

TRAINER MATERIAL UNIT 3.1: INVOLVEMENT OF WRs IN CSR – MOTIVATIONS AND OBJECTIVES

The following agreement by the French automotive group Valeo serves as an example to demonstrate ways and outcomes of workers' representatives' involvement in CSR issues.

It can be accessed at: <https://www.valeo.com/wp-content/uploads/2016/11/valeo-agreement-on-corporate-social-responsibility.pdf>



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VALEO AGREEMENT ON CORPORATE SOCIAL RESPONSIBILITY

Valeo Group agreement on Corporate Social Responsibility,

Between:

The Valeo Group, whose head office is located 43, Street Bayen – 75017 Paris, represented by José Schoumaker as Group Industrial Relations Director,

And:

The European Works Council committee, represented by the following:

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The following is agreed:

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PREAMBULE

Valeo is committed to a sustainable development strategy aiming to ensuring the consistency of its economic, environmental and social targets. Thereby, in this agreement, Valeo aims to reconsider and unite all of the priorities for its Corporate Social Responsibility policy (CSR) at European level in this agreement to develop and define the principles of responsibility.

The Valeo Group bases its method of governance and its development on its values and bases its actions on socially responsible principles, in all European countries where it operates. The success of this ambition will require the extensive involvement of all Group players.

Social Responsibility relates to both relations between Valeo Group companies and their employees, and to relations with its customers, suppliers, sub-contractors and more generally, with local players and civil society.

The company prospers by creating value. The prospect of sustainable development increases loyalty to the company by encouraging customers to purchase its products, employees to remain, shareholders to invest in the company and suppliers to share Valeo objectives.

According to Central Management, Valeo employees are at the heart of the global success of the Group, and this requires the creation of mutually beneficial relations between all partners.

For this reason, the main lines of Group sustainable development policy are safety, wellbeing in the workplace, the protection of the environment, economic performance and dialogue with all partners.

This agreement aims to back-up the growing internationalisation of the Valeo Group in social terms, in accordance with its principles of Responsibility, its Code of Ethics, and its sustainable development policy, which aims to satisfy its partners in a balanced manner. This agreement is the outcome of a voluntary approach to promote social and environmental practices ranging far beyond legal and regulatory obligations.

In order to ensure balance with growth, economic profitability, social and environmental wellbeing, Valeo commits to the progressive implementation of the procedures and principles defined in this agreement and to integrating these elements in the policy of its subsidiaries at the different national and local levels within a reasonable period of time.

The European Works Council aims to contributing to the success of this policy, by encouraging the organisations represented within Valeo to participate in identifying and implementing means of reaching the targets defined in this agreement in a constructive manner, and to respecting company personnel and assets.

The signatories consider that this agreement on the Corporate Social Responsibility of the Valeo Group, the outcome of European-level negotiations involving all companies controlled by the Group, represents an opportunity to reinforce the collective

commitment of the Valeo Group to sustainable development and to contribute to improving social dialogue within the Group.

The Group aims to ensure its active commitment to universal principles for all Group companies, and its pragmatic commitment, via respect for cultural, social and economic differences in the implementation of the principles adopted.

Group companies will attempt to ensure they apply the best corporate practices existing in their business segment in their respective countries in compliance with local laws and rules and taking into account the available resources.

Based on these universal principles and commitments, each country must define the procedures for adapting and implementing best practices for its entities, in compliance with the principle of subsidiarity (i.e. depending on the economic, cultural, professional and regulatory conditions in the country in question).

I. SCOPE

This agreement applies to European companies controlled directly by the Valeo Group. Given the formal monitoring procedures henceforth inherent to this agreement, this document applies to Valeo Group companies and all companies where Valeo has a majority holding or owns at least 50% of capital, and those where Valeo manages operations.

The effective application of this agreement to the companies mentioned in the above sub-paragraph is subject to the explicit signature of this agreement by these companies.

In accordance with the principle of subsidiarity, the provisions of this agreement will be applied if compatible with local conditions. In the absence of legislation matching the international commitments of the Valeo Group, a convergence solution must be found on the basis of international law to achieve Group objectives in terms of sustainable development.

Group companies will strictly comply with national and local laws. Should national and local laws be more beneficial, the latter will apply.

In order to progressively generalise this agreement for all Group companies, Valeo will invite companies not included in its scope (i.e. non-European countries and joint ventures) to formally indicate their commitment to the agreement and progressively implement its content.

