortization was recognized as operating depreciation and amortization expense. In addition, the issuance costs relating to borrowings issued in 2024, which were initially recognized as an expense, were capitalized on the balance sheet through the expense transfer account.

The new Regulation requires the amortization of borrowing issuance costs to be recognized in financial income and expense. Accordingly, the 2024 issuance costs, together with the related expense transfer, were reclassified to financial income and expense, with no impact on operating income, while the amortization of borrowing issuance costs amounting to 5 million euros, previously recognized as operating depreciation and amortization expense, was reclassified to financial income and expense under interest and similar expenses.

2.4 Other operations

A rebilling agreement between Valeo and its subsidiaries has been in place for beneficiaries of French companies since 2025. During the 2025 financial year, the Company billed 28 million euros (see Note 3.1.2).

Note 3 Personnel expenses and employee benefits

3.1 Free shares

Some Valeo Group employees of its direct and indirect subsidiaries of Valeo SE receive equity-settled compensation, consisting of free share plans.

The different types of plans in place within the Group and their respective accounting treatment are described below.

3.1.1 Equity-settled plans involving the issuance of new shares

No provision has been recognized in respect of these plans pursuant to Article 624-6 of the French General Chart of Accounts. Shares subscribed by employees within the scope of the plans described in Note 9.1, page 484 fall within this category.

3.1.2 Free share plans involving the delivery of existing shares

At the date of the decision by Valeo's Board of Directors to allot shares, the Company has an obligation that results in an outflow of resources on the date the shares are delivered to the beneficiaries, with no equivalent consideration expected in return.

To determine the provision amount, plans are classified into one of two categories: exercisable or non-exercisable plans.

Plans are considered to be non-exercisable when performance and presence conditions are highly unlikely to be met for free share plans.

In the case of exercisable plans, a provision is recognized for treasury shares set aside to cover these plans, corresponding to:

- the number of shares to be allotted; multiplied by
- the cost of the shares at the date they are allocated to the plan.

When the vesting of free shares is explicitly dependent on the grantee remaining employed by Valeo over a certain future period ("vesting period"), the provision is recognized on a straight-line basis over this vesting period.

However, when the beneficiaries are employees of other Group companies, Valeo recognizes the entire expense when the decision to award the plan is made. A rebilling agreement between Valeo and its subsidiaries has been in place for beneficiaries of French companies since 2025. The cost, recognized in full by Valeo, is rebilled in the same amount. In the case of subsidiaries, the expense is recognized on a straight-line basis over the vesting period, when the final invoice is issued.

The amount of the provision recognized changes depending on whether or not treasury shares have been allocated to the relevant free share plans. These treasury shares are recognized within marketable securities in the balance sheet (see Note 6.1.6, page 450) at their repurchase price. When they are allocated to specific plans as from the acquisition date, the value of the shares in the balance sheet continues to be their repurchase price, until they are delivered to the beneficiaries: no impairment is therefore recognized if their acquisition price moves above their market price.

More generally, amounts set aside to these provisions for contingencies and charges are shown on the "Provisions" line within operating income for beneficiaries who are employees of other Group companies. When the shares are delivered to their beneficiaries, i.e., employees of other Group companies, the provision is reversed for the corresponding amount on the "Provision reversals" line within operating income. However, movements in these provisions for contingencies and charges are recorded under "Other personnel expenses" for beneficiaries who are employees of the Company, in the same way as the net carrying amount of the shares delivered. The balance of provisions recognized in respect of these plans is shown under "Provisions for contingencies arising on free share plans" in the balance sheet.

Movements in these provisions and in personnel expenses relating to the plans are set out below.

Terms and conditions of free share plans

The terms and conditions of the shareholder-approved free share plans for Valeo Group employees at December 31, 2025 were as follows:

Year in which the plan was set up	Number of free shares authorized	*Of which subject to conditions*[1]	December 31, 2025	Year of vesting[2]
2021	2,070,829	*904,339*	327,461	2024/2026
2022	2,308,057	*1,143,042*	432,439	2025/2027
2023	2,794,057	*1,295,347*	2,425,030	2026
2024	2,925,243	*1,861,311*	2,774,410	2027
2025	3,666,855	*2,232,088*	3,607,989	2028
TOTAL	**13,765,041**	***7,436,127***	**9,567,329**	

(1) These free shares are subject to the Group meeting performance conditions over the three years following their allotment.
(2) Free shares allotted to the Chief Executive Officer are subject to a two-year retention period.

Provisions for contingencies arising on free share plans

Movements in provisions for contingencies arising on free share plans in 2024 and 2025 were as follows:

(in millions of euros)	2025	2024
PROVISIONS AT JANUARY 1	**69**	**83**
Utilizations	(18)	(18)
Reversals	(2)	(18)
Additions	46	22
Other movements	—	—
PROVISIONS AT DECEMBER 31	**95**	**69**
Of which current portion (less than one year)	21	19

The 18 million euro provision utilization in 2025 mainly reflects the delivery of shares (i) to beneficiaries under the entire 2022 free share plan, and (ii) shares to non-French beneficiaries under the 2020 Shares4U plan. Unused reversals amounted to 2 million euros and related to the fall in the share price.

The 18 million euro provision utilization in 2024 mainly reflected the delivery of shares (i) to beneficiaries under the entire 2021 free share plan, and (ii) shares to non-French beneficiaries under the 2019 Shares4U plan.

3.2 Personnel expenses

(in millions of euros)	2025	2024
Employee compensation	(4)	(3)
Other personnel expenses	(19)	(17)
PERSONNEL EXPENSES	**(23)**	**(20)**

3.2.1 Employee compensation

This item includes compensation awarded to Valeo's Chairman and Valeo's Chief Executive Officer (see Note 3.4, page 472).

3.2.2 Other personnel expenses

In 2025, the Company delivered 1,615,461 shares, mainly 1,333,657 shares under the 2022 free share plan, and 239,775 shares under the 2020 Shares4U plan. The Company recognized an expense of 18 million euros and the provision set aside in respect of settled plans was also utilized in the same amount.

In 2024, the Company delivered 1,209,183 shares, mainly 945,135 shares under the 2021 free share plan, and 231,105 shares under the 2019 Shares4U plan. Valeo recognized an expense of 18 million euros corresponding to the net carrying amount of the treasury shares delivered in the year (see Note 3.1.2, pages 470 to 471). The provision set aside in respect of settled plans was also utilized in the same amount.

3.3 Provisions for pensions and other employee benefits

The Company accounts for its pension obligations in accordance with ANC Recommendation No. 2013-02 of November 7, 2013, as amended by the opinion dated November 5, 2021 on the measurement and recognition of pension and other employee benefit obligations.

These pension obligations solely correspond to supplementary pension benefits payable to former employees. No additional entitlement to these benefits was therefore recognized in 2024 or 2025.

These obligations are calculated on an actuarial basis at the end of each reporting period. The calculations were made using an annual discount rate of 4.25% at December 31, 2025 and 3.40% at December 31, 2024.

The provision amounted to 0.5 million euros at both December 31, 2025 and December 31, 2024.

3.4 Other information

	2025	2024
Headcount at December 31 (Chief Executive Officer, corporate officers)	2	2
Compensation granted to the corporate officers (*in thousands of euros*)	(3,868)	(3,063)
Compensation granted to directors (*in thousands of euros*)[1]	(843)	(1,023)

(1) Compensation granted to directors is recorded on the "Other purchases and external charges" line in the income statement.

Note 4 Other operating items

4.1 Other operating income items

4.1.1 Other operating income

(in millions of euros)	2025	2024
Trademark license fees	22	22
Other	35	10
OTHER OPERATING INCOME	**57**	**33**

Trademark license agreements, under which Valeo allows some of its French subsidiaries to benefit from the Group's expertise, values, business model and processes, generated income of 22 million euros in 2025.

The amount recorded under "Other" corresponds to rebillings to subsidiaries.

4.1.2 Other purchases and external charges

(in millions of euros)	2025	2024
Other external charges	(27)	(32)
OTHER PURCHASES AND EXTERNAL CHARGES	**(27)**	**(32)**

Other external charges include fees, commissions and duties incurred by Valeo in the course of its activities.

4.2 Other provisions

4.2.1 Other provisions

Contingent liabilities

(in millions of euros)	2024	Increases: charges for the year	Decrease: reversals - utilizations	Decrease: reversals - surplus	December 31, 2025
Provisions for contingencies	10			1	9
Provisions for charges	69	49	18	2	98
Total	**79**	**49**	**18**	**3**	**107**

At December 31, 2025, provisions for charges consist exclusively of provisions for bonus share issues

At December 31, 2025, provisions for contingencies include:

- a 4 million euro provision for contingencies intended to cover the negative net equity of certain subsidiaries in which Valeo holds a direct investment;
- a provision for contingencies totaling 5 million euros, chiefly to cover disputes with employees as well as environmental risks related to Valeo's former plants.

The Group has contingent liabilities relating to legal, arbitration or regulatory proceedings arising in the normal course of its business. Known or ongoing claims and litigation involving the Company were reviewed at the date on which the financial statements were authorized for issue. Based on the advice of legal counsel, all provisions deemed necessary have been made to cover the related risks.

4.2.2 Debt emission costs

Debt issuance costs amounted to 27 million euros in 2025, compared with 22 million euros at December 31, 2024. This items corresponds to issue premiums and costs on long-term borrowings, which have been reclassified as borrowing issue costs in accordance with the new regulations.

Note 5 Financial assets

Investments in subsidiaries and affiliates are initially recognized at cost, including transfer duties, fees and commission and legal costs.

At the end of the reporting period, the Company measures investments in subsidiaries and affiliates at their value in use, as calculated based on relevant criteria for each of the investments valued. The inputs for the value in use calculation include projected data from subsidiaries' medium-term business plans (see Note 2.1, page 442), as well as stockholders' equity and the Group's strategic interests.

The calculation of value in use based on projected data draws on various methods:

- first, post-tax cash flow projections covering a period of five years, prepared on the basis of medium-term business plans, are discounted at the post-tax weighted average cost of capital (WACC), while cash flows beyond the five-year period are extrapolated by applying a perpetuity growth rate to normative forecast cash flows, corresponding to the last year of the medium-term plan adjusted, where applicable, for non-recurring items. The discount rate and perpetuity growth rate assumptions are the same as those used for the Group's cash generating units (CGUs) and goodwill impairment tests, i.e., respectively 10% and 1.5% for 2025, unchanged from 2024;
- when value in use as determined on the basis described above falls below the carrying amount of the investments, it is based on an average of the discounted projected cash flows and the projected operating income multiple applied to the third year of the subsidiaries' medium-term business plans.

When value in use as determined on the basis described above falls below the carrying amount of the investments, an impairment provision is recorded corresponding to the difference between these two amounts. However, the carrying amount of the investments after impairment cannot be below the Company's share of the subsidiary or affiliate's equity.

5.1 Analysis by type

	December 31, 2025			December 31, 2024
(in millions of euros)	Gross	Impairment	Net	Net
Investments in subsidiaries and affiliates	5,340	(11)	**5,329**	5,263
Loans and advances to subsidiaries and affiliates	1,754	—	1,754	1,773
Other investment securities	2	(2)	—	—
LONG-TERM FINANCIAL ASSETS	**7,096**	**(13)**	**7,083**	**7,036**

Loans and advances to subsidiaries and affiliates comprise medium- and long-term loans granted to Valeo's direct and indirect subsidiaries.

5.2 Movements

(in millions of euros)	Gross opening amount	Increase	Decrease	Gross closing amount
Long-term financial assets				
Investments in subsidiaries and affiliates	5,328	12		**5340**
Loans and advances to subsidiaries and affiliates	1,773		18	1,754
Other long-term financial assets	2			2
Total	**7103**	**12**	**18**	**7096**

(in millions of euros)	Gross opening amount	Increase	Decrease	Gross closing amount
Depreciation and amortization				
Long-term financial assets	68		55	**13**
Total	**68**		**55**	**13**

During 2025, Valeo recapitalized its subsidiary Valeo Autoelectric in the amount of 12 million euros.

55 million euro write-back for impairment of shares concerns Valeo Service for 46 million euros and Equipement 11 for 9 million euros

The 18 million euro decrease in loans and advances to subsidiaries and affiliates in 2025 was mainly related to the repayment of loans granted to subsidiaries, partially offset by new financing granted.

Note 6 Financing and risk hedging

6.1 Net debt

6.1.1 Analysis of net debt

The Company's net debt at December 31, 2024 and 2025 can be analyzed as follows:

(in millions of euros)	Notes	December 31, 2025	December 31, 2024
Long-term portion of long-term debt	*6.1.3*	4,918	4,421
Current portion of long-term debt	*6.1.3*	323	1,193
Short-term debt	*6.1.4*	394	625
Other short-term debt	*6.1.4*	5,682	5,040
GROSS DEBT		**11,318**	**11,280**
Loans and advances to subsidiaries and affiliates[1]	*5*	(1,755)	(1,773)
Financial receivables	*6.1.5*	(6,879)	(6,332)
Marketable securities and cash and cash equivalents	*6.1.6*	(1,902)	(2,475)
NET DEBT		**782**	**699**

(1) Loans and advances to subsidiaries and affiliates are included in the calculation of net debt.

6.1.2 Analysis of net cash and cash equivalents

The Company's net cash and cash equivalents comprise marketable securities and cash and cash equivalents, financial receivables and other short-term debt.

(in millions of euros)	Notes	December 31, 2025	December 31, 2024
Other short-term debt	*6.1.4*	5,682	5,040
Financial receivables[1]	*6.1.5/6.1.6*	(6,879)	(6,332)
Marketable securities and cash and cash equivalents	*6.1.6*	(1,902)	(2,475)
NET CASH AND CASH EQUIVALENTS		**(3,099)**	**(3,767)**
(1) of which current account advances and accrued interest		*(6,819)*	*(6,209)*

6.1.3 Analysis of long-term debt

	December 31, 2025				December 31, 2024
(in millions of euros)	Less than 1 year	1 to 5 years	More than 5 years	Total	Total
Bonds	—	2,900	1,150	4,050	4,100
Private placement	—	162	—	162	554
European Investment Bank (EIB) loans	100	350	—	450	550
Bilateral bank loans	110	295	—	405	250
Other long-term debt		57	—	57	57
Accrued interest	113	4	—	118	104
LONG-TERM DEBT	**323**	**3,768**	**1,150**	**5,242**	**5,614**

Valeo carried out the following operations under its Euro Medium Term Note financing program in 2025:

- early repayment in June 2025 of the bond issued in 2018 and in December 2025 of the 600 million euro bond, which was issued in 2016 and that was originally due for repayment in March 2026;
- issue in May 2025 of 650 million euros' worth of green bonds maturing in May 2031 and paying a coupon of 5.13%;
- issue in September 2025 of 500 million euros' worth of green bonds maturing in March 2032 and paying a coupon of 4.63%.

- The Company also redeemed the tranches of the *Schuldscheindarlehen* issue (German private placement) maturing in April 2025 for an amount of 212 million euros (issued in 2019) and in October 2025, for an amount of 179 million euros (issued in 2022).

In January, August and October 2025, Valeo also contracted the following bilateral loans:

- a nominal amount of 100 million euros, maturing in January 2029 and bearing variable-rate interest of 3-month Euribor +1.6%;
- a nominal amount of 25 million euros, maturing in August 2029 and bearing variable-rate interest of 3-month Euribor +1.9%;
- a nominal amount of 30 million euros, maturing in October 2028 (redemption in tranches of 10 million euros per year), bearing an interest rate of 3.17%.

At December 31, 2025, the key terms and conditions of long-term debt were as shown below:

Type	Outstanding at December 31, 2025 *(in millions of euros)*	Issuance	Maturity	Nominal interest rate
BONDS				
EMTN program[1][3]	750	November 2022	May 2027	5.375%
EMTN program[1]	700	July 2021	August 2028	1.000%
EMTN program[2]	600	October 2023	April 2029	5.875%
EMTN program[2]	850	April 2024	April 2030	4.500%
EMTN program[2]	650	May 2025	May 2031	5.125%
EMTN program[2]	500	September 2025	March 2032	4.625%
SCHULDSCHEIN LOAN ISSUED IN 2022				
Tranche 3[1]	30	October 2022	October 2027	5.251%
Tranche 4[1]	52	October 2022	October 2027	6-month Euribor 2.10%
Tranche 5[1]	30	December 2022	October 2027	6-month Euribor 2.10%
Tranche 6[1]	5	October 2022	October 2029	5.503%
Tranche 7[1]	45	December 2022	October 2029	6-month Euribor 2.30%
EUROPEAN INVESTMENT BANK (EIB) LOAN				
Tranche 1[5]	200	June 2021	June 2029	1.265%
Tranche 2[6]	250	February 2022	February 2030	1.463%
OTHER				
Bilateral bank loans	405	—	—	—
Other long-term debt	57	—	—	—
Accrued interest	118	—	—	—
TOTAL LONG-TERM DEBT	**5,242**			

(1) Indexed to a 2025 carbon footprint objective.
(2) Issues carried out under Valeo's Green and Sustainability-Linked Financing Framework.
(3) Fixed-rate coupons partly exchanged for floating-rate coupons indexed to six-month Euribor via interest rate swaps with a notional amount of 600 million euros.
(4) Variable-rate coupons exchanged for fixed-rate coupons via interest rate swaps.
(5) Reduced-rate loan repayable in six annual installments of 50 million euros as from June 2024.
(6) Reduced-rate loan repayable in six annual installments of 50 million euros as from February 2025.

The current portion of long-term debt corresponds to the 100 million euro bilateral bank loan from Caixa Bank that will mature in August 2026 and an installment of 10 million euros on the bilateral bank loan taken out with BPI. In addition, there is a 50 million euro installment on the first tranche of the EIB loan, a 50 million euro installment on the second tranche of the EIB loan as well as interest accrued on borrowings.

6.1.4 Analysis of short-term debt

(in millions of euros)	December 31, 2025	December 31, 2024
Negotiable European Commercial Paper	294	525
Bilateral bank loan	100	100
SHORT-TERM DEBT	**394**	**625**
Current accounts and loans with Group subsidiaries	5,541	4,914
Bank borrowings	53	4
Other short-term debt	88	123
OTHER SHORT-TERM DEBT	**5,681**	**5,040**
SHORT-TERM DEBT	**6,075**	**5,665**

Short-term debt mainly consists of current accounts and loans with subsidiaries and banks and issuance of commercial paper.

At December 31, 2025, other short-term debt mainly reflects the carrying amount of:

- currency hedging instruments taken out as part of the Group's pooled management of currency risk, representing an unrealized loss of 62 million euros. Since the Company acts as an intermediary for the Group's subsidiaries, these liabilities are matched to currency hedging assets which have generated an unrealized gain of a similar amount (see Note 6.1.6, page 477);
- currency instruments hedging the Company's foreign currency loans and borrowings, representing an unrealized loss of 14 million euros.

At December 31, 2024, other short-term debt primarily included unrealized losses on forward financial instruments contracted for hedging purposes.

6.1.5 Analysis of financial receivables

(in millions of euros)	December 31, 2025	December 31, 2024
Current account advances	6,790	6,209
FINANCIAL RECEIVABLES	**6,790**	**6,209**

Financial receivables consist primarily of current account advances to subsidiaries.

6.1.6 Financial futures instruments

(in millions of euros)	December 31, 2025	December 31, 2024
Financial futures instruments	92	123
FINANCIAL FUTURES INSTRUMENTS	**92**	**123**

At December 31, 2025, other financial receivables amounting to 92 million euros mainly consist of hedging instruments, chiefly including:

- currency hedging instruments taken out as part of the Group's pooled management of currency risk, representing an unrealized gain of 55 million euros (see Note 6.1.4, page 477);
- currency instruments hedging the Company's foreign currency loans and borrowings, representing an unrealized gain of 37 million euros.

At December 31, 2024, other financial receivables related mainly to hedging instruments for 123 million euros, chiefly including:

- currency hedging instruments taken out as part of the Group's pooled management of currency risk, representing an unrealized gain of 94 million euros;
- currency instruments hedging the Company's foreign currency loans and borrowings, representing an unrealized gain of 24 million euros.

6.1.7 Marketable securities and cash and cash equivalents

Marketable securities are stated at the lower of cost and market value when the related securities correspond to treasury shares purchased for the purpose of stabilizing the Company's share price or shares that have not been allocated to employee share plans.

(in millions of euros)	December 31, 2025	December 31, 2024
Marketable securities	1,250	1,586
Cash and cash equivalents	652	889
MARKETABLE SECURITIES AND CASH AND CASH EQUIVALENTS	**1,902**	**2,475**

The marketable securities portfolio at December 31, 2025 includes money-market mutual funds for 1,225 million euros, compared to 1,567 million euros at December 31, 2024.

It also includes 2,650,101 treasury shares with a carrying amount of 26 million euros at December 31, 2025. No impairment was recognized during the year.

At December 31, 2024, Valeo held 1,657,184 of its own shares with a carrying amount of 26 million euros.

Valeo may be required to buy back treasury shares on the market to cover its obligations with regard to free share and employee share ownership plans, as well as the liquidity agreement.

In 2025, Valeo requested the assistance of an investment services provider to meet certain objectives of its share buyback program as authorized by the Ordinary and Extraordinary Shareholders' Meeting of May 22, 2025. Pursuant to the agreement signed on June 17, 2025, the parties agreed that the investment services provider would sell a certain quantity of Valeo shares to Valeo, which undertook to acquire them at term, within the limit of 25 million euros, at an average price determined in an objective and independent manner by the market during the full term of the agreement. This average price could not in any case exceed the maximum purchase price set by the Ordinary and Extraordinary Shareholders' Meeting of May 22, 2025. This agreement was effective between June 17, 2025 and September 24, 2025. At that date, Valeo was therefore bound to purchase all of the treasury shares acquired by the investment services provider over the term of the agreement. Delivery of 2,584,352 treasury shares at an average price of 9.67 euros per share resulted in a cash outflow of 25 million euros. All of the shares acquired were allocated to cover allotments of free shares to employees designed to involve them in the Company's growth and Company savings plans.

The liquidity agreement was signed with an investment services provider on March 25, 2019 pursuant to the Code of Ethics published by the French Association of Investment Firms (*Association Française des Entreprises d'Investissement – AFEI*). At December 31, 2025, 17,343,876 euros had been allocated to the liquidity agreement compared with 17,321,056 euros in cash at December 31, 2024.

In 2025, the Company purchased 6,309,597 and sold 6,309,597 of its own shares under this agreement.

For shares allocated to free share plans, the Company applies ANC Standard No. 2014-03. This Standard sets out the methods for recognizing provisions over the vesting period of plans served by existing shares (see Note 3.1.2, pages 443 to 444).

In 2025, the Company delivered 1,591,435 shares under free share plans. In 2024, 1,209,183 shares were delivered.

6.2 Liquidity reserve and covenants

6.2.1 Credit lines

At December 31, 2025, Valeo had confirmed bank credit lines with an average maturity of 2.6 years, representing an aggregate amount of 1.6 billion euros. None of these credit lines were drawn down during 2025. These bilateral credit lines were taken out with nine leading banks with an average rating of A from S&P and A1 from Moody's.

6.2.2 Financing programs

At December 31, 2025, the Group had drawn an amount of 4.1 billion euros (stable year on year) under its Euro Medium Term Note financing program capped at 5 billion euros.

6.2.3 Negotiable European Commercial Paper (NEU CP)

Valeo has a short-term Negotiable European Commercial Paper financing program for a maximum amount of 2.5 billion euros. At December 31, 2025, a total of 294 million euros (525 million euros at December 31, 2024) had been drawn on this program.

6.2.4 Debt rating

The Group is rated by several credit rating agencies.

Rating agency	Publication date	Long-term debt	Outlook	Short-term debt
Standard & Poor's	March 13, 2025	BB	Stable	B
Moody's	September 26, 2024	Ba1	Negative	Non-prime

6.2.5 Covenants

Certain financing contracts include early repayment clauses in the event of failure to comply with specified financial ratios. The table below sets out the main covenant:

Financing agreements	Ratio	Thresholds	Ratio at December 31, 2025[1]
Credit lines EIB (European Investment Bank) loan Bilateral bank loan *Schuldschein* loans (German private placements)	Consolidated net debt/consolidated EBITDA	<3.5	1.3

(1) Calculated over 12 months.

Bonds issued under the Euro Medium Term Note medium- and long-term financing program include an option enabling bondholders to request early repayment or redemption of their bonds in the event of a change of control at Valeo leading to (i) a withdrawal of the bond rating or (ii) a downgrade in the rating to below investment grade (assuming that the bonds were previously rated investment grade), or (iii) if Valeo's bonds had previously been rated below investment grade, a one-category downgrade in the rating (e.g., from Ba1 to Ba2).

Other financing (notably bilateral loans, lines of credit and Schuldscheindarlehen private placements) include a change-of-control clause which allows lenders or investors to request early repayment if a change of control of Valeo occurs and, in certain cases, if Valeo does not obtain an investment grade rating at the end of the change-of-control period.

Lastly, the credit lines and bilateral credit facilities set up with Valeo's banking pool, as well as the Group's European Investment Bank loan and its long-term debt, include cross-default clauses. This means that if a default event triggering early repayment occurs on a certain amount of debt, then other debt may also be deemed to be in default with early repayment triggered.

At the date the consolidated financial statements were authorized for issue, the Group expects to comply with all debt covenants over the next few months.

6.3 Foreign currency, commodity and interest rate risk hedging

Since Valeo acts as a holding company, it is not exposed to operational foreign currency or commodity risk.

As part of the pooled management of market risk (foreign currency, commodity and interest rate risks), Group subsidiaries hedge the forex and commodity risk exposure arising on their industrial and commercial activities with the parent company, which enters into derivatives with banks. Gains and losses on such derivatives are passed on to the subsidiaries requesting the hedge.

The Company contracts derivatives to hedge the foreign currency risk on its financing and liquidity pooling activities carried out on behalf of the Group. The remeasurement of foreign currency balance sheet positions (intercompany loans and borrowings, debt with external counterparties, current accounts and bank accounts) at the year-end exchange rate is offset by gains and losses on foreign currency derivatives. Swap points arising on derivatives are recognized over the term of the hedge within financial income.

In addition, Valeo hedges the foreign exchange exposure (positive or negative) of two of its Mexican subsidiaries: Valeo Sistemas Electricos and Valeo Sistemas Automotrices.

Financial income and expenses relating to interest rate hedges are recognized on a symmetrical basis with the income and expenses resulting from the remeasurement of the hedged items.

6.3.1 Currency risk hedging

Operational currency risk

The principal hedging instruments used by the Company are forward purchases and sales of foreign currencies.

Financial currency risk

Pooling foreign currency cash surpluses, the financing needs of foreign subsidiaries and certain Group financing transactions expose the Company to financial currency risk. This risk corresponds to the risk of changes in the value of foreign currency financial receivables or payables. This currency risk is primarily hedged by currency swaps.

The Company tends to finance its subsidiaries in their local currencies and systematically enters into hedges to protect itself against the resulting currency risk.

The Company's external borrowings and investments are generally denominated in euros, in particular for debt issues under the Euro Medium Term Note financing program.

At December 31, 2025, Valeo's forex position in the main foreign currencies was as follows:

	December 31, 2025						December 31, 2024
(in millions of euros)	USD	JPY	CNY	PLN	Autres	Total	Total
Forward sales with subsidiaries	(340)	7	(39)	(387)	(508)	(1,267)	(1,290)
Forward purchases with subsidiaries	310	(12)	(42)	171	204	631	808
DERIVATIVES WITH SUBSIDIARIES	**(30)**	**(5)**	**(81)**	**(216)**	**(304)**	**(636)**	**(482)**
Forward sales with external counterparties	(244)	(36)	1	(469)	(520)	(1,268)	(1,503)
Forward purchases with external counterparties	753	197	1,397	327	448	3,122	3,769
EXTERNAL DERIVATIVES	**509**	**161**	**1,398**	**(142)**	**(72)**	**1,854**	**2,266**
NET POSITION ON DERIVATIVES	**479**	**156**	**1,317**	**(358)**	**(376)**	**1,218**	**1,784**
Balance sheet exposure	(467)	(166)	(1,317)	358	378	(1,214)	(1,784)
TOTAL NET POSITION	**12**	**(10)**	**—**	**—**	**2**	**4**	**—**

Net positions in foreign currencies on currency derivatives are match-funded to Valeo's intercompany loans and borrowings and cash positions.

The market value of currency hedging instruments included in the net position with external counterparties represented an unrealized gain of 41 million euros at December 31, 2025 (unrealized gain of 41 million euros at December 31, 2024).

6.3.2 Commodity risk hedging

The Company favors commodity hedging instruments which do not involve physical delivery of the underlying commodity (primarily swaps on the average monthly price).

Volumes of non-ferrous metals hedged at December 31, 2025 and 2024 break down as follows:

(in metric tons)	December 31, 2025	December 31, 2024
Aluminum	20,265	27,979
Secondary aluminum	10,249	9,496
Copper	9,533	9,957
TOTAL	**40,047**	**47,432**

Commodities hedged at December 31, 2025 and 2024 were as follows:

	December 31, 2025			December 31, 2024
(in millions of euros)	With subsidiaries	With external counterparties	Total	Total
Forward sales	161	6	167	172
Forward purchases	(6)	(161)	(167)	(172)
TOTAL NET POSITION	**155**	**(155)**	**—**	**—**

The market value of instruments hedging metals prices included in the net position with external counterparties represented an unrealized gain of 11 million euros at December 31, 2025 (unrealized loss of 2 million euros at December 31, 2024).

6.3.3 Interest rate risk hedging

Valeo uses interest rate swaps to manage its interest rate risk. These swaps convert the interest rates on its debt into a variable or a fixed rate, either at the origination of the loan or during its term. During the year, the Company entered into pre-hedging transactions aimed at locking in the interest rate (EMTN maturing in May 2031).

The variable-rate tranche of the *Schuldschein* loan (German private placement) issued in April 2019 was hedged by an interest rate swap, which exchanged the variable coupon for a fixed rate.

In March 2019, the Group converted the 159 million euro loan granted to one of its Czech subsidiaries into Czech koruna. At the same time, the Group set up a cross-currency swap in Czech koruna for the same amount and maturity, which matured in March 2024.

In November 2022, two interest rate swaps were contracted for a total of 600 million euros, exchanging a fixed coupon for a variable coupon in order to hedge the fixed interest rate on the bond maturing in 2027.

At December 31, 2025, 90% of long-term debt was at fixed rates (88% at December 31, 2024).

	Less than 1 year		1 to 5 years		More than 5 years		Total nominal amount		
(in millions of euros)	Fixed portion	Variable portion	Fixed portion	Variable portion	Fixed portion	Variable portion	Fixe	Variable	Total
Financial liabilities	(1,469)	(4,930)	(3,366)	(402)	(1,150)	—	(5,986)	(5,332)	(11,318)
Financial receivables and loans and advances to subsidiaries and affiliates	1,914	6,719	—	—	—	—	1,914	6,719	8,634
Marketable securities and cash and cash equivalents	(253)	2,155	—	—	—	—	(253)	2,155	1,902
NET POSITION BEFORE HEDGING	**192**	**3,944**	**(3,366)**	**(402)**	**(1,150)**	**—**	**(4,325)**	**3,542**	**(782)**
Derivative instruments	—	—	600	(600)	—	—	600	(600)	—
NET POSITION AFTER HEDGING	**192**	**3,944**	**(2,766)**	**(1,002)**	**(1,150)**	**—**	**(3,725)**	**2,942**	**(782)**

Note 7 Net Financial income

(in millions of euros)	2025	2024
Financial income		
From investments	137	221
From other long-term investments and receivables	19	16
Other interest income	243	328
Reversals of depreciation, amortization and provisions	55	30
Foreign exchange gains	657	571
Total financial income	**1,111**	**1,166**
Financial expenses:		
Depreciation, amortization and provisions	(9)	(22)
Interest expense	(348)	(374)
Foreign exchange losses	(651)	(572)
Other financial expenses	—	(27)
Net expenses on disposals of marketable securities and cash instruments	—	(1)
Total financial expenses	**(1,008)**	**(996)**
NET FINANCIAL INCOME	**103**	**170**

7.1 Net financial income

In 2025, income from equity investments totaled 137 million, of which 77 million came from internal loan income, compared to 60 million the previous year, and 60 million from dividends, compared to 136 million the previous year. This amount includes a 40 million euro dividend from Valeo International Holding BV, a 15 million euro dividend from South Korean subsidiaries, and a 5 million euro dividend from Indian subsidiaries.

Dividend income in 2024 included a 140 million euro dividend from Valeo International Holding BV, a 57 million euro dividend from Valeo Bayen and a 13 million euro dividend from South Korean subsidiaries.

Other interest income chiefly relates to financing granted to Group subsidiaries and investment income. The 94 million euro decrease in interest income versus 2024 is mainly due to changes in the financing of the European subsidiaries.

In 2025, following the measurement of the portfolio of investments in subsidiaries and affiliates, the Company recorded a 55 million euro net reversal from the provisions for impairment, including 46 million euros in reversals relating to Valeo Service, and 9 million euros in reversals for Équipement 11 (see Note 4.2.1, page 403).

At December 31, 2025, interest and expenses totaled 348 million euros, compared with 374 million euros in 2024. These relate to financing costs, as well as the return on subsidiaries' cash surpluses and expenses associated with hedging transactions.

At December 31, 2025, Valeo SE's centralized management of market operations for its subsidiaries resulted in net revenue of 6 million euros, compared with a net expense of 1 million euros in the previous year.

Amortization of bond issuance premiums amounted to 4 million euros, compared with 3 million euros in 2024. In 2024, impairment of securities were recorded for 8 million euros for Valeo Service, 2 million euros for Valeo Management Service, and 4 million euros for Équipement 11.