II. COMPLIANCE WITH UNIVERSAL STANDARDS AND VOLUNTARY COMMITMENTS

2.1. HUMAN RIGHTS

The Social Responsibility of the Valeo Group is part of the universal framework of international commitments guaranteeing respect for the dignity of individuals and fundamental social rights:

2.1.1 United Nations

- Universal Declaration of Human Rights (UN – 1948)
- Declaration on the elimination of discrimination against women (UN – 1967)
- Declaration of the rights of the child (UN – 1959)

The Valeo Group, via the "Global Compact" document, particularly commits to disclosing progress in terms of social responsibility at Group level to the United Nations on an annual basis. The Group thereby confirms its belief in the Ten principles of the Global compact of July 2000, included in the code of ethics. It commits, with the signatories, to promoting these principles with its suppliers.

2.1.2. Conventions of the International Labour Organization (OIT)

The Group confirms its compliance with the conventions of the ILO governing fundamental social rights:

- Elimination of discrimination in terms of equal remuneration and paid leave (Conventions no. 100 & 111)
- Minimum age and Worst forms of child (Conventions no. 138 & 182)
- Abolition of forced labour (Conventions no. 29 & 105)
- Freedom of association, right to organise and collective bargaining rights (Conventions no. 87 & 98)
- Protection of workers' representatives, union members, and rejection of anti-union discrimination (Convention no. 135)
- Rights and equal opportunities for workers of both genders with family responsibilities and for pregnant or breast feeding women (Convention no. 156)

Finally, the Group bases its actions on the OECD guidelines targeting multi-national firms, adopted on 27 June 2000.

2.2. ETHICS

The Group reconfirms its commitments via participation in working groups, but also and above all based on its Code of ethics, and its Sustainable development charter, whose priorities are listed below and explained in detail in part III of this agreement.

The Code of ethics

These universal commitments are included in the Group's code of ethics distributed to all employees. The code of ethics is based on the principles of action for Group companies in relation to stakeholders and principles of ethical behaviour, with the following articles:

- Respect fundamental rights
 - Abolish child labour
 - Encourage the employment of the disabled
 - Eliminate discrimination at work
 - Combat sexual and psychological harassment
 - Respect the health and safety of employees
- Supporting sustainable development
 - Respect the environment and improve its protection
 - Respect freedom of expression and corporate dialogue
 - Develop the potential of each employee
- Betterment of society
 - Participate in professional training programs
 - Encourage re-use and re- industrialisation
 - Encourage involvement in making the automobile a part of society
- Business ethics
- Respect fair competition

This code lays down essential common references applicable to all Valeo employees and which all managers and employees can refer to.

2.3. THE SUSTAINABLE DEVELOPMENT CHARTER

Valeo decides to commit to a sustainable development process for many years, in compliance with the principles of the Global compact of the United Nations, signed by the Group in 2004. This process integrates environmental responsibility, corporate responsibility and social commitment, aiming to meet the legitimate human, environmental and economic concerns of the various Group stakeholders: employees, customers, shareholders, suppliers, local communities and public authorities.

Valeo is committed to accepting its responsibilities in all fields, in compliance with national legislations and international treaties and agreements. In order to reconfirm this commitment, the Group has published a Sustainable development charter listing 15 principles, which must be complied with by all employees, and by suppliers and sub-contractors. The charter lists the following principles:

- Guarantee that our activities comply with applicable legislation and international agreements.

- Maintain industrial excellence and profitable growth for all our activities based on sustainable development logic.
- Ensure the satisfactory distribution and consideration of our Code of ethics on all Group sites and on the sites of our suppliers and sub-contractors.
- Deploy the environment management system under ISO 14001 and the health and safety in the workplace management system under OHSAS 18001 on all of our sites.
- Distribute Group guidelines to improve risk control and ensure that these guidelines are applied by sites.
- Improve the environmental and safety performance of our processes and products at each stage in their life cycle: procurement, manufacturing, distribution, transport, use and end-of-life.
- Optimise the transport of individuals and products in order to reduce greenhouse gas emissions.
- Limit the use of natural resources and encourage the use of renewable resources and energies.
- Eliminate the presence of substances, which are hazardous for the environment and health in our products and processes.
- Ensure the safety of individuals and items.
- Ensure diversity within teams at all levels.
- Encourage multi-functional positions and develop the skills of our personnel by offering training adapted to their requirements.
- Target an active contractual policy with social partners.
- Develop the know-how, appeal and local integration of Valeo, by encouraging long-term partnerships with local players.
- Promote the implementation of sustainable development policies on the sites of our suppliers and sub-contractors.

2.4. PARTICIPATION IN NATIONAL AND INTERNATIONAL BODIES

2.4.1 COSEI and the White Paper

In the same way, the Valeo Group pays close attention to compliance with environmental rules, but also to research and development aiming to produce more environmentally-friendly industrial products, via an executive presence within the COSEI (French Ministerial committee on Eco-Industrial strategy).

In September 2009, the Group published its white paper under the title "Zero emission vehicles". This document describes Valeo's vision of the future when it comes to the development of alternatives to combustion engine vehicles. This document reiterates that much progress and innovation is still required before zero emission vehicles become the norm.

The Valeo Group also stands out thanks to its active participation in international bodies on the basis of "Corporate competences volunteerism"

2.4.2. European Road Transport Research Advisory Council

Valeo is part of the *European Road Transport Research Advisory Council* (ERTRAC), the body in charge of guiding and consolidating the surface mobility research policy within the European Commission.

ERTRAC's remit is to explore opportunities for innovation in the field of European road transport and to issue specific recommendations, particularly based on industry, for European commissioners (Research, Companies, Competition and Digital Information). The European Commission takes the research of ERTRAC as the basis for decisions relating to investment in future road research programmes, aiming to deploy resources and technological guidelines encouraging the smartest and most secure means of transport with the lowest level of pollution.

2.4.3 International Transport Forum

Valeo is also a member of the Scientific Board of the *International Transport Forum* (ITF). The ITF is an intergovernmental organisation within the OECD. Its members are the transport ministers of all OECD countries, several countries from Central and Eastern Europe and ASEAN countries. The ITF aims to identify lines of work and priorities which must become focal points for the efforts and synergies of companies in these countries. Valeo was particularly active in highlighting the decarbonising of road transport and the need for all member countries to implement programmes to protect the environment. Valeo is a member of the advisory board along side of industrial players and transport systems (air, rail and maritime).

If necessary, Valeo is prepared to accept responsibilities in managing these bodies.

III. COMMITMENTS AND GUIDELINES ON SOCIAL, CORPORATE AND ENVIRONMENTAL RESPONSIBILITIES

3.1- RESPONSIBILITIES TO EMPLOYEES

The Valeo Group has always considered the health and safety of its employees as a priority. Good working conditions and the consideration of human factors are all permanent targets, in parallel with economic performance, the protection of the environment and customer satisfaction.

Signatories consider that the health and safety of the employees of sub-contractors are just as important as those of Group employees. These aspects are mentioned in article 3.2.1-7.

3.1.1. Health and safety in the workplace

1- Valeo Group companies will ensure that their investment projects do not compromise the health and safety of personnel and nearby populations from the design phase.

2- The Valeo Group ensures working conditions for all of its employees, which protect their health, their physical and mental integrity and their safety. The Group is convinced that wellbeing in the workplace is a key factor in continuous improvements for the health and safety of its personnel, professional expertise and improving performances.

3- The Group accords particular importance to safety training. Training programmes must be deployed in all Group companies. Employees must benefit from safety equipment adapted to their activity and be informed of rules and responsibilities in relation to their own safety, allowing them to individually ensure their own health & safety and those of their colleagues.

4- Actions intended to prevent professional risks will be taken.

The Group is applying a continuous improvements policy aiming to eliminate accidents, occupational illnesses and improve the control of risks with delayed effects (chemical, musculoskeletal disorders, psychosocial risks, etc.).

In 2007, Valeo launched a project known as "Wellbeing and effectiveness at work stations", which applies to both production and administrative workstations. The aim is to train local managers in how to identify at-risk situations and postures, particularly to prevent musculo-skeletal disorders.

5- For aspects where no social dialogue currently exists in relation to the health and safety of personnel, discussions will be launched between management and personnel representative in the companies in question, in view of determining the most suitable type of organisation for this permanent dialogue. Social partners will have access to available information, as necessary for this dialogue.

6- In addition, respect for individuals is a mandatory principle when exercising authority, in hierarchical relations (management and personnel representatives) and in all relations within Group companies. Excessive pressure and moral or sexual harassment is prohibited.

7- Valeo Group companies must create a working environment which encourages the safety and the physical and mental health of all types of personnel, irrespective of their tasks and the risks faced, in compliance with legal requirements in the country in question.

Health and safety results in the context of a continuous improvements policy will be measured using the appropriate indicators and personnel representatives will be informed.