Note 8 Income taxes

8.1 Tax group and taxable income

Valeo has elected for tax consolidation. The tax group includes the parent company and its principal French subsidiaries.

At December 31, 2025, the amount of tax losses stood at 1,613 million euros (1,625 million euros at December 31, 2024). If a subsidiary returns to profit, it will utilize the previous tax losses and Valeo will be required to pay over the corresponding tax savings to the French State. In light of the tax consolidation agreement, Valeo does not recognize a provision for repayment of tax losses to subsidiaries. However, if a subsidiary leaves the tax consolidation group, Valeo may be required to pay over the related tax savings to this subsidiary, based on the terms and conditions stipulated in the sale agreement.

During the 2025 financial year, the Valeo Group disposed of SC2N, a member of the tax consolidation group, with no impact on tax savings.

8.2 Income tax

(in millions of euros)	2025	2024
Net tax benefit arising on tax consolidation	13	15
INCOME TAX	**13**	**15**

The net tax benefit receivable from subsidiaries as a result of tax consolidation in 2025 amounts to 13 million euros, down 2 million euros compared to 2024.

In the absence of tax consolidation, the Company would not have incurred any corporate income tax.

8.3 Items that could result in a decrease or increase in Valeo's future tax liability

Tax loss carryforwards make up the main items that could result in a decrease or increase in Valeo's tax liability. Temporary differences between the recognition of income and expenses for accounting and tax purposes are not material at the level of the legal entity.

	December 31, 2025		December 31, 2024	
(in millions of euros)	Tax basis	Corresponding tax	Base	Corresponding tax
Tax loss carryforwards	1,613	417	1,625	420
TOTAL TAX LOSS CARRYFORWARDS	**1,613**	**417**	**1,625**	**420**

8.4 Prepaid and recoverable taxes

At December 31, 2025, prepaid and recoverable taxes totaling 19 million euros included the tax benefit of 13 million euros arising on the tax consolidation. The research tax credit receivable at the so-called "seed" stage in respect of 2025 was sold by Valeo at a discount to a bank for 25 million euros.

This receivable had been derecognized on the balance sheet, with an adjusting entry recorded in cash received.
During the year 2024, Valeo also sold its "seed" receivable to a bank for 42 million euros.

8.5 Other payables

At December 31, 2025, other payables included the 196 million euros owed to subsidiaries that are members of the tax consolidation group in respect of the research tax credit for years 2022 to 2025.

At December 31, 2024, other payables represented the 202 million euros owed to subsidiaries that are members of the tax consolidation group in respect of the research tax credit for years 2021 to 2024.

Note 9 Stockholders' equity

9.1 Share capital

At December 31, 2025, Valeo's share capital totaled 245 million euros, divided into 245,607,624 shares of common stock with a par value of 1 euro each, all fully paid-up. Shares that have been registered in the name of the same holder for at least four years carry double voting rights (29,402,319 shares at December 31, 2025).

Share capital stood at 244 million euros at December 31, 2024.

9.2 Additional paid-in capital

Additional paid-in capital represents the net amount received by the Company, either in cash or in assets, in excess of the par value on issuance of Valeo shares.

The employee share subscription offer launched in 2025 generated additional paid-in capital of 7 million euros in the year.

9.3 Reserves

Reserves available for distribution amounted to 2,432 million euros at December 31, 2025 (2,369 million euros at December 31, 2024) before appropriation of income for the year and after deduction of the net carrying amount of treasury shares held at December 31, 2025, for a total of 26 million euros (versus 12 million euros at December 31, 2024).

9.4 Movements

(in millions of euros)	Share capital	Additional paid-in capital	Reserves and other	Stockholders' equity
STOCKHOLDERS' EQUITY AT December 31, 2023	**245**	**1,588**	**2,410**	**4,243**
Dividends paid	—	—	(97)	(97)
Capital increase	—	—	—	—
Other movements	—	—		—
Net income for the year	—	—	181	181
STOCKHOLDERS' EQUITY AT December 31, 2024	**245**	**1,588**	**2,494**	**4,327**
Dividends paid	—	—	(102)	(102)
Capital increase	1	7	—	8
Net income for the year	—	—	96	96
STOCKHOLDERS' EQUITY AT December 31, 2025	**246**	**1,595**	**2,488**	**4,329**

In countries that meet the Group's eligibility criteria and where permitted by local laws and regulations, Valeo offers its employees the possibility of becoming shareholders through an employee share issue carried out specifically for this purpose.

Note 10 Other information

10.1 Maturity of receivables and payables

(in millions of euros)	December 31, 2025	Due in less than 1 year	Due in more than 1 year and less than 5 years	Due in more than 5 years
Prepaid and recoverable taxes	19	2	—	—
Other operating receivables	61	5	—	—
OPERATING RECEIVABLES	**80**	**7**	**—**	**—**

(in millions of euros)	December 31, 2025	Due in less than 1 year	Due in more than 1 year and less than 5 years	Due in more than 5 years
Accounts and notes payable	14	14	—	—
Accrued taxes and payroll costs	10	10	—	—
OPERATING PAYABLES	**23**	**24**	**—**	**—**
OTHER PAYABLES	**196**	**46**	**150**	**—**

An analysis of long-term debt by maturity is provided in Note 6.1.3, page 448.

10.2 Related party transactions

The Company's financial statements include transactions carried out in the normal course of business between Valeo and its subsidiaries.

All material related party transactions within the meaning of Article R.123-198 of the French Commercial Code were carried out at arm's length in 2025.

10.3 Other off-balance sheet transactions

10.3.1 Commitments given

	December 31, 2025		
(in millions of euros)	Risks and benefit expected from the transaction	Guarantees given	Total
Commitments given: Sureties, endorsements and guarantees	85	85	85
Commitments given: Notes receivable not yet due	374	374	374
TOTAL	**459**	**459**	**459**

Commitments given mainly include guarantees under the SCF reverse factoring program for 374 million euros, as well as the guarantee given in 2005 to the IUE-CWA-Local 509 syndicate for 64 million euros at December 31, 2025 (identical in foreign currency at December 31, 2024), as part of the agreement reached in September 2005 for the closure of the Rochester plant. It is a first-call guarantee with an indefinite term and covers the commitments undertaken by Valeo North America Inc. (formerly Valeo Electrical Systems Inc.) concerning pensions and other employee benefits. The Company has also given an 11 million euro guarantee for a lease in the Czech Republic. The company has also given a 10 million guarantee to its banking counterparties for APVCL and VFMI.

10.3.2 Commitments received

At December 31, 2025, certain Group subsidiaries had received letters of support to finance their operations. These letters are issued by the direct shareholders of the entities concerned, or by intermediate holding companies where necessary. The letters are intended to guarantee all financial commitments made by these subsidiaries over the next 12 months. The letters of support issued by the Group's intermediate holding companies to Valeo SE are intended to guarantee the current financial accounts granted by Valeo SE as part of its financing activities.

10.4 Fees paid to the Statutory Auditors

Fees paid to the Statutory Auditors and recognized in Valeo's income statement are as follows:

	ERNST & YOUNG et Autres		Forvis Mazars SA	
(in thousands of euros)	2025	2024	2025	2024
Audit				
Fees relating to the audit of the financial statements	27	27	31	31
Non-audit services statements	73	23	63	23
TOTAL FEES	**100**	**50**	**94**	**54**

Non-audit services provided by Ernst & Young and Forvis Mazars SA to Valeo during the year mainly concerned (i) comfort letters issued in connection with the Group's EMTN (Euro Medium Term Note) program, and (ii) voluntary audit procedures in connection with changes in the scope of consolidation.

Note 11 List Of Subsidiaries and affiliates

At December 31, 2025

Company *(in millions of euros)*	Stockholders' equity	Interest *(in %)*	Carrying amount of shares		Outstanding loans and advances granted	Commitments given by the Company	Sales	Net income (loss)	Dividends
			Gross	Net					
Valeo Management Paris - France (SIREN: 380 072 520)	1,738	100	4,849	4,849	1,023	—	332	(1,540)	—
Valeo Service Saint Denis – France (SIREN: 306 486 408)	24	100	74	74	—	—	362	10	—
Equipement 11 Paris – France (SIREN: 440 331 411)	11	100	14	10	3	—	—	11	—
Valeo International Holding BV Helmond – Netherlands	842	100	197	197	—	—	231	247	40
Coreval Strassen – Luxembourg	24	99	23	23	—	—	—	.	—
Valeo Auto-Electric GmbH Bietigheim – Germany	263	12	93	93	113	—	9	—	—
Valeo Embrayages Tunisia Jedeida – Tunisia	4	100	6	—	7	—	12	(1)	—
Dav Tunisie – Tunisia	36	91	15	15	15	—	96	1	—
Valeo Otomotiv Sanayi ve Ticaret AS [3] Bursa – Turkey	165	100	40	40	—	—	637	14	—
Amalgamations Valeo Clutch Private Ltd[2][3] Chennai – India	23	50	9	9	—	—	99	7	2
Valeo Friction Materials India Ltd[2][3] – India	20	60	2	2			29	7	3
Valeo Pyeong Hwa Co. Ltd. [3] Daegu – South Korea	160	50	12	12	—	—	437	19	3
Valeo Pyeong HWA International Co., Ltd Seoul – South Korea	87	50	1	1	—	—	149	35	9
Valeo Pyeong HWA Automotive Components Co., Ltd Daegu – South Korea	58	27	2	2	—	—	232	18	3
Other French subsidiaries and affiliates (aggregate)			2	1					
Other foreign subsidiaries and affiliates (aggregate)			1	1	—	—			
TOTAL			**5,340**	**5,329**	**1,161**	**—**			**60**

(1) Including net income for 2025 before appropriation.
(2) Last financial year ended March 31, 2025.
(3) Translated at the year-end exchange rate and at average exchange rates for 2024.

Note 12 Subsequent events

None

5.6.4 Statutory Auditors' report on the financial statements

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.
This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to the shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Year ended December 31, 2025

To the Annual General Meeting of Valeo,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of Valeo for the year ended 31 December 2025.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2025 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit and Risk Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from 1 January 2025 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in article 5(1) of Regulation (EU) No 537/2014 or in the French Code of Ethics for Statutory Auditors *(Code de déontologie de la profession de commissaire aux comptes)*.

Observation

Without calling into question our opinion expressed hereabove, we draw your attention to Note 2.3 – Change in accounting method" to the financial statements which sets out the change in accounting method pursuant to the application of French Accounting Standards Authority (ANC – Autorité des normes comptable) regulation no. 2022-06.

Justification of Assessments – Key Audit Matters

In accordance with the requirements of articles L. 821-53 and R. 821-180 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Valuation of investment securities, attached receivables and provisions for subsidiary risks

Risk identified

As at 31 December 2025, your Company's investment securities and the attached receivables are recorded in the balance sheet for a carrying amount of €7,084m; i.e., 44% of total assets, which amount to €15,973m. Investment securities are recorded at their acquisition cost on their entry date. At year-end, your Company values its securities at their value in use. When this value is lower than the carrying amount, impairment is recorded in the amount of that difference. As at 31 December 2025, impairment of investment securities stood at €13m. Provisions for subsidiary risks are intended to cover the negative net position of certain subsidiaries. As at 31 December 2025, these provisions stood at €4m.

Value in use is determined using the following criteria, adapted to the shareholdings valued: the forecast data taken from the subsidiaries' medium-term plans, shareholders' equity and the strategic benefit of the Valeo Group.

The receivables attached to these shareholdings mainly comprise medium- to long-term loans granted to direct or indirect subsidiaries of your Company as well as to joint ventures in which the Valeo Group has invested.

These financial fixed assets are mentioned in Note 5 to the financial statements.

We deemed the valuation of the investment securities, the attached receivables, and the risk provisions to constitute a key audit matter, due to the particularly material amount involved, the judgements inherent in certain elements and their sensitivity to the Management's forecasts.

Our response

In order to evaluate the estimation of the values in use of the investment securities, on the basis of the information obtained from your Company, we implemented procedures which consisted mainly in analyzing the valuation method as well as the data used and, depending on the securities concerned, we:

- reconciled the shareholders' equity used with the subsidiary accounts drawn up under international accounting standards, for the values based on these historical items;
- where applicable, analyzed the business plans established by the Management for the subsidiaries whose investment securities are subject to significant impairment;
- analyzed, with the support of our valuation specialists, the main assumptions, such as the discount rate and the long-term growth rate, which we compared to the values used by financial analysts for the Valeo Group and companies in the sector;
- reconciled the values in use used by your Company in the amount of the investment securities and the attached receivables per subsidiary, net of any provisions for impairment recognized for each of these assets.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

Information provided in the Management Report and in the other documents provided to the shareholders with respect to the financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents provided to the shareholders with respect to the financial position and the financial statements.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D. 441-6 of the French Commercial Code *(Code de commerce)*.

Report on Corporate Governance

We attest that the Board of Directors' Report on Corporate Governance sets out the information required by Articles L. 225-37-4, L. 22-10-10 and L. 22-10-9 of the French Commercial Code *(Code de commerce)*.

Concerning the information given in accordance with the requirements of Article L. 22-10-9 of the French Commercial Code (Code de commerce) relating to remunerations and benefits received by the corporate officers and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from controlling and controlled companies. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your Company considered likely to have an impact in the event of a public purchase offer or exchange, provided pursuant to Article L. 22-10-11 of the French Commercial Code *(Code de commerce)*, we have agreed these to the source documents communicated to us. Based on our work, we have no observations to make on this information.

Other information

In accordance with French law, we have verified that the required information concerning the identity of the holders of the shares or of the voting rights has been properly disclosed in the management report.

Other Verifications or Information Required by Laws and Regulations

Format of presentation of the consolidated financial statements to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by statutory auditors regarding the annual and consolidated financial statements prepared in the European single electronic format, that the preparation of the financial statements intended to be included in the annual financial report mentioned in Article L. 451 1 2, I of the French Monetary and Financial Code *(Code monétaire et financier),* prepared under the CEO's responsibility, complies with the single electronic format defined in Commission Delegated Regulation (EU) No. 2019/815 of 17 December 2018.

On the basis of our work, we conclude that the presentation of the financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the financial statements that will ultimately be included by Valeo in the annual financial report filed with the AMF *(Autorité des marchés financiers)* agree with those on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Valeo by the Annual General Meeting held on 3 June 2010.

As at 31 December 2025, both our firms were in their sixteenth year of total uninterrupted engagement.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit and Risk Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in article L. 821-55 of the French Commercial Code (Code de commerce), our statutory audit does not include assurance on the viability of the company or the quality of management of the affairs of the company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.;
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the consolidated financial statements;
- Assesses the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;

Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit and Risk Committee

We submit a report to the Audit and Risk Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit and Risk Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit and Risk Committee with the declaration provided for in article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by articles L. 821-27 to L. 821-34 of the French Commercial Code (Code de commerce) and in the French Code of Ethics for Statutory Auditors *(Code de déontologie de la profession de commissaire aux comptes)*. Where appropriate, we discuss with the Audit and Risk Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Levallois-Perret and Paris-La Défense, 30 March 2026

The Statutory Auditors

(French original signed by)

FORVIS MAZARS SA		**ERNST & YOUNG et Autres**	
Emmanuelle Bertuzzi	Olivier Lenel	Philippe Berteaux	Alexandre Resten

5.7 STATUTORY AUDITORS' REPORT ON RELATED PARTY AGREEMENTS

This is a translation into English of a report issued in French and it is provided solely for the convenience of English-speaking users.
This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Year ended December 31, 2025

To the General Meeting of Shareholders of Valeo,

In our capacity as statutory auditors of your Company, we hereby present to you our report on related party agreements.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements indicated to us, or that we may have identified in the performance of our engagement, as well as the reasons justifying why they benefit the Company. We are not required to give our opinion as to whether they are beneficial or appropriate or to ascertain the existence of other agreements. It is your responsibility, in accordance with Article R. 225-31 of the French Commercial Code (Code de commerce), to assess the relevance of these agreements prior to their approval.

We are also required, where applicable, to inform you in accordance with Article R. 225-31 of the French Commercial Code (Code de commerce) of the continuation of the implementation, during the year ended 31 December 2025, of the agreements previously approved by the Annual General Meeting.

We performed those procedures which we deemed necessary in compliance with professional guidance issued by the French Institute of Statutory Auditors *(Compagnie nationale des commissaires aux comptes)* relating to this type of engagement.

Agreements submitted for the approval of Annual General Meeting

We hereby inform you that we have not been notified of any agreements authorized during the year ended 31 December 2025 to be submitted to the Annual General Meeting for approval in accordance with Article L. 225-38 of the French Commercial Code *(Code de commerce)*.

Agreements previously approved by the Annual General Meeting

We hereby inform you that we have not been notified of any agreements previously approved by the Annual General Meeting whose implementation continued during the year ended 31 December 2025.

Levallois-Perret and Paris-La Défense, 30 March 2026

The Statutory Auditors

French original signed by

FORVIS MAZARS SA		**ERNST & YOUNG et Autres**	
Emmanuelle Bertuzzi	Olivier Lenel	Philippe Berteaux	Alexandre Resten

5.8 OTHER FINANCIAL AND ACCOUNTING INFORMATION

5.8.1 Five-year financial summary

	2021	2022	2023	2024	2025
1. SHARE CAPITAL AT DECEMBER 31					
Share capital *(in millions of euros)*	243	244	245	245	246
Number of ordinary shares outstanding	242,574,781	243,501,944	244,633,504	244,633,504	245,607,624
Maximum number of new shares to be issued:					
• on exercise of equity warrants		—			
• on exercise of stock subscription options		—			
• on conversion of bonds into new shares		—			
2. RESULTS OF OPERATIONS FOR THE YEAR *(in millions of euros)*					
Sales		—			
Income before tax, depreciation, amortization and impairment losses	216	189	178	146	111
Income tax	3	7	8	8	12
Employee profit-sharing		—			
Net income for the year	148	203	194	181	96
Net dividend	84	92	97	102	102
3. PER-SHARE DATA *(in euros)*					
Net income after tax, but before depreciation, amortization and impairment losses	0.91	0.81	0.76	0.66	0.50
Net income for the year	0.61	0.84	0.79	0.74	0.39
Net dividend	0.35	0.38	0.40	0.42	0.42
4. PERSONNEL					
Headcount at December 31	3	3	3	2	2
Wages and salaries *(in millions of euros)*[1]	38	55	31	20	22
Social security contributions *(in millions of euros)*[2]	2	(4)	(1)	(1)	(1)

(1) In 2024, this amount includes an expense of 11 million euros relating to the delivery of free shares under the 2021 free share plan and to the 2019 Shares4U employee share ownership plan (see Note 3.2, page 444).

(2) In 2024, this amount includes a net provision reversal of 2 million euros relating to social security contributions paid on the free shares delivered to French beneficiaries under the 2021 free share plan, partly offset by the recognition of social security contributions relating to the 2024 free share plan (see Note 3.2, page 444).

5.8.2 List of subsidiaries, affiliates and marketable securities

	Number of shares	Net carrying amount *(in millions of euros)*
Valeo Bayen	189,154,088	4,849
Valeo International Holding BV	2,845,121	198
Valeo Otomotiv Sanayi ve Ticaret AS	121,513,059	40
Valeo Service	3,260,000	28
Coreval	928,434	23
Valeo Pyeong Hwa Co. Ltd.	1,359,405	12
Valeo Auto-Electric GmbH	3,389	81
Amalgamations Valeo Clutch Private Ltd	56,252,500	9
DAV Tunisie	9,800,000	15
Equipement 11	433,034	1
Other securities with a net carrying amount below 2 million euros		18
INVESTMENTS IN SUBSIDIARIES AND AFFILIATES		**5,274**
Other securities		—
OTHER INVESTMENT SECURITIES		**—**
MONEY MARKET FUNDS		**1,225**
TREASURY SHARES		**26**
TOTAL		**6,525**

6

SHARE CAPITAL AND OWNERSHIP STRUCTURE

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

6.1 STOCK MARKET DATA

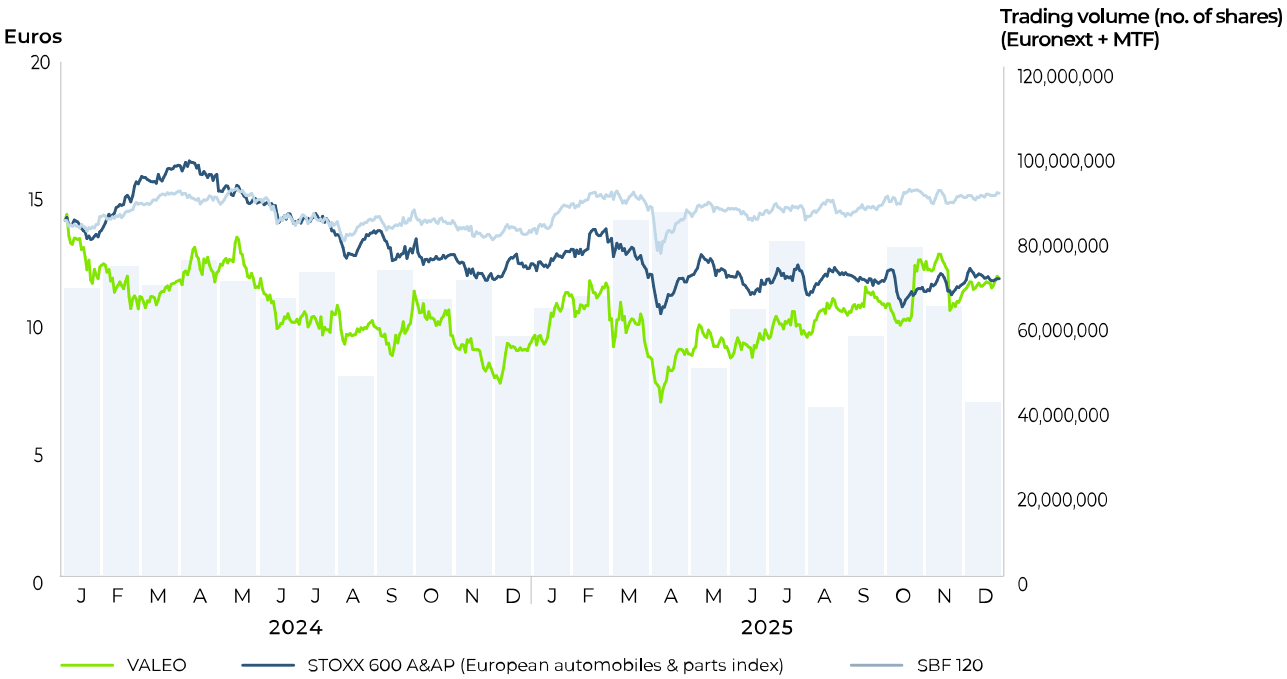
	2023	2024	2025
Market capitalization at year-end *(in billions of euros)*	3.41	2.28	2.86
Number of shares *(at December 31)*	244,633,504	244,633,504	245,607,624
Highest share price *(in euros)*	22.23	14.75	12.85
Lowest share price *(in euros)*	11.53	7.38	6.73
Average share price *(in euros)*	17.71	10.51	10.13
Share price at year-end *(in euros)*	13.92	9.31	11.64

6.1.1 Share performance

	Share price *(in euros)*			**Trading volume**		
Effective	**High**	**Low**	**Closing (average)**	**MTF**[1] *(in number of shares)*	**Euronext**[2] *(in number of shares)*	**Euronext**[2] *(in capital and millions of euros)*
December 2024	9.34	7.38	8.73	32,985,572	23,310,888	201.04
January 2025	11.26	8.96	10.13	37,827,871	25,153,390	255.82
February 2025	11.63	9.65	10.85	38,810,157	26,901,443	288.49
March 2025	10.90	8.46	9.77	47,695,419	35,986,426	349.75
April 2025	9.15	6.73	8.09	48,925,744	36,696,997	290.69
May 2025	9.89	8.58	9.20	25,853,591	22,979,418	211.77
June 2025	9.60	8.39	8.98	36,448,015	26,233,629	236.26
July 2025	10.63	8.66	9.79	49,803,314	28,948,888	281.85
August 2025	10.95	9.28	10.20	22,471,392	17,072,739	173.80
September 2025	11.43	10.10	10.69	36,071,058	20,205,508	217.02
October 2025	12.53	9.58	10.74	52,044,169	25,173,874	274.09
November 2025	12.85	10.15	11.65	42,657,890	20,658,414	237.94
December 2025	11.73	10.88	11.35	24,806,678	15,997,389	182.01

(1) MTF (Multilateral Trading Facility): includes the trading volumes on platforms such as ChiX, Turquoise, Bats and Aquis.
(2) Source: Euronext monthly statistics.

6.1.2 Share price and monthly trading volumes



6.2 INVESTOR RELATIONS

Valeo's Investor Relations Department serves as an interface between the Group and the international financial community, including institutional investors such as ESG investors and impact investors, as well as financial analysts and individual shareholders. It aims to provide clear, thorough and transparent information in real time to all these market participants, in order to keep them informed of Valeo's strategy, positioning, results and short- and medium-term financial and non-financial objectives.

At its Capital Markets Day, which took place on November 20, 2025, the Group presented its new "Elevate 2028" strategic plan. This plan sets out the Group's strategic and financial pathway, the action plans for enhancing its profitability and cash generation, and the growth prospects of the three divisions (POWER, BRAIN, LIGHT) and the Valeo Service activity. The Capital Markets Day was also an opportunity to highlight the Group's positioning with regard to the major trends in the automotive sector, and to answer the main questions raised by investors and analysts.

Valeo's website, www.valeo.com, features a dedicated "Investors & shareholders" section for its shareholders and the financial community featuring:

- the Universal Registration Document, the Half-Year Financial Report, and monthly information on voting rights ("Regulated information" section).
- Valeo's financial and non-financial presentations and press releases ("Results and presentations" section);
- technology presentations ("Results and presentations" section);
- the capital structure, the dividends paid, and information regarding the American Depositary Receipt program ("Share and capital structure" section);
- the list of analysts covering the Valeo share and the consensus ("Analysts and consensus estimates" section);
- details of the Group's debt, and the credit ratings assigned by Moody's and Standard & Poor's ("Debt and rating" section);
- information for individual shareholders ("Individual investors" section);
- information about the Shareholders' Meeting ("Shareholders' Meeting" section).

6.2.1 Institutional investors

The Group's Investor Relations Department closely and consistently interacts with the financial community. The department places great importance on holding meetings throughout the year with shareholders, investors and financial and non-financial analysts, whether at the Group's headquarters, at roadshows held in major global centers (Europe, North America and Asia) or during subject-specific (automotive, ESG) or general investor conferences. In 2025, the Investor Relations Department took part in 21 conferences and met around 1,100 institutional investors and analysts over the course of the year, with the Group's Management present at a large number of these meetings.

Valeo includes detailed non-financial information in its financial communications aimed at all stakeholders, in particular ESG investors and analysts. During dedicated conferences and individual meetings throughout 2025, the Group had the opportunity to present its ambitions in corporate governance and social and environmental responsibility, particularly relating to its climate strategy. Information on these subjects is available on the Group's website in the "Sustainability" section.

6.2.2 Individual shareholders

Valeo consistently interacts with individual shareholders, who control approximately 5% of Valeo's share capital.

An "Individual investors" section is available on the Group's website and features the Shareholder Guide, for example. The Group's Investor Relations Department regularly sends information, including flash e-newsletters, to individual shareholders to keep them informed about the Group's latest news and financial results. Since 2017, individual shareholders in France have been able to join an online Shareholders' Club, where they can access presentations on the Group and its operations. In addition, the Group's Investor Relations Department met private fund managers on several occasions during the year, both in Paris and elsewhere in France.

The share registrar service has been provided by Société Générale since the end of 2000 and offers a share information line (+33 (0)2 51 85 67 89) for questions concerning dividends, tax issues and order placing.

6.2.3 Employee shareholders

Since 2010, Valeo has had a policy of allotting free shares to promote the development of employee share ownership over time.

In 2016, Valeo launched a share subscription offering reserved for employees (Shares4U), an initiative that was renewed eight times until 2025.

As the proportion of the Company's share capital held by employee shareholders at December 31, 2022 exceeded the 3% threshold, at the Shareholders' Meeting of May 23, 2024 the shareholders approved the appointment of Eric Chauvirey as director representing employee shareholders, with Yann Le Pêcheur as his substitute.

At December 31, 2025, Valeo employees held 12,039,331 shares under Group employee savings plans in France and abroad, directly or indirectly through the Valeorizon mutual fund, representing 4.90%[1] of the Company's share capital, compared to 10,823,568 shares representing 4.42% at December 31, 2024. The Valeorizon mutual fund and direct share ownership in certain countries, through a Group employee savings plan (*Plan d'Épargne Groupe – PEG*), represent an effective way of involving employees in the Group's perspective performance and governance.

Employee shareholders have access to the same communication tools as individual shareholders, as well as an information line managed by the banks in charge of the share ownership plans. They can call this telephone platform all year round with any questions they may have.

6.2.4 Contact

Valeo

100, rue de Courcelles

75017 PARIS – France

Institutional investors and financial analysts

Marisa Baldo, Group Vice President, Financial Communications and Investor Relations

To arrange a meeting, please contact:

Email: valeo.corporateaccess.mailbox@valeo.com

Individual shareholders

E-mail: valeo.actionnairesindividuels.mailbox@valeo.com

For questions about registered shares, please contact:

Société Générale

Tel.: + 33 (0)2 51 85 67 89

6.2.5 2026 provisional financial publications calendar

- First-quarter sales: April 23, 2026
- First-half results: July 22, 2026
- Third-quarter sales: October 22, 2026
- Full-year results: second half of February 2027

6.3 DIVIDENDS

Dividends over the past three years were as follows:

Year	Dividend per share *(in euros)*	Tax allowance	Total *(in millions of euros)*
2022	0.38	Amount eligible for the 40% tax allowance provided for in Article 158,3-2° of the French Tax Code (*Code général des impôts*) for individuals who are tax residents in France	92.2
2023	0.40	Amount eligible for the 40% tax allowance provided for in Article 158,3-2° of the French Tax Code (*Code général des impôts*) for individuals who are tax residents in France	97.0
2024	0.42	Amount eligible for the 40% tax allowance provided for in Article 158,3-2° of the French Tax Code (*Code général des impôts*) for individuals who are tax residents in France	102.6

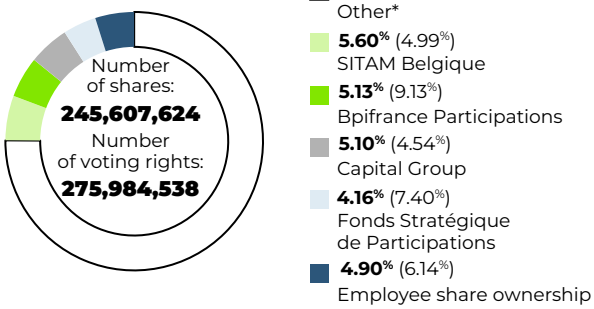
On February 26, 2026, the date on which Valeo published its 2025 financial results, Valeo's Board of Directors decided to recommend, to the Shareholders' Meeting called to approve the financial statements for the year ended December 31, 2025, the payment of a dividend of 0.44 euros per share eligible for dividends.

[1] *In accordance with Article L. 225-102 of the French Commercial Code, employees hold 4.40% of the share capital at December 31, 2025 (3.92% at December 31, 2024). The difference compared to the percentage stated above results from the exclusion of free shares whose allotment was authorized by a Shareholders' Meeting decision prior to August 7, 2015, which do not fall within the scope of this article.*

6.4 SHARE OWNERSHIP

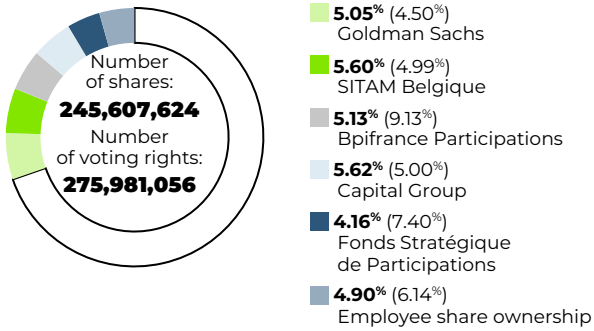
6.4.1 Ownership structure

OWNERSHIP STRUCTURE AT DECEMBER 31, 2025



% OF SHARE CAPITAL
(% of voting rights)
** Including 2,650,101 treasury shares (1.08% of the share capital).*

OWNERSHIP STRUCTURE AT FEBRUARY 26, 2026



% OF SHARE CAPITAL
(% of voting rights)
** Including 2,694,101 treasury shares (1.10% of the share capital).*

6.4.2 Direct or indirect shareholdings in the Company brought to the Company's attention

The following details on share capital and voting rights were prepared:

- based on data brought to the Company's attention;
- based on the Company's share capital and theoretical voting rights at December 31 of each of the three years under consideration (2023, 2024 and 2025), and at February 26, 2026.

At December 31, 2025, the Company's share capital amounted to 245,607,624 euros comprising 245,607,624 shares with a par value of 1 euro each, including 2,650,101 treasury shares, representing 275,984,538 theoretical voting rights.