Valeo aims to ensure "zero accidents. Valeo has made health and safety in the workplace a priority target by organising systematic audits (carried out by external consultants) to better assess and control risks in these fields. To prove its commitment, Valeo has adopted a certification policy based on the international reference OHSAS 18001 for all of its industrial sites.

Its aim is to obtain ISO 14001 and OHSAS 18001 certification for all sites by 2012.

3.1.2. Employees' ability to adapt throughout their career: training, mobility: Employability

Valeo evolves in a world, where financial, economical and technological changes occur faster, more in-depth and more intensely than ever. The company must therefore be quickly adaptable to remain competitive in a context which is less and less predictable. In these circumstances, the employability of employees must be developed.

1- The Valeo Group intends to recognise and encourage the ability of its employees to acquire and maintain the skills necessary to find and retain employment.

To this end, Group companies will attempt to allow their employees at all levels to access the following devices throughout their career:

- introductory sessions for new recruits,
- information on changes to their profession and structure, plus vacancies,
- continuous training preparing for new professions and new technologies,
- improved skills and career openings, in view of climbing the ladder and life-long training.

Employee integration and skill-based training reflects the Group's aim to develop in-house training in the field by involving local management, particularly to encourage multi-functional positions and multiple skills for operators

2- Skill management is part of strategic workforce planning assessing changes to professions and the requirements of companies. The Valeo Group encourages all employees to play a role in their own career prospects. To this end, the company ensures that employees can access appropriate information, enabling them to determine their contribution to the company, matching changes in their environment (technical, economic, relations, etc.).

The Valeo Group encourages employees to improve and adapt their skills via regular formal interviews between employees and managers:

- by according priority to listening and feedback (for example using the system for making proposals for improvements or assessing training),
- by assessing skills, results and potential for promotion (via annual interviews, or by assessing feedback on training),
- by considering possible career options to match an appropriate training program (for example via replacement plans).

The Valeo Group aims to generally organise individual annual interviews on the basis of these principles, with a predefined format, notified to employees and social partners.

The Group reiterates that all forms of training represent a key ingredient in successful and effective skill management. The Group will therefore ensure that training covers all professional fields.

3- The Valeo Group considers that mobility represents an asset for long-term Group cohesion and an opportunity for all those wishing to benefit from this type of opening. Mobility can be organised within and from all countries, based on the following criteria: skills, performance and potential, regardless of origin, gender, age or religion.

In order to manage the individual long-term satisfaction of employees, the Valeo Group commits to considering openings for personnel in terms of improving their skills or mobility based on their potential and interest.

If an employee is asked to accept mobility due to in-house changes or changes outside of the company, methods assisting with adapting to change and providing support will be preferred and targeted, at the right level and as early as possible.

If an employee requests mobility at his or her own initiative, each Group company will support this approach based on the skills and abilities of the candidate and the needs and limitations of the company.

The Group encourages internal, geographic and professional mobility to develop the employability of and to the benefit of its personnel. The Valeo Group considers that the independence and responsibility of all members of personnel are key aspects of its performances.

3.1.3. Social protection, particularly in terms of maternity, cover for occupational accidents, illness and retirement.

The Valeo Group ensures that its employees benefit from social protection in the event of illness, pregnancy or retirement, in compliance with laws, regulations and local practices..

3.1.4. Combating discrimination

1- The Valeo Group commits to combating all forms of discrimination and confirms its intention to respect diversity and promote equal opportunities. All Group companies will ensure equal opportunities in terms of recruitment, promotion, and career openings for all employees.

2- The Valeo Group believes in respecting the dignity of all and monitors 4 aspects in particular:

- Gender quality in the workplace: Group companies will undertake voluntarist initiatives on the basis of an inventory to ensure the absence of discrimination in career ladders, access to management positions and to equal levels of remuneration for equivalent tasks. Valeo aims to ensure that men and women in similar situations are treated equally within the Group. By forming partnerships with selective schools and some associations such as "Elles bougent" – association promoting engineering positions in the automobile and other transport segments with young women – and by participating in forums such as "Women in Leadership" – which aims to put companies and young female graduates with qualifications in business, finance or engineering, etc. in contact– Valeo intends to continue the recruitment of women, that could be found on the market, under permanent contracts.
- Integrating disabled workers: the Group will particularly ensure the application of a policy for the integration of disabled workers based on a voluntary approach to recruitment, specific integration initiatives and career support. Should a worker become disabled, or should a disability change, the Group will attempt to find the most appropriate solutions in terms of modifying the workstation or job.
- Origins (ethnicity, national, cultural, religion, family, etc.) must not be used as grounds to not recruit a person in any event. In the same way, no type of job may be reserved or prohibited for an employee due to his or her origins. This is how the Valeo Group developed its "recruitment kit", which represents a means of assessing applications based on objective criteria, exclusively relating to the professional competences of the candidates. The same applies for the annual assessment interview for engineers and managers: this interview has been standardised at Group level to allow managers to assess their teams objectively.
- Age-based diversity: The Valeo Group will encourage age-based diversity, particularly integrating access to employment for young people, the development of employability up to the end of the career, continued employment for "senior" workers and, overall, avoiding any discrimination based on age.