	February 26, 2026				
	Number of shares	% of share capital	Number of theoretical voting rights[1]	% of theoretical voting rights[1]	Number of exercisable voting rights[2]
SITAM Belgique	13,760,000	5.60%	13,760,000	4.99%	13,760,000
Bpifrance Participations	12,600,000	5.13%	25,200,000	9.13%	25,200,000
Capital Group	13,799,401	5.62%	13,799,401	5.00%	13,799,401
Fonds Stratégique de Participations	10,213,000	4.16%	20,426,000	7.40%	20,426,000
Goldman Sachs	12,412,910	5.05%	12,412,910	4.50%	12,412,910
Employee share ownership[4]	12,039,331	4.90%	16,956,519	6.14%	16,956,519
Treasury shares[3]	2,694,101	1.10%	2,694,101	0.98%	—
Other	168,088,881	68.44%	170,732,125	61.86%	170,732,125
TOTAL	**245,607,624**	**100%**	**275,981,056**	**100%**	**273,286,955**

(1) Registered shares held by the same shareholder for four or more years carry double voting rights (see Chapter 7, section 7.1.11 "Double voting rights", page 511). The total number of voting rights is calculated on the basis of all shares carrying voting rights, including shares stripped of voting rights (treasury shares) (Article 223-11 of the AMF's General Regulations).
(2) The number of exercisable voting rights corresponds to the number of theoretical voting rights less the number of voting rights attached to treasury shares (without voting rights).
(3) For more information on treasury shares, see section 6.5.2 of this chapter, "Treasury shares", page 504.
(4) In accordance with Article L. 225-102 of the French Commercial Code, employees hold 4.40% of the share capital at December 31, 2025 (3.92% at December 31, 2024). The difference compared to the percentage stated above results from the exclusion of free shares whose allotment was authorized by a Shareholders' Meeting decision prior to August 7, 2015, which do not fall within the scope of this article.

	December 31, 2025				
	Number of shares	% of share capital	Number of theoretical voting rights[1]	% of theoretical voting rights[1]	Number of exercisable voting rights[2]
SITAM Belgique	13,760,000	5.60%	13,760,000	4.99%	13,760,000
Bpifrance Participations	12,600,000	5.13%	25,200,000	9.13%	25,200,000
Capital Group	12,521,676	5.10%	12,521,676	4.54%	12,521,676
Fonds Stratégique de Participations	10,213,000	4.16%	20,426,000	7.40%	20,426,000
Employee share ownership[4]	12,039,331	4.90%	16,956,519	6.14%	16,956,519
Treasury shares[3]	2,650,101	1.08%	2,650,101	0.96%	—
Other	181,823,516	74.03%	184,470,242	66.84%	184,470,242
TOTAL	**245,607,624**	**100%**	**275,984,538**	**100%**	**273,334,437**

(1) Registered shares held by the same shareholder for four or more years carry double voting rights (see Chapter 7, section 7.1.11 "Double voting rights", page 511). The total number of voting rights is calculated on the basis of all shares carrying voting rights, including shares stripped of voting rights (treasury shares) (Article 223-11 of the AMF's General Regulations).
(2) The number of exercisable voting rights corresponds to the number of theoretical voting rights less the number of voting rights attached to treasury shares (without voting rights).
(3) For more information on treasury shares, see section 6.5.2 of this chapter, "Treasury shares", page 504.
(4) In accordance with Article L. 225-102 of the French Commercial Code, employees hold 4.40% of the share capital at December 31, 2025 (3.92% at December 31, 2024). The difference compared to the percentage stated above results from the exclusion of free shares whose allotment was authorized by a Shareholders' Meeting decision prior to August 7, 2015, which do not fall within the scope of this article.

	December 31, 2024				
	Number of shares	% of share capital	Number of theoretical voting rights[1]	% of theoretical voting rights[1]	Number of exercisable voting rights[2]
BlackRock, Inc.	14,188,146	5.80%	14,188,146	5.18%	14,188,146
SITAM Belgique	13,760,000	5.62%	13,760,000	5.02%	13,760,000
Bpifrance Participations	12,600,000	5.15%	25,200,000	9.20%	25,200,000
Capital Group	12,521,676	5.12%	12,521,676	4.57%	12,521,676
Fonds Stratégique de Participations	10,213,000	4.17%	19,684,305	7.18%	19,684,305
Employee share ownership	10,823,568	4.42[4]	15,667,742	5.72%	15,667,742
Treasury shares[3]	1,657,184	0.68%	1,657,184	0.60%	—
Other	168,869,930	69.03%	171,356,770	62.53%	171,356,770
TOTAL	**244,633,504**	**100%**	**274,035,823**	**100%**	**272,378,639**

(1) Registered shares held by the same shareholder for four or more years carry double voting rights (see Chapter 7, section 7.1.11 "Double voting rights", page 511). The total number of voting rights is calculated on the basis of all shares carrying voting rights, including shares stripped of voting rights (treasury shares) (Article 223-11 of the AMF's General Regulations).
(2) The number of exercisable voting rights corresponds to the number of theoretical voting rights less the number of voting rights attached to treasury shares (without voting rights).
(3) For more information on treasury shares, see section 6.5.2 of this chapter, "Treasury shares", page 504.

	December 31, 2023				
	Number of shares	% of share capital	Number of theoretical voting rights[1]	% of theoretical voting rights[1]	Number of exercisable voting rights[2]
Bpifrance Participations	12,600,000	5.15%	25,200,000	9.53%	25,200,000
Harris Associates LP	12,393,566	5.07%	12,393,566	4.69%	12,393,566
SITAM Belgique	13,228,994	5.41%	13,228,994	5.00%	13,228,994
Employee share ownership	10,666,328	4.36%	14,445,269	5.46%	14,445,269
Treasury shares[3]	712,384	0.29%	712,384	0.27%	—
Other	195,032,232	79.72%	198,371,082	75.04%	198,371,082
TOTAL	**244,633,504**	**100%**	**264,351,295**	**100%**	**263,638,911**

(1) Registered shares held by the same shareholder for four or more years carry double voting rights (see Chapter 7, section 7.1.11 "Double voting rights", page 511). The total number of voting rights is calculated on the basis of all shares carrying voting rights, including shares stripped of voting rights (treasury shares) (Article 223-11 of the AMF's General Regulations).

(2) The number of exercisable voting rights corresponds to the number of theoretical voting rights less the number of voting rights attached to treasury shares (without voting rights).

(3) For more information on treasury shares, see section 6.5.2 of this chapter, "Treasury shares", page 504.

Shareholders representing more than 5% of the share capital or voting rights

To the Company's knowledge, there were no shareholders with direct or indirect holdings of 5% or more of the Company's share capital or voting rights at December 31, 2025, other than:

- SITAM Belgique, which held 13,760,000 shares in the Company, i.e., 5.60% of the share capital and 4.99% of the voting rights;
- Bpifrance Participations, which held 12,600,000 shares in the Company, i.e., 5.13% of the share capital and 9.13% of the voting rights;
- Capital Group, which held 12,521,676 shares in the Company, i.e., 5.10% of the share capital and 4.54% of the voting rights;
- Fonds Stratégique de Participations, which held 10,213,000 shares in the Company, i.e., 4.16% of the share capital and 7.40% of the voting rights;

To the Company's knowledge, there were no shareholders with direct or indirect holdings of 5% or more of the Company's share capital or voting rights at February 26, 2025, other than:

- SITAM Belgique, which held 13,760,000 shares in the Company, i.e., 5.60% of the share capital and 4.99% of the voting rights;
- Bpifrance Participations, which held 12,600,000 shares in the Company, i.e., 5.13% of the share capital and 9.13% of the voting rights;
- Capital Group, which held 13,799,401 shares in the Company, i.e., 5.62% of the share capital and 5.00% of the voting rights;
- Fonds Stratégique de Participations, which held 10,213,000 shares in the Company, i.e., 4.16% of the share capital and 7.40% of the voting rights;
- Goldman Sachs, which held, directly or indirectly, 12,412,910 shares in the Company, i.e., 5.05% of the share capital and 4.50% of the voting rights.

Crossing of disclosure thresholds

Between January 1, 2025 and February 26, 2026, Valeo was notified of the following disclosure threshold crossings:

Shareholder	Date of notification[1]	Effective date[1]	Number of Valeo shares held[1]	Percentage of capital reported[1]	Percentage of theoretical voting rights declared[1]	Threshold crossed[1]	Increase or decrease[1]
The Goldman Sachs Group, Inc.	05/23/2025	05/19/2025	16,176,059	6.61%	5.90%	5% of share capital and voting rights	↗
The Goldman Sachs International	06/02/2025	05/27/2025	12,372,489	5.06%	4.51%	5% of share capital	↗
The Goldman Sachs International	06/03/2025	05/28/2025	11,714,797	4.79%	4.27%	5% of share capital	↘
UBS Group AG	06/03/2025	05/30/2025	14,228,749	5.82%	5.19%	5% of share capital and voting rights	↗
UBS Group AG	06/05/2025	05/02/2025	782,884	0.32%	0.29%	5% of share capital and voting rights	↘
The Goldman Sachs Group, Inc.	06/12/2025	06/06/2025	13,423,095	5.49%	4.89%	5% of voting rights	↘
The Goldman Sachs Group, Inc.	06/16/2025	06/10/2025	11,721,515	4.79%	4.27%	5% of share capital	↘

Shareholder	Date of notification(1)	Effective date(1)	Number of Valeo shares held(1)	Percentage of capital reported(1)	Percentage of theoretical voting rights declared(1)	Threshold crossed(1)	Increase or decrease(1)
BlackRock, Inc.	06/24/2025	06/20/2025	13,520,874	5.53%	4.93%	5% of voting rights	↘
The Goldman Sachs Group, Inc.	06/25/2025	06/19/2025	12,412,434	5.07%	4.53%	5% of share capital	↗
BlackRock, Inc.	06/25/2025	06/24/2025	13,787,337	5.64%	5.03%	5% of voting rights	↗
BlackRock, Inc.	06/26/2025	06/25/2025	13,204,441	5.40%	4.81%	5% of voting rights	↘
JP Morgan Chase & Co.	07/07/2025	07/03/2025	13,048,441	5.33%	4.76%	5% of share capital	↗
JP Morgan Chase & Co.	07/17/2025	07/11/2025	10,610,769	4.34%	3.86%	5% of share capital	↘
BlackRock, Inc.	07/17/2025	07/16/2025	14,728,166	6.02%	5.36%	5% of voting rights	↗
The Goldman Sachs Group, Inc.	07/31/2025	07/25/2025	11,774,234	4.81%	4.28%	5% of share capital	↘
BlackRock, Inc.	08/08/2025	08/07/2025	13,008,336	5.32%	4.73%	5% of voting rights	↘
BlackRock, Inc.	08/11/2025	08/08/2025	14,300,284	5.85%	5.20%	5% of voting rights	↗
BlackRock, Inc.	18/08/2025	08/14/2025	13,421,702	5.49%	4.88%	5% of voting rights	↘
BlackRock, Inc.	18/08/2025	08/15/2025	14,065,427	5.75%	5.11%	5% of voting rights	↗
BlackRock, Inc.	21/08/2025	08/20/2025	13,737,903	5.62%	4.99%	5% of voting rights	↘
BlackRock, Inc.	22/08/2025	08/21/2025	13,825,397	5.65%	5.03%	5% of voting rights	↗
BlackRock, Inc.	26/08/2025	08/25/2025	13,720,996	5.61%	4.99%	5% of voting rights	↘
BlackRock, Inc.	16/09/2025	09/15/2025	12,225,486	4.99%	4.45%	5% of share capital	↘
The Goldman Sachs Group, Inc.	16/10/2025	10/13/2025	12,423,987	5.08%	4.52%	5% of share capital	↗
The Goldman Sachs Group, Inc.	22/10/2025	10/17/2025	12,122,469	4.96%	4.41%	5% of share capital	↘
The Goldman Sachs Group, Inc.	27/10/2025	10/21/2025	12,394,342	5.07%	4.51%	5% of share capital	↗
BlackRock, Inc.	27/10/2025	10/24/2025	12,452,734	5.09%	4.53%	5% of share capital	↗
BlackRock, Inc.	29/10/2025	10/28/2025	11,989,304	4.90%	4.36%	5% of share capital	↘
The Goldman Sachs Group, Inc.	30/10/2025	10/27/2025	14,255,987	5.83%	5.18%	5% of voting rights	↗
The Goldman Sachs Group, Inc.	03/11/2025	10/28/2025	13,567,102	5.55%	4.93%	5% of voting rights	↘
The Goldman Sachs Group, Inc.	13/11/2025	11/07/2025	12,135,381	4.96%	4.41%	5% of share capital	↘
The Goldman Sachs Group, Inc.	14/11/2025	11/10/2025	12,233,321	5.00%	4.45%	5% of share capital	↗
The Goldman Sachs Group, Inc.	25/11/2025	11/19/2025	12,039,149	4.92%	4.38%	5% of share capital	↘
The Goldman Sachs Group, Inc.	08/12/2025	12/02/2025	12,396,325	5.07%	4.51%	5% of share capital	↗
The Goldman Sachs Group, Inc.	10/12/2025	12/04/2025	11,417,168	4.67%	4.15%	5% of share capital	↘
The Goldman Sachs Group, Inc.	01/26/2026	01/20/2026	12,412,910	5.05%	4.50%	5% of share capital	↗
The Capital Group Companies, Inc	01/30/2026	01/28/2026	13,799,401	5.62%	5.00%	5% of voting rights	↗

(1) Information sourced from disclosure threshold crossing notifications published by the AMF.
(2) Controlled by the Dassault family.

6.4.3 Directors' interests in Valeo's share capital

As at December 31, 2025, to the Company's knowledge, Christophe Périllat and individual members of the Board of Directors held less than 1% of Valeo's share capital and voting rights in a personal capacity[1]. Bpifrance Participations and the Fonds Stratégique de Participations held (i) 12,600,000 shares representing 25,200,000 voting rights and (ii) 10,213,000 shares representing 20,426,000 voting rights, respectively, bringing the percentage interest held by all members of the Board of Directors (both individuals and companies) in a personal capacity to 9.45% of the share capital and 16.72% of the voting rights[1]. The number of shares held by each member of the Board of Directors is given in Chapter 3, section 3.2.1, paragraphs "Composition of the Board of Directors at December 31, 2025 and changes made during 2025" and "Presentation of members of the Board of Directors at December 31, 2025 and at January 1, 2026", pages 110 to 112 and pages 122 to 138 respectively.

6.4.4 Transactions carried out in the Company's shares by senior management and directors

Transactions carried out from January 1, 2025 up to the date of this Universal Registration Document by senior management and directors and by related persons, that have been reported to the French financial markets authority (*Autorité des marchés financiers*) and the Company pursuant to the applicable legal and regulatory provisions are presented below:

Name	Position	Type of security	Type of transaction	Date of transaction	Gross unit price	Number of shares	Gross amount
Christophe Périllat	Chief Executive Officer	Share	Vesting of performance shares allotted by the Board of Directors on March 23, 2022	March 24, 2025	n/a	80,124	n/a

To the Company's knowledge, no other senior managers, directors or persons related to them reported having carried out transactions involving the Company's shares pursuant to the applicable legal and regulatory provisions from January 1, 2025 up to the date of this Universal Registration Document.

6.5 SHARE BUYBACK PROGRAM AFR

6.5.1 Current share buyback program adopted by the Shareholders' Meeting of May 22, 2025

In accordance particularly with Articles L.22-10-62 *et seq.* and L.225-210 *et seq.* of the French Commercial Code, Regulation (EU) No. 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse, the AMF's General Regulations as well as all other applicable legal and regulatory provisions, the Ordinary and Extraordinary Shareholders' Meeting of May 22, 2025, in its fifteenth resolution, granted the Board of Directors (with power to subdelegate) an authorization to carry out transactions in the shares of the Company, for the following purposes:

- the implementation of any Company stock purchase option plan under the terms of Articles L.225-177 *et seq.* and L.22-10-56 *et seq.* of the French Commercial Code (or other similar plan), in particular by any employee and/or corporate officer of the Company and of related companies or economic interest groups, in accordance with the applicable legal and regulatory provisions; or
- the allotment of free shares in the Company pursuant to Articles L.225-197-1 *et seq.* and L.22-10-59 *et seq.* of the French Commercial Code (or other similar plan), particularly to any employee and/or corporate officer of the Company or related companies or economic interest groups, in accordance with the applicable legal and regulatory provisions; or
- the allotment or sale of shares to employees as part of their involvement in the performance of the Company or pursuant to a company or Group employee savings plan (or similar plan) in accordance with applicable law, in particular Articles L.3332-1 *et seq.* of the French Labor Code (*Code du travail*); or
- in general, to comply with obligations in respect of stock option plans or other allotments or sales of shares to employees or corporate officers of the Company, or related companies or economic interest groups; or
- the delivery of shares on the exercise of rights attached to securities giving access to the share capital (*valeurs mobilières donnant accès au capital*) by redemption, conversion, exchange, presentation of a warrant or any other means; or
- the retention and future delivery of shares (as exchange consideration, as payment or other) in connection with acquisitions, mergers, spin-offs or contributions; or
- the cancelation of all or part of the shares so acquired; or
- market-making for the Valeo share under a liquidity agreement compliant with the market practices permitted by the AMF.

[1] *Excluding shares held in the Valeorizon mutual fund (Group savings plan).*

This program is also intended to allow for the implementation of any market practice that may subsequently be permitted by market authorities and, more generally, to carry out any other transactions in compliance with current or future applicable laws and regulations. In such a case, the Company will inform its shareholders via a press release.

The total number of shares purchased by the Company during the share buyback program may not exceed 10% of the total number of shares making up the Company's share capital at any time. This percentage will apply to the share capital as adjusted to take into account any transactions carried out subsequent to the Shareholders' Meeting, it being specified that:

i. when shares are acquired to increase liquidity, the number of shares used to determine the 10% limit mentioned above corresponds to the number of shares purchased, less the number of shares sold during the authorized period;

ii. the number of shares purchased with a view to holding them for future delivery, as payment or to be exchanged, in connection with an external growth operation, merger, spin-off or contribution may not exceed 5% of the Company's share capital;

iii. the number of shares held by the Company at any time may not exceed 10% of the shares that constitute the Company's share capital.

The maximum purchase price is set at 70 euros per share (excluding acquisition costs) and the aggregate amount allocated to the share buyback program is set at 1,712,434,500 euros (excluding acquisition costs). Based on the maximum per-share price of 70 euros (excluding acquisition costs), and for information purposes only, 24,463,350 shares could be purchased under the program as at December 31, 2024.

This authorization was given for an 18-month period as of the Shareholders' Meeting of May 22, 2025 and canceled, for the unused portion as at May 22, 2025, the authorization granted by the Shareholders' Meeting of May 23, 2024 in its seventeenth resolution.

A description of the 2025 renewal of the Company's share buyback program was drawn up in accordance with Articles 241-1 *et seq.* of the AMF's General Regulations.

In 2025, Valeo carried out a number of share sale and purchase transactions under the abovementioned share buyback program and under the program authorized at the Shareholders' Meeting of May 23, 2024 (see section 6.5.2 of this chapter, "Treasury shares", page 504).

6.5.2 Treasury shares

As at December 31, 2025, the Company held, directly or indirectly, 2,650,101 treasury shares (i.e., 1.08% of the share capital) with an average unit value of 9.72 euros and a par value of 1 euro. As at December 31, 2024, Valeo held 1,657,184 treasury shares, i.e., 0.68% of the share capital.

During the 2025 financial year, the shares were purchased for the purposes of:

- redeeming shares allocated to free share plans;
- Implementing a liquidity agreement.

The share purchases were carried out in accordance with authorizations granted by the Shareholders' Meetings of May 23, 2024 and May 22, 2025 to the Board of Directors to buy back Company shares (it being specified that the seventeenth resolution of the Shareholders' Meeting of May 22, 2025 terminated and superseded the authorization granted by the Shareholders' Meeting of May 23, 2024).

The fifteenth resolution of the Shareholders' Meeting of May 22, 2025 authorized the Board of Directors (with the power to subdelegate) to purchase, or arrange for the purchase of, the Company's shares in accordance with the conditions specified in section 6.5.1 of this chapter, "Current share buyback program adopted by the Shareholders' Meeting of May 22, 2025", page 503.

Shares to be allocated to free share plans

On June 17, 2025, Valeo announced that it had requested the assistance of an investment services provider to carry out share buybacks to cover the implementation of any free share plan, any free performance share plan, the allotment of shares to employees as part of their involvement in the performance of the Company or the implementation of any Company savings plan, and more generally any share plan in the Group, in accordance with the objectives set out in the fifteenth resolution of the Shareholders' Meeting of May 22, 2025 and in the description of the related share buyback program. On June 17, 2025, Valeo entered into an agreement with an investment services provider for this purpose. On September 26, 2025 Valeo announced that, under the terms of the abovementioned agreement, on September 24, 2025 it had bought back 2,584,352 shares at an average price of 9.6736 euros.

As at December 31, 2025, the number of treasury shares allocated to free share plans was 2,650,101 compared with 1,657,184 as at December 31, 2024.

Shares for use under a liquidity agreement

During the year ended December 31, 2025, Valeo acquired 6,309,597 shares at an average price of 10.18 euros and sold 6,309,597 shares at an average "First-In-First-Out" price of 10.18 euros. Trading and transaction fees incurred under the liquidity agreement entered into with an investment services provider totaled 140,000 euros. These shares were not reallocated to other purposes provided for under the share buyback program.

As at December 31, 2025, 0 shares and 17,343,876 euros in cash had been allocated to the liquidity agreement, compared with 0 shares and 17,321,056 euros in cash as at December 31, 2024.

6.5.3 Share buyback program to be submitted to the Shareholders' Meeting of May 21, 2026

The Shareholders, at the Shareholders' Meeting to be held on May 21, 2026 will be asked to renew the authorization granted by the fifteenth resolution approved by the Shareholders' Meeting of May 22, 2025, enabling the Company to carry out transactions in its own shares under a new share buyback program, particularly in accordance with the provisions of Articles L. 22-10-62 *et seq.* and L. 225-210 *et seq.* of the French Commercial Code, Regulation (EU) No. 596/2014 of the European Parliament and of the Council of April 16, 2014, the AMF General Regulations, as well as any other legal or regulatory provisions that may become applicable.

The features of the new share buyback program are described below:

Purposes of the new share buyback program

Under the new share buyback program, which will be submitted to the Ordinary and Extraordinary Shareholders' Meeting on May 21, 2026, Valeo plans to buy back, directly or indirectly, its own shares, for the following purposes:

- the implementation of any Company stock purchase option plan under the terms of Articles L. 225-177 *et seq.* and L. 22-10-56 *et seq.* of the French Commercial Code (or other similar plan), in particular by any employee and/or corporate officer of the Company and of related companies or economic interest groups, in accordance with the applicable legal and regulatory provisions; or
- the allotment of free shares in the Company pursuant to Articles L. 225-197-1 *et seq.* and L. 22-10-59 *et seq.* of the French Commercial Code (or other similar plan), particularly to any employee and/or corporate officer of the Company or related companies or economic interest groups, in accordance with the applicable legal and regulatory provisions; or
- the allotment or sale of shares to employees as part of their involvement in the performance of the Company or pursuant to a company or Group employee savings plan (or similar plan) in accordance with applicable law, in particular Articles L. 3332-1 *et seq.* of the French Labor Code (Code du travail); or
- in general, to comply with obligations in respect of stock option plans or other allotments or sales of shares to employees and/or corporate officers of the Company and related companies or economic interest groups; or
- the delivery of shares on the exercise of rights attached to securities giving access to the share capital by redemption, conversion, exchange, presentation of a warrant or any other means; or
- the retention and future delivery of shares (as exchange consideration, as payment or other) in connection with acquisitions, mergers, spin-offs or contributions; or
- the cancellation of all or part of the shares so acquired; or
- market-making for the Valeo share under a liquidity agreement compliant with the market practices permitted by the AMF.

This program is also intended to allow for the implementation of any market practice that may subsequently be permitted by market authorities and, more generally, to carry out any other transactions in compliance with current or future applicable laws and regulations. In such a case, the Company will inform its shareholders via a press release.

Number of shares and percentage of share capital held by the issuer

As at January 31, 2026, Valeo directly or indirectly held 2,687,601 shares, representing 1.09% of the Company's share capital.

Breakdown of shares owned by Valeo by purpose

As at January 31, 2026:

- 2,650,101 shares were allocated to free share plans;
- 37,500 shares were held under the liquidity agreement signed on March 23, 2019 with Rothschild Martin Maurel. This agreement complies with the Code of Ethics of the AFEI, approved by the AMF on March 22, 2005 (which has since become the Code of Ethics of the French Association of Financial and Investment Firms (AMAFI) approved by the AMF on October 1, 2008).

Maximum interest in the Company's share capital, maximum number and characteristics of shares that may be purchased under the new share buyback program

The maximum interest that can be purchased under the new share buyback program may not exceed 10% of the shares making up the Company's share capital (i.e., for information purposes, only 24,560,762 shares as at January 31, 2026). This percentage will apply to the share capital as adjusted to take into account any transactions carried out subsequent to the Shareholders' Meeting.

In accordance with the provisions of Article L. 22-10-62 of the French Commercial Code, the number of shares that Valeo may hold at any time may not represent over 10% of the total number of shares making up the Company's share capital at the given date. Given the number of shares the Company currently owns, i.e., 2,687,601 shares at January 31, 2026 (representing 1.09% of the Company's share capital) and subject to adjustments affecting the number of shares held by the Company (including cancellation of treasury shares) and the amount of share capital after the Shareholders' Meeting on May 22, 2025, a total of 21,873,161 shares (i.e., 8.91% of the Company's share capital as at January 31, 2026) could be available for purchase (or, excluding the shares held by the Company, on a maximum of 24,560,762 shares).

The securities covered by the buyback program are exclusively shares.

Maximum purchase price per share

The purchase price of shares under the new share buyback program may not exceed 70 euros per share (excluding acquisition costs). This price could be adjusted in the event of a change in the par value of the share, capital increase by capitalization of reserves, allotment of free shares, a stock split or reverse stock split, distribution of reserves, or any other assets, redemption of the share capital, or any other transaction affecting shareholders' equity, so as to take account of the impact of these transactions on the value of the share.

The maximum amount that can be spent under the new share buyback program will be fixed at 1,719,253,340 euros (excluding acquisition costs). Valeo reserves the right to use the full amount authorized under the program.

Term of the new share buyback program

In accordance with the resolution that will be submitted to the Shareholders' Meeting for approval on May 21, 2026, the new share buyback program may be implemented during an 18-month period as of the meeting, i.e., until November 21, 2027. It will supersede the fifteenth resolution approved by the Shareholders' Meeting of May 22, 2025.

6.5.4 Cancelation of treasury shares

In the twenty-third resolution of the Ordinary and Extraordinary Shareholders' Meeting of May 22, 2025, the Company's shareholders gave the Board of Directors a 26-month authorization to reduce the Company's share capital by canceling treasury shares. Under this authorization, the number of shares canceled in any given 24-month period may not exceed 10% of the Company's share capital. At the date of this Universal Registration Document, this resolution had not been implemented.

6.6 ADDITIONAL DISCLOSURES CONCERNING THE SHARE CAPITAL

6.6.1 Changes in share capital

Changes in the Company's capital during 2025 were as follows:

		Changes *(in millions of euros)*			Number of shares issued	Cumulative number of shares 12/31/2025
Year	**Type of operation**	**Nominal**	**Premium**	**Total**		
2025	Capital increase reserved for employees	1	7	8	974,120	245,607,624

The share capital at December 31, 2025 comprised 245,607,624 shares with a par value of 1 euro, fully paid up and traded on the Euronext Paris regulated market.

At December 31, 2025, there were no plans in place pursuant to which shares could be issued on exercise of stock subscription options awarded to the Group's employees and corporate officers.

To the Company's knowledge, none of these shares have been pledged.

6.6.2 Other securities giving access to the share capital – Stock purchase option and free share plans

Stock purchase options at December 31, 2025

A table presenting past stock purchase option allotments, including options allotted to the corporate officers, can be found in section 3.3.2 of Valeo's 2020 Universal Registration Document, page 166.

It is recalled that the last stock purchase option plan in effect expired on March 26, 2020. Valeo has not been authorized to grant stock options by the Shareholders' Meeting since August 5, 2014.

Free share plans in force at December 31, 2025

A table presenting past free share allotments, including shares allotted to the corporate officers, can be found in section 3.3.2 of Valeo's Universal Registration Document, pages 179 to 180.

6.6.3 Securities not representing capital

Information about securities not representing capital (Euro Medium Term Note program and other bonds) is provided in Chapter 5, section 5.4.6, Note 9.1.2.1 "Long-term debt" to the consolidated financial statements, pages 427 to 431.

6.6.4 Other information on the share capital

Change in control

At the date of this Universal Registration Document and to the Company's knowledge, there are no shareholder agreements or other agreements in force that could lead to a change in control of the Company in the future.

Capital under option of any member of the Group

At the date of this Universal Registration Document, no capital of any member of the Group was under option or conditional or unconditional agreement to be put under option.

Disclosure threshold crossing

In accordance with Article L. 233-7 of the French Commercial Code, any individual or legal entity, acting alone or in concert, that holds a number of shares representing over 5%, 10%, 15%, 20%, 25%, 30%, 33.33%, 50%, 66.66%, 90% or 95% of the Company's share capital or voting rights is required to disclose to the Company and the AMF by letter that the related disclosure threshold has been exceeded. Said disclosure must be made no later than the close of the fourth trading day from the date the threshold is exceeded and must also state the total number of shares and voting rights held by the shareholders concerned. The disclosures are subsequently published by the AMF. This disclosure obligation also applies when an interest in the Company's share capital and/or voting rights is reduced to below the abovementioned thresholds. If any shareholder fails to comply with these disclosure requirements, the shares in excess of the relevant threshold will be stripped of voting rights at all Shareholders' Meetings held within the two-year period from the date when the omission is remedied.

Article 9 of the Valeo articles of association states that, in addition to the applicable statutory disclosure thresholds, any individual or legal entity, acting alone or in concert, that raises or reduces its interest in the Company's share capital or voting rights, directly or indirectly, to above or below 2% respectively is required to disclose to the Company by registered letter with return receipt requested that the relevant disclosure threshold has been crossed. Said disclosure must be made within 15 days of the date on which the threshold is crossed and the shareholder concerned must state their own identity, as well as that of any parties acting in concert with the shareholder. This disclosure requirement also concerns ownership of each additional 2% fraction of the share capital or voting rights. The stated thresholds are calculated in accordance with Articles L .233-7 and L. 233-9 of the French Commercial Code and with the AMF's General Regulations. In accordance with the seventh paragraph of Article L. 228-1 of the French Commercial Code, this disclosure requirement also applies to intermediaries, without prejudice to the requirements applicable to the underlying shareholders, for all of the shares they manage.

Non-compliance with the above obligations is subject to the penalties set out in Article L. 233-14 of the French Commercial Code, at the request of one or several shareholders together holding at least 2% of the Company's share capital or voting rights, as recorded in the minutes of the Shareholders' Meeting.

Shareholder identification

Registered and bearer shares are recorded in shareholders' accounts in accordance with applicable laws and regulations.

However, a bank, broker or other intermediary may register on behalf of shareholders who are domiciled outside France in accordance with Article 102 of the French Civil Code (Code civil). This registration may be made in the form of a joint account or several individual accounts, each corresponding to one shareholder. Any such intermediary must inform the Company or the intermediary managing the Company's account that it is holding the shares on behalf of another party.

The Company is entitled to identify all holders of shares and other securities redeemable, exchangeable, convertible or otherwise exercisable for shares carrying rights to vote at Shareholders' Meetings, in accordance with the procedure provided for in Article L. 228-2 *et seq.* of the French Commercial Code.

In order to identify holders of bearer shares, in accordance with the applicable laws and regulations, the Company is entitled to request, at any time, from the central depository or any intermediary referred to in Article L. 228-2 of the French Commercial Code, in exchange for a fee, in particular the name, year of birth (or, in the case of corporate shareholders, the company name and year of incorporation), nationality and address of holders of shares granting immediate or future rights to vote at Shareholders' Meetings, the type of shares held, together with details of the number of shares held by the holder via the intermediary concerned, the start date of the retention period, the name and unique identifier of the third party designated by the holder, and any restrictions applicable to the shares concerned.

Based on the list provided by the abovementioned organization, where the Company considers that shares may be held on behalf of third parties, it may request, in accordance with the same conditions, either through the organization or directly from the parties mentioned on the list, the same information concerning the holders of the shares. If one of the parties mentioned on the list is a bank, broker or other intermediary, it must disclose the identity of the shareholders for whom it is acting. The information is provided directly to the financial intermediary managing the Company's share account, which will pass on said information either to the Company or the third party designated by said company.

For registered shares and other securities redeemable, exchangeable, convertible or otherwise exercisable for shares, any intermediary holding the securities on behalf of a third party must disclose the identity of the person or entity for whom it is acting, as well as the number of shares held by each of them, upon simple request by the Company or its representative, which may be made at any time.

The Company may also request, from any corporate shareholder holding over 2.5% of the Company's share capital or voting rights, information concerning the identity of persons or companies holding either directly or indirectly over one-third of its share capital or voting rights.

If an individual or corporate shareholder is asked to provide information in accordance with the above conditions and fails to provide it by the applicable deadline, or provides incomplete or incorrect information, the shares or other securities redeemable, exchangeable, convertible or otherwise exercisable for shares recorded in the shareholder's account will be stripped of voting rights for all Shareholders' Meetings until the identification request has been fulfilled, and the payment of any corresponding dividends will also be deferred until that date.

In addition, if an individual or company registered in the Company's shareholders' account deliberately ignores their obligations, the Company or one or more shareholders holding at least 5% of the Company's share capital may petition the court of the place in which the Company's registered office is located to obtain an order to totally or partially strip the shares concerned of their voting rights and the corresponding dividend, for a maximum period of five years.

7

ADDITIONAL INFORMATION

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

7.1 MAIN PROVISIONS OF THE LAW AND THE ARTICLES OF ASSOCIATION

7.1.1 Company name and headquarters

The Company's corporate name is Valeo and its headquarters are located at 100, rue de Courcelles, 75017 Paris.

Tel.: +33 (0)1 40 55 20 20.