3- The Valeo Group will respect the union commitments of its employees, and will in particular provide protection against any type of discrimination breaching union freedoms. Close attention will therefore be paid to monitoring training, wage increases and the development of the careers of employees with union responsibilities or representing personnel.

In France, the Valeo Group particularly signed an agreement on career management for personnel representatives and unions (GCRPS) on 26 November 2002.

3.1.5. Planning ahead and social support for industrial restructuring

The Valeo Group commits to planning ahead for economic and industrial developments and their consequences in terms of human resources as far as possible.

The Group will particularly aim to apply the following principles in companies:

- Principle of planning ahead, based on:
 - The integration of social consequences in strategic decisions (investment decisions, restructuring, transfers),

- Upstream from decisions, actions targeting employees preparing and simplifying the necessary changes.
- Principle of social dialogue with the bodies representing personnel via the distribution of information and dialogue on economic priorities, the consequences of decisions and the satisfactory adapting of individual and collective support, and the monitoring of application.
- Principle of responsibility with regard employees and local economies, aiming to limit the social consequences for the employees concerned and the consequences for the economic balance of the territories.

Generally speaking, the Valeo Group will ensure that the social support provided in Group companies is among the best practices for the leading companies in the business segment for the country in question.

In the same way, VALEO commits to promoting stable and long-term employment. VALEO also commits to promoting the recruitment and training of the local active population.

3.1.6. Remuneration

VALEO ensures that the remuneration paid to employees is at least equal to the minimum conditions set out in national legislation or collective agreements. VALEO also ensures that wages paid are in line with market practices in each of its business segments.

VALEO guarantees that its wages and benefits policy is defined fairly, objectively and transparently.

3.1.7. The employee participation system for company results.

The performance of the Valeo Group depends on the work of its personnel. For this reason, the Group considers that social progress must match economic progress and that employees must benefit from the results of their company, the outcome of their hard work.

Signatories aim for an employee participation system based on company results, to complement basic wages, in some form, to gradually become general practice in all Group companies in Europe in compliance with national obligations.

In parallel, Group companies also organise an employee participation system known as "progress bonus" based on the operational efficiency of employees.

3.2 - RELATIONS WITH THIRD PARTIES

3.2.1 – Relations with sub-contractors and suppliers

1. The Valeo Group will use all means necessary to improve relations with third parties, and allow these parties to apply the guidelines and values central to its commitments.

2. Valeo Group companies will systematically require that the sub-contractors and suppliers they use provide quality services in compliance with applicable law and international standards. They will attempt to allow sub-contractors and suppliers and their employees to act on their behalf in optimised working and health and safety conditions for companies in the sector and country in question.

Group requirements will mainly relate to:

- Compliance with legal requirements,
- The health and safety of employees,
- Ethical behaviour with customers,
- The protection of the environment.

Generally speaking, relations with suppliers and sub-contractors must not lead to situations likely to endanger the ethical commitments of the Group and those defined in this agreement.

3- Group companies will implement the appropriate selection and assessment procedures for their sub-contractors and suppliers, meeting these requirements.

4- Sub-contractors and suppliers will be informed of these requirements. Any serious non-compliance, uncorrected after detection, will lead to the termination of relations with the sub-contractor or supplier, in compliance with contractual obligations.

5- More specifically with reference to the safety of the employees of sub-contractors and suppliers, the latter will be requested to monitor all working accidents.

6- Sub-contractors and suppliers must ensure that any suppliers they use for the operation in question comply with the requirements defined by the Valeo Group.

7- Valeo will demand that all of its suppliers, internationally, make commitments which are identical to those made by the Group in terms of sustainable development. Therefore, a document with the title "Valeo's requirements vis-à-vis its suppliers" was drafted and translated into 15 languages in 2007. Our suppliers must accept the content of this document and the fact that we may audit their installations on this basis.