7.1.2 Legal structure and governing law

On March 9, 2021, Valeo, incorporated in the form of a *société anonyme* (joint-stock company), became a European company (*Societas Europaea*) governed by the provisions of Council Regulation (EC) No 2157/2001 of October 8, 2001 on the Statute for a European Company. Matters outside the scope of said regulation are governed by the provisions of the French Commercial Code (*Code de commerce*) applicable to joint-stock companies, and by the Company's articles of association. The provisions of the French Commercial Code relating to the management and governance of joint-stock companies are applicable to European companies.

7.1.3 Corporate governance

For the purposes of transparency and disclosure, the Company has set up a number of procedures to ensure that it complies with best corporate governance practices. For further information, see the cross-reference table for the Corporate Governance Report in Chapter 8, section 8.1.4, page 461.

7.1.4 Date of incorporation and term

The Company was incorporated on February 10, 1923 and its term was extended for a further 99 years on February 10, 1972.

7.1.5 Corporate purpose

The Company's corporate purpose is as follows (Article 3 of the articles of association):

- the research, manufacturing, sale, trade and supply of all products, equipment and services for the industrial and retail sectors, that may be manufactured and developed by factories of the Company or of companies of its Group or that may be of interest to their customers; and
- more generally, engaging in any transactions whatsoever, including industrial, commercial, financial, real estate and other property transactions, sales, acquisitions, capital contributions, etc., directly or indirectly related to the corporate purpose or contributing to its extension or development.

7.1.6 Registration details

The Company is registered at the Paris Trade and Companies Registry under the number 552 030 967.

7.1.7 Fiscal year

The Company's fiscal year covers a twelve-month period from January 1 to December 31.

7.1.8 Dividends

Each share entitles its holder to a proportion of income equal to the proportion of capital represented by the share.

Distributable income is composed of net income for the year less any prior year losses and amounts appropriated to the legal reserve, plus any income carried forward. Furthermore, shareholders in a Shareholders' Meeting may decide, subject to the conditions set out by law, to distribute amounts taken from available reserves and/or retained earnings. In this case, the related resolution approved by the Shareholders' Meeting must clearly specify the reserve account from which the distributed amounts are to be taken.

Shareholders may resolve to pay out a dividend only after approving the financial statements for the year and noting that amounts are available for distribution. The dividend payment terms are defined by the Shareholders' Meeting or, by default, the Board of Directors.

The Board of Directors may decide to pay an interim dividend for the current year or the year ended before the financial statements are approved, subject to the conditions set out by law, and may set the amount and date of payment.

At the Shareholders' Meeting called to approve the annual financial statements, shareholders may decide to offer a stock dividend alternative to cash dividends representing all or part of the dividend, or interim dividend, as provided for by law.

Dividends unclaimed after a period of five years from the date they were made payable are paid over to the French State.

7.1.9 Liquidation surpluses

Liquidation surpluses are allocated between the shareholders in proportion to their interests in the Company's share capital.

7.1.10 Shareholders' Meetings

Ordinary and Extraordinary Shareholders' Meetings are called and conduct business in accordance with the conditions set out by law.

In accordance with Article R.22-10-28 of the French Commercial Code, shareholders may participate in Shareholders' Meetings subject to submitting evidence of ownership of their shares. Share ownership is evidenced by an entry in Valeo's share register in the name of the shareholder (or of the intermediary acting on their behalf) or in the register of bearer shares held by an accredited intermediary. Such entries must be recorded by 00:00 hours (12:00 a.m.) (CET) on the second working day preceding the date of the meeting. In the case of bearer shares, the accredited intermediary shall provide a share ownership certificate for the shareholders concerned, which must be attached to the postal voting or proxy form or to the admission card made out in the name of the shareholder or in the name of the registered intermediary representing the shareholder.

Subject to the abovementioned conditions, all shareholders are entitled to attend Shareholders' Meetings provided they have settled all capital calls related to their shares.

Shareholders who are unable to attend a meeting in person may choose one of the following options:

- cast a postal vote; or
- give proxy to the Chair of the Shareholders' Meeting or to an appointed individual.

In compliance with the conditions set out by the applicable laws and regulations, shareholders may send proxy and postal voting forms for any Shareholders' Meetings either by post or electronically (as authorized by the Company).

Minutes of Shareholders' Meetings are drawn up, and copies and extracts thereof are certified and delivered, in accordance with the law.

7.1.11 Double voting rights

Each shareholder has a number of votes corresponding to the number of shares held or represented by proxy.

However, since the Shareholders' Meeting of June 16, 1992, Article 23 of the Company's articles of association provides that double voting rights are attached to all fully paid shares that have been registered in the name of the same holder for at least four years. In the case of a capital increase paid up by capitalizing reserves, profit or share premiums, the new registered free shares allotted to a shareholder in respect of existing shares with double voting rights will also carry double voting rights from the date of issue. Double voting rights are automatically stripped from any registered shares that are converted into bearer shares or transferred. However, registered shares are not stripped of voting rights and the above four-year qualifying period continues to run following the transfer of shares included in the estate of a deceased shareholder, or in connection with the settlement of the marital estate, or an inter vivos gift to a spouse or relative in the direct line of succession. Double voting rights may be removed by decision of the Extraordinary Shareholders' Meeting, subject to the approval of shareholders entitled to double voting rights, at a special meeting held for that purpose.

7.1.12 Changes in share capital and rights attached to shares

Any changes in the Company's share capital or voting rights attached to shares are subject to the applicable laws as the articles of association do not contain any specific provisions in relation to such operations.

7.1.13 Stock market

Valeo's shares are listed on Euronext Paris (ISIN code: FR0013176526). They are also included in the CAC Next 20 and SBF120 ESG indices. The LEI code is 5493006IH2N2WMIBB742.

Valeo's shares are also available on the over-the-counter market in the United States in the form of American depositary receipts (ADR) through its depositary bank, JP Morgan (symbol: VLEEY).

7.2 INFORMATION ON SUBSIDIARIES AND AFFILIATES

The Group's overall legal and operational structure is described in Chapter 1 "Presentation of Valeo", pages 49 to 79.

Following the creation of subsidiaries for its industrial activities in 2002, the Company is now solely a holding and cash management company for the Group. The Company is the head of the tax consolidation group in France.

Excluding certain exceptions, Valeo SE centralizes the management of market risks to which its operating subsidiaries are exposed, including changes in interest rates and fluctuations in exchange rates and prices of quoted commodities.

Valeo SE also centralizes the financing requirements of these subsidiaries and is generally the sole counterparty of the financial institutions that provide the funding to cover these requirements. The related assets (cash and cash equivalents) and liabilities (external debt) are included in Valeo's balance sheet. The Group is also responsible for upholding the image of the Valeo brand. To this end, it has entered into agreements with some of its French subsidiaries, under which Valeo SE allows them to benefit from the Group's expertise, values, business model and processes.

Group-wide control and support functions, encompassing accounting, legal services, information technology, procurement, communication and business development, research and development strategy and management, and quality audits, etc., are performed by Valeo Management. Its purpose is to make common resources available and to implement the necessary means and take the required action to increase savings and optimize costs.

The Group's operating assets and liabilities are carried by its subsidiaries with plants, research and/or development centers and distribution platforms. These subsidiaries representing 80% of consolidated sales are listed in the table on the following page.

The entities with distribution platforms are active only on the independent aftermarket in the countries where they operate. Sales to automakers are handled directly by the Divisions, Product Groups and Product Lines involved in the production process. The commercial activities of the Divisions, Product Groups and Product Lines with a given customer are coordinated by the networks of the Sales and Business Development Department, described in Chapter 1, section 1.2.4 "Functional structure", page 58.

A list of consolidated companies is provided in Chapter 5, section 5.4.6, Note 14 "List of consolidated companies" to the consolidated financial statements, page 450 (the list also shows the location of the companies). The position of the direct subsidiaries and interests of Valeo SE, the parent company, is presented in the table included in Chapter 5, section 5.6.4, Note 11 "List of subsidiaries and affiliates" to the parent company financial statements, page 486.

MAIN COMPANIES *(representing 80% of consolidated sales)*

Direct and indirect interests by country *(% interest at 12/31/2025)*

EUROPEAN UNION		
FRANCE	Valeo Électrification	100%
	Valeo Vision	100%
	DAV	100%
	Valeo Systèmes Thermiques	100%
GERMANY	Valeo Schalter und Sensoren GmbH	100%
	Valeo Telematik und Akustik GmbH	100%
	Valeo eAutomotive Germany GmbH	100%
	Valeo Klimasysteme GmbH	100%
	Valeo Wischersysteme GmbH	100%
SPAIN, ITALY	Valeo España S.A.	100%
	Valeo Termico, S.A.	100%
	Valeo, S.p.A.	100%
HUNGARY, POLAND, CZECH REPUBLIC, ROMANIA	Valeo eAutomotive Hungary Kft.	100%
	Valeo Auto-Electric Hungary LLC	100%
	Valeo Autosystemy Sp.ZO.O.	100%
	Valeo Electric and Electronic Systems Sp.ZO.O.	100%
	Valeo Autoklimatizace k.s.	100%
	Valeo Lighting Injection SA	100%
EUROPE OUTSIDE THE EU		
TURKEY	Valeo Otomotiv Sanayi ve Ticaret A.S.	100%
AFRICA		
MOROCCO	Valeo Vision Maroc, S.A.	100%
NORTH AMERICA		
MEXICO, UNITED STATES	Valeo North America, Inc	100%
	Valeo Kapec, SA de CV	50%
SOUTH AMERICA		
BRAZIL	Valeo Sistemas Automotivos Ltda	100%
ASIA		
CHINA	Valeo Interior Controls (Shenzhen) Co. Ltd	100%
	Valeo Automotive Air Conditioning Hubei Co. Ltd	100%
	Valeo Ichikoh (China) Auto Lighting Co., Ltd	94%
SOUTH KOREA, JAPAN	Valeo Kapec Co. Ltd	50%
	Valeo Electrical Systems Korea, Ltd	100%
	Valeo Pyeong HWA Co. Ltd	50%
	Ichikoh Industries Limited	61%
	Valeo Japan Co. Ltd	100%
INDIA	Valeo India Private Ltd	100%

7.3 ADMINISTRATIVE, LEGAL AND ARBITRATION PROCEEDINGS

The Company is not aware of any pending or threatened administrative, legal or arbitration proceedings that could have, or that have had over the past 12 months, a material impact on the financial position or profitability of the Company and/or the Group.

7.4 MATERIAL CONTRACTS

Neither Valeo nor any of the Group's companies have signed any major contracts over the past two years, other than those related to the ordinary course of their business.

7.5 DOCUMENTS ON DISPLAY

The Company's press releases, Registration Documents and Universal Registration Documents filed with the French financial markets authority (*Autorité des marchés financiers* – AMF), including historical financial information relating to the Company and the Group, as well as any updates thereto can be accessed on the Company's website at: www.valeo.com.

In accordance with Article 221-3 of the AMF's General Regulations, the regulated information defined in Article 221-1 of these regulations is posted on the Company's website (www.valeo.com), as well as on the website of the French Directorate of Legal and Administrative Information (www.info-financiere.fr), the French officially appointed mechanism for the storage of regulated information. It remains on the Company's website for at least five years after the related documents are issued, with the exception of the Registration Documents, Universal Registration Documents, and Annual and Interim Financial Reports, which remain online for at least 10 years.

In accordance with the AMF's General Regulations, the Company's Internal Procedures and the articles of association are available on the Company's website. Together with the minutes of Shareholders' Meetings, Statutory Auditors' reports and all other corporate documents, these documents are also available at Valeo's headquarters in accordance with the conditions set out by law and the Company's articles of association.

Notifications of disclosure thresholds crossed are also published on the AMF's website (www.amf-france.org).

7.6 INFORMATION RELATED TO THE STATUTORY AUDITORS

7.6.1 Principal Statutory Auditors

Responsible for auditing the financial statements

Ernst & Young et Autres, represented by Philippe Berteaux and Alexandre Resten – Tour First TSA 14444 – 92037 Paris-La Défense, France:

- member of the Versailles and the Centre Region's Institute of Statutory Auditors (*Compagnie régionale des commissaires aux comptes de Versailles et du Centre*);
- term of office began: Shareholders' Meeting of May 24, 2022 (third term);
- end of current term of office: term expires at the close of the Ordinary Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2027.

Forvis Mazars SA, represented by Emmanuelle Bertuzzi and Olivier Lenel - 45 Rue Kléber, 92300 Levallois-Perret, France

- member of the Versailles and the Centre Region's Institute of Statutory Auditors (*Compagnie régionale des commissaires aux comptes de Versailles et du Centre*);
- term of office began: Shareholders' Meeting of May 24, 2022 (third term);
- end of current term of office: term expires at the close of the Ordinary Shareholders' Meeting called to approve the financial statements for the year ended December 31, 2027.

+ Responsible for auditing sustainability information

Forvis Mazars SA, represented by Olivier Lenel - 45, rue Kléber- 92 300 Levallois-Perret, France:

- member of the Versailles and the Centre Region's Institute of Statutory Auditors (*Compagnie régionale des commissaires aux comptes de Versailles et du Centre*);
- term of office began: Shareholders' Meeting of May 23, 2024;
- end of current term of office: term expires at the close of the Ordinary Shareholders' Meeting called to approve the financial statements for the year ended December 31, 2027.

7.6.2 Fees paid to the Statutory Auditors

	Ernst & Young et Autres				Forvis Mazars SA			
	Amount (excl. taxes)		%		Amount (excl. taxes)		%	
(in millions of euros)	2025	2024	2025	2024	2025	2024	2025	2024
AUDIT								
Statutory audit and review of the individual and consolidated financial statements	5.5	5.5	93%	95%	4.7	4.8	89%	89%
Audit of sustainability information					0.5	0.5	9%	9%
Non-audit services	0.4	0.3	7%	5%	0.1	0.1	2%	2%
TOTAL FEES	**5.9**	**5.8**	**100%**	**100%**	**5.3**	**5.4**	**100%**	**100%**

7.7 PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

7.7.1 Name of the person responsible for the Universal Registration Document containing the Annual Financial Report RFA

Christophe Périllat, Chief Executive Officer of Valeo.

7.7.2 Declaration by the person responsible for the Universal Registration Document containing the Annual Financial Report RFA

"I hereby declare that the information contained in this Universal Registration Document is, to the best of my knowledge, in accordance with the facts and contains no omissions likely to affect its import.

I further declare that, to the best of my knowledge, the annual and consolidated financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company and all the companies included in the scope of consolidation; that the Group's management report (cross-reference table, page 523) presents a true and fair view of the development of the results and financial position of the Company and all the companies included in the scope of consolidation, together with a description of the main risks and uncertainties to which the Company is exposed, and that it has been prepared in accordance with the applicable sustainability reporting standards."

Paris, March 30, 2026

Christophe Périllat

Chief Executive Officer

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APPENDICES

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8.1 CROSS-REFERENCE TABLES

8.1.1 Cross-reference table for the Universal Registration Document

This cross-reference table lists the main headings provided for by European Regulation No. 2019/980 of March 14, 2019 (the "Regulation") and gives reference to the sections and, when appropriate, the chapters in this document where information can be found regarding each of these headings.