3.2.2. Relations with customers

Valeo commits to respecting the CSR requirements of its customers in relation to the principles of the Global Compact and to passing their tests implemented to assess our conformity.

3.3 -PROTECTION OF THE ENVIRONMENT: COMBATING CLIMATE CHANGE AND PROMOTING ENERGY EFFICIENCY

3.3.1 - The environment.

The exercise of CSR requires the consideration of the environment for all of our activities, our products and use thereof by our customers and Group employees.

The fundamental commitments of the Valeo Group with reference to the Global compact from April 2003 are:

- Preventing and reducing pollution thanks to our competences and expertise,

- Defining a consistent framework for managing the environment, encouraging the application of subsidiarity by professional groups and subsidiaries,
- Encouraging the development and distribution of environmentally-friendly technologies, and more particularly promoting energy efficiency. These actions particularly aim to reduce CO² emissions,
- Monitoring the safety of installations for personnel and assets,
- Boosting the continuous improvements process for environmental performance,
- Providing tools to control the implementation of this policy and the monitoring at Group level.

By confirming the importance and contribution of the environment in Corporate Social Responsibility, the Group commits to discussing the definition of priorities and adapted solutions with stakeholders, ensuring the awareness of employees, customers, suppliers and service providers of the need to protect the environment, and consider the health of the local populations and personnel in its policy.

In addition, the Valeo Group commits to continuing its research, development, and innovation efforts in the fields of the environment, new technologies and safety.

3.3.2 - The environmental safety of our installations, our equipment and our processes.

The Valeo Group owns installations and equipment whose potential risks must be notified to the local populations using appropriate communication and signs.

Valeo aims to create new means with an impact on the environment reduced as far as possible.

In the context of its industrial activities, the Group uses or generates products or emissions likely to imply a risk of serious damage for humans or the natural environment. In view of this situation, Valeo Group companies will:

- Implement a continuous risk reduction and prevention policy.
- Implement a policy based on precaution, leading to voluntary anticipation and monitoring in scientific and technological fields in terms of risk-related issues for the activity of Group companies.

The Valeo Group is currently assessing these chemical substances based on the REACH (Registration, Evaluation, Authorisation and Restriction of Chemical substances) regulation, and attempts to limit use. Finally, the Group publishes a risk management manual and a sustainable development audit reference to assist site managers with handling environmental risks.

The Valeo Group also uses an Environment Management System (EMS), based on standard ISO 14001, implemented on the different production sites of the Group. The EMS involves all managers and trains the employees in question using the appropriate means.

On most other sites, environmental policies adapted to environmental priorities are applied locally and managers are assigned.

In addition, on all sites, the Group ensures that employees are aware of and understand environmental priorities.

3.3.3 – Environmental performances.

✓ Commitment to actions reducing the carbon footprint of and packaging consumed in logistics.

1- The activities of the Valeo Group generate significant transport flows and consume large amounts of packaging. To reduce the impact of these activities, Valeo has implemented in-depth studies aiming to identify new means of optimising logistics and environmental aspects. These studies focus on improving the upstream sub-contracting chain, optimising flows between the different sites, and improving coordination between order providers.

2- In order to globally assess its carbon impact, in 2009, the Valeo Group carried out an initial assessment of its carbon footprint aiming to assess its direct and indirect emissions, according to a life-cycle vision. Therefore, the Group has been able to identify which activities emit the most CO², providing a solid basis for targeting future efforts.

✓ Development of products reducing the consumption of vehicles

The reduction of CO₂ emissions has been one of the two main components of the strategy of the VALEO Group since 2009.

The Group has been committed to the protection of the environment and combating climate change for many years, by opting for the development of ecological products and systems. Recent Valeo innovations can reduce fuel consumption and CO² emissions by 20% when combined.

In July 2009, the European Investment Bank, in cooperation with the European Commission, accorded financing to the Valeo Group in the context of its RSFF (Risk Sharing Financial Facilities) funding programme. This financing is intended to support the expenses incurred in the context of research projects focusing on reducing fuel consumption and CO² emissions, and improving active safety. This loan was obtained subject to the application of high standards in terms of environmental policy. In October 2010, in the context of this same programme, the Group received additional financing; this financing once again reflected the recognition of the industrial commitments of Valeo in terms of reducing CO² emissions and green innovation.

✓ Reducing energy consumption and the production of waste.

1- The Valeo Group insists on reducing