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13.2	Pension, retirement or similar benefits	3.3 and 5.4.6 (Note 6.3)	161-186 ; 406-412

No.	Headings appearing in Appendix 1 of the Regulation	Chapters/sections	Pages
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14.2	Service contracts between the members of the Board of Directors and the Company	3.2.3	155
14.3	Information about the Audit & Risks Committee and Compensation Committee	3.2.2	148-153
14.4	Statement regarding corporate governance	3.2.4 and 7.1.3	156; 510
14.5	Potential material impacts on the corporate governance	3.2.1	110-112
15.	**Employees**		
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15.2	Shareholdings and stock options	3.3.1, 3.3.2 and 6.4.3	164; 172; 503
15.3	Arrangements for involving employees in the capital of the issuer	4.1.3.1.6.2	276; 506
16.	**Major shareholders**		
16.1	Identification of major shareholders	6.4	499-503
16.2	Existence of differing voting rights	6.4.2 and 7.1.11	499-502; 512
16.3	Control of the issuer	6.4.2	499
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17.	**Related party transactions**		
17.1	Related party transactions entered into by the issuer	3.2.9 and 5.7	157; 492
18.	**Financial information concerning the issuer's assets and liabilities, financial position and profits and losses**		
18.1	Historical financial information		
18.1.1	Audited historical financial information	5.4	380-462
18.1.2	Change of accounting reference date	N/A	
18.1.3	Accounting standards	5.4.6 Note 1	386-388
18.1.4	Change of accounting framework	N/A	
18.1.5	Audited financial information prepared according to national accounting standards	5.4	380-462
18.1.6	Consolidated financial statements	5.4	380-462
18.1.7	Age of financial information	Dec. 31, 2025	
18.2	Interim and other financial information	N/A	
18.2.1	Half-yearly or quarterly financial information	N/A	
18.3	Auditing of historical annual financial information		
18.3.1	Statement that the historical financial information has been audited	5.4.7 and 5.6.5	458; 488
18.3.2	Other information audited by the Statutory Auditors	5.7	492
18.3.3	Source of financial information not extracted from the issuer's audited financial statements and therefore not audited	N/A	
18.4	Pro forma financial information	N/A	
18.5	Dividend policy		
18.5.1	Policy on dividend distributions and any restrictions thereon	6.3 and 7.1.8	498; 510
18.5.2	Amount of the dividend per share	6.3	498
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No.	Headings appearing in Appendix 1 of the Regulation	Chapters/sections	Pages
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19.1.3	Shares held by or on behalf of the issuer itself or by its subsidiaries	6.5.2	504
19.1.4	Convertible securities, exchangeable securities or securities with warrants	6.6.2	506
19.1.5	Information about the terms of any acquisition rights and/or obligations over authorized but unissued capital or an undertaking to increase the capital	3.2.12	159
19.1.6	Information about any capital of any member of the Group which is under option or agreed conditionally or unconditionally to be put under option	6.6.4	507
19.1.7	Share capital history	6.6.1	506
19.2	Memorandum and articles of association		
19.2.1	Description of the issuer's objects and purposes	7.1.5	510
19.2.2	Description of the rights, preferences and restrictions attaching to each class of existing shares	7.1.8, 7.1.9 and 7.1.11	510; 511
19.2.3	Brief description of any provision of the issuer's articles of association, statutes, charter or bylaws that would have an effect of delaying, deferring, or preventing a change in control of the issuer	3.2.11	158
20.	**Material contracts**		
20.1	Summary of each material contract to which the issuer or any member of the Group is party	7.4	514
21.	**Documents available**		
21.1	Statement regarding documents that can be inspected for the term of the Universal Registration Document	7.5	514

8.1.2 Cross-reference table for the Annual Financial Report

	Annual Financial Report	Chapters/Sections	Pages
1.	**Parent company financial statements**	5.6	465-491
2.	**Consolidated financial statements**	5.4	380-462
3.	**Management Report (French Monetary and Financial Code)**		
3.1	Articles L.225-100-1 and L.22-10-35 of the French Commercial Code		
3.1.1	• Analysis of business trends	5.1.1, 5.1.2, 5.1.3	372-375
3.1.2	• Analysis of results	5.1.1, 5.1.2, 5.1.3	372-375
3.1.3	• Analysis of financial position	5.1.4	376-379
3.1.4	• Key financial and non-financial performance indicators related to the Company's specific business, such as information pertaining to environmental issues and personnel matters	4.5 Annex 5 and 5.1	348-356; 372-379
3.1.5	• Principal risks and uncertainties	2.1	84-95
3.1.6	• Financial risks related to the impacts of climate change and measures taken by Company to reduce them by implementing a low-carbon strategy in all components of its business	4.1.2.3	221-245
3.1.7	• Internal control and risk management procedures	2.3	97-103
3.1.8	• Company hedging objectives and policy, and exposure to price, credit, liquidity and cash flow risks	2.1.3 and 5.6.4 (Note 6.3)	95; 480-482
3.2	Article L. 225-211 of the French Commercial Code:		
3.2.1	• Buyback by the Company of its own shares	6.5	503-506
4.	**Declaration by the person responsible for the Annual Financial Report**	7.7.2	515
5.	**Statutory Auditors' report on the parent company financial statements**	5.6.5	488-491
6.	**Statutory Auditors' report on the consolidated financial statements**	5.4.7	458-462
7.	**Fees paid to the Statutory Auditors**	5.4.6 (Note 13), 5.6.4 (Note 10.4) and 7.6.2	449; 486; 515
8.	**Board of Directors' report on corporate governance, prepared in accordance with Article L. 225-37 of the French Commercial Code**	See dedicated cross-reference table in section 8.1.4	525
9.	**Statutory Auditors' report on the Corporate Governance Report**	5.6.5	488-491

8.1.3 Cross-reference table for the Management Report as provided for by Articles L.225-100 *et seq.* and L.22-10-35 *et seq.* of the French Commercial Code

	Management Report	Chapters/Sections	Pages
1.	**Financial position and operations**		
1.1	Financial position and operations of the Company during the past fiscal year	5.1 and 5.5	372-379; 463-464
1.2	Results of operations of the Company and the Group	5.1 and 5.5	372-379; 463-464
1.3	Review of the business, results of operations and financial position	5.1 and 5.5	372-379; 463-464
1.4	Key financial and non-financial performance indicators	4.5 Annex 5 and 5.1	348-356; 372-379
1.5	Material events occurring between the end of the reporting period and the date the report was prepared	5.2 and 5.6.4 (Note 12)	379; 487
1.6	Company and Group outlook	5.3	379
1.7	Research and Development activity	Integrated Report: Innovation & AI; 4.1.5	16-17; 304-310
1.8	Material investments or controlling interests taken during the past fiscal year in companies with registered offices in France	N/A	
2.	**Share ownership structure and share capital**		
2.1	Share ownership structure and changes during the past fiscal year	6.4 and 6.6.1	499-503; 506
2.2	Status of employee share ownership plans	6.4.1	499
2.3	Trading by the Company in its own shares	6.5	503-506
2.4	Name of companies controlled and equity interest	5.4.6 (Note 14), 5.6.4 (Note 11) and 7.2	450-457; 487; 512-513
2.5	Share disposals to adjust reciprocal shareholdings	N/A	
2.6	Amount of dividends and other distributed earnings paid during the past three fiscal years	6.3	468
2.7	Adjustments for the issuance of marketable securities giving access to the share capital	N/A	
2.8	Adjustments for stock subscription or purchase options	3.3.2 and 6.6.2	178-180; 506
2.9	Information on stock subscription and purchase option plans granted to corporate officers and employees	3.3.2 and 6.6.2	178-180; 506
2.10	Restriction on exercising stock subscription or purchase options or obligation for executive corporate officers to hold shares obtained on exercising stock subscription or purchase options	3.3.2 and 6.6.2	178-180; 506
2.11	Information on free shares granted to corporate officers and employees	3.3.1, 3.3.2 and 3.3.4	164-165; 172; 186
2.12	Obligation for executive corporate officers to hold free shares	3.3.2	178
3.	**Risk factors and internal control**		
3.1	Description of major risks and uncertainties	2.1	84-95
3.2	Financial risks relating to the impacts of climate change and measures taken by the Company to reduce them by implementing a low-carbon strategy	4.1.2.3	221-244
3.3	Company hedging objectives and policy, and exposure to price, credit, liquidity and cash flow risks	2.1.3 and 5.6.4 (Note 6.3)	95; 480-482
3.4	Internal control and risk management procedures related to the preparation and processing of accounting and financial information	2.3.5	102

	Management Report	Chapters/Sections	Pages
4.	**Environmental, social and employee information**		
4.1	Sustainability Report	4.1	188-211
4.2	Duty of care plan and report on its implementation	4.1.1.2.4	196
4.3	Information on facilities classified as high-threshold Seveso sites	N/A	
5.	**Other disclosures**		
5.1	Supplier and customer payment cycles	4.1.4.5 and 5.4.6 (Notes 5.2 and 9.1.6) and 5.5	303; 397; 440; 463-464
5.2	Changes in the presentation of the annual parent company financial statements and methods of measurement	5.4.6 (Notes 1.1.1 and 1.1.2) and 5.6.4 (Note 2)	386-387; 470-471
5.3	Information on existing branches	N/A	
5.4	Sumptuary expenses	N/A	436
5.5	Add back of excessive overheads	N/A	
5.6	Injunctions or monetary penalties for anti-competitive practices	N/A	399
5.7	Transactions in the Company's shares carried out by executive managers and by those with whom they have close relationships	6.4.4	503
5.8	Intercompany loans	N/A	
A.	**Appendix to the Management Report**		
A.1	Board of Directors' Corporate Governance Report	See dedicated cross-reference table in section 8.1.4	525
A.2	Five-year financial summary	5.8.1	493
A.3	Report on the certification of Sustainability and Taxonomy information	4.1.8	358-361
A.4	Statutory Auditors' statement on intercompany loans	N/A	

8.1.4 Cross-reference table for the Corporate Governance Report as provided for by Articles L.225-37 *et seq.* of the French Commercial Code

	Corporate Governance Report	Chapters/Sections	Pages
1.	**Compensation**		
1.1	Presentation of the compensation policy for corporate officers and the related draft resolutions	3.3.1	161-168
1.2	Total compensation and benefits paid or allocated during the past fiscal year to each corporate officer; relative proportion of fixed and variable compensation	3.3.2	169-184
1.3	Use of the option to request payment of a variable compensation component	N/A	
1.4	Commitments given by the Company on behalf of corporate officers in the form of compensation or benefits owed or likely to be owed on appointment, termination or change of position or subsequent to the performance of that position	3.3.1	161-168
1.5	Compensation paid or allocated by a company included in the scope of consolidation	N/A	
1.6	Ratio between the compensation of each of the executive corporate officers and the average full-time equivalent (FTE) compensation of Company employees other than the corporate officers, and ratio between the compensation of each of these executives and the median FTE compensation of Company employees other than the corporate officers	3.3.2	173-175
1.7	Annual change in compensation over the last five years	3.3.2	168-182
1.8	Explanation of the manner in which total compensation complies with the Company's compensation policy	3.3.1, 3.3.2 and 3.3.3	161-168; 169-184; 185
1.9	Consideration of the vote of the last Shareholders' Meeting on the ordinary resolution concerning the compensation policy	3.3.1	161-168
1.10	Divergences from or waivers of the compensation policy procedure	N/A	
1.11	Suspension of compensation for breach of parity rules	N/A	
1.12	Reference to resolutions subject to an *ex ante* vote	3.3.1	161-168
1.13	Restrictions imposed on corporate officers by the Board of Directors in relation to the exercise of stock options and the sale of securities	3.3.2 and 6.6.2	178-180; 506
2.	**Governance**		
2.1	List of all directorships and positions held in companies by each corporate officer during the past fiscal year	3.1	108; 110-112
2.2	Agreements between a corporate officer or a shareholder holding at least 10% of the voting rights and a controlled company within the meaning of Article L. 233-3 of the French Commercial Code	3.2.8	157
2.3	Summary table of powers currently delegated by the Shareholders' Meeting to the Board of Directors with respect to raising new equity	3.2.12	159-160
2.4	General Management procedures	3.2.6	156
2.5	Composition, preparation and organization of the work of the Board of Directors	3.2.1, 3.2.2	109-138; 139-154
2.6	Diversity policy applied to the Board of Directors, balanced representation of men and women on the Operations Committee and outcome of measures to improve diversity in 10% of top management positions	3.2.1	118-120
2.7	Limitations on the powers of the Chief Executive Officer	3.2.6	156
2.8	Reference to a corporate governance code and the application of the “comply or explain” principle and indication of where the code can be consulted	3.2.4	156
2.9	Specific arrangements for attendance at Shareholders' Meetings	3.2.10, 7.1.10	158; 511
2.10	Procedure for reviewing agreements entered into in the ordinary course of business and its implementation	3.2.9	157
3.	**Information likely to have an impact in the event of a takeover or exchange offer**	**3.2.11**	**158**

8.2 GLOSSARY

Financial glossary

Like for like (or LFL): the currency impact is calculated by multiplying sales for the current period by the exchange rate for the previous period. The Group structure impact is calculated by adjusting sales by elimination (or by addition in the event of a change in consolidation method) to ensure that the prior period is comparable with the current period.

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

Net cash flow **corresponds to free cash flow less (i) cash flows in respect of investing activities, relating to acquisitions and disposals of investments and to changes in certain items shown in non-current financial assets, (ii) cash flows in respect of financing activities, relating to dividends paid, treasury share purchases and sales, interest paid and received, and acquisitions of equity interests without a change in control, and (iii) changes in non-recurring sales of receivables.**

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

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

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

Order intake corresponds to business awarded by automakers during the period to Valeo, and to joint ventures and associates based on Valeo's share in net equity, less any cancellations, based on Valeo's best reasonable estimates in terms of volumes, selling prices and project lifespans. Unaudited indicator.

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

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

Non-financial glossary

CDP: Carbon Disclosure Project: an independent, non-profit organization working to drive greenhouse gas emissions reductions for companies and cities by collecting, environmental data and analyzing their carbon emissions policy.

www.cdproject.net

CSRD: Directive (EU) 2022/2464 of the European Parliament and of the Council of December 14, 2022 as regards corporate sustainability reporting, transposed into French law by Government order No. 2023-1142 of December 6, 2023 on the publication and certification of sustainability reporting and the environmental, social and corporate governance obligations of commercial companies.

EFRAG: responsible for developing European sustainability reporting standards.

ESRS: European sustainability reporting standards designed by EFRAG and forming an integral part of the CSRD.

GHG: Greenhouse gas: gases which absorb infrared rays emitted by the Earth's surface, contributing to the greenhouse effect.

SBTi: Science Based Target initiative: an initiative aimed at supporting companies via a methodology that is aligned and consistent with the recommendations made by the IPCC. It provides guidelines, criteria and advice to organizations, with the aim of reducing their carbon footprint and greenhouse gas emissions.

Scopes 1,2 & 3: Scope 1 covers greenhouse emissions directly emitted by the Group's activities (including combustion emissions from stationary sources on sites, emissions from fuel combustion by Group vehicles, direct emissions from non-energy processes such as the incineration of VOCs, and direct fugitive emissions relating to refrigerant leaks).

Scope 2 covers greenhouse gas emissions related to the consumption of electricity, steam, compressed air and other sources.

Scope 3 covers other greenhouse gas emissions related to purchases of products used in industrial processes, and the transportation of goods and people, as well as indirect greenhouse gas emissions related to the use of Valeo products.

Sector technical glossary

ADAS: advanced driver assistance system

BEV: battery electric vehicle

EREV: extended range electric vehicle

EV: electric vehicle

ICE: internal combustion engine

NEV: new energy vehicle

PHEV: plug-in hybrid electric vehicle

SDV: software-defined vehicle

8.3 SAFE HARBOR STATEMENT

This document and the documents incorporated herein by reference contain statements which, when they are not historical fact, constitute "forward-looking statements".

These forward-looking statements include projections and estimates, statements regarding projects, objectives, intentions and expectations with respect to future financial results, events, operations, services, and product development and potential or future performance. They are based on data, assumptions and estimates considered to be reasonable by Valeo as at the date of this Universal Registration Document and should not be interpreted as guarantees that the facts and data stated will occur. Forward-looking statements can sometimes be identified by the use of terms or expressions indicating, in particular, anticipation, presumption, conviction, continuation, estimate, expectation, forecast, intention, possibility of increase, reduction or change or any similar expressions or by the use of verbs in future or conditional form. These terms or expressions are in no way the sole way of identifying such statements.

Even though Valeo's Management feels that the forward-looking statements are reasonable as at the date of this document, investors are put on notice that the forward-looking statements are subject to numerous factors, risks and uncertainties that are difficult to predict and generally beyond Valeo's control, which could cause actual results and events to differ materially from those expressed or projected in the forward-looking statements. Such factors include, among others, the Company's ability to generate cost savings or manufacturing efficiencies to offset negotiated or imposed price reductions. The risks and uncertainties to which Valeo is exposed mainly comprise the risks resulting from the investigations currently being carried out by the antitrust authorities as identified in the Universal Registration Document, risks related to the automotive equipment industry and to the development and launch of new products and risks due to certain global and regional economic conditions, environmental and industrial risks as well as risks and uncertainties described or identified in the public documents submitted by Valeo to the French financial markets authority (*Autorité des marchés financiers* – AMF), including those set out in the "Risk Factors" section of this Universal Registration Document. In addition, other risks which are unidentified or considered to be non-material by the Group, could have the same adverse impact and investors could lose all or part of their investment.

Forward-looking statements are given only as at the date of this Universal Registration Document and Valeo does not undertake to update the forward-looking statements to reflect events or circumstances which occur subsequent to the publication of this document.

Valeo assumes no responsibility for any analyses issued by analysts and any other information prepared by third parties which may be used in this document. Valeo neither intends to review, nor will it confirm, any estimates issued by analysts.

INCORPORATION BY REFERENCE

In accordance with Article 19 of Regulation (EU) No. 2017/1129 of the European Parliament and of the Council of June 14, 2017, the following information is incorporated by reference in this Universal Registration Document:

1. in respect of the year ended December 31, 2024: the consolidated financial statements, the parent company financial statements and the related Statutory Auditors' reports, as well as the review of the Company's financial position and other information relating to the Company's financial statements set out on pages 4 to 46 and 295 to 423 of the 2024 Universal Registration Document filed with the French financial markets authority (*Autorité des marchés financiers* – AMF) on March 29, 2024 under number D.24-0218;
2. in respect of the year ended December 31, 2023: the consolidated financial statements, the parent company financial statements and the related Statutory Auditors' reports, as well as the review of the Company's financial position and other information relating to the Company's financial statements set out on pages 4 to 47 and 322 to 463 of the 2023 Universal Registration Document filed with the French financial markets authority (*Autorité des marchés financiers* – AMF) on March 30, 2023 under number D.23-0200.

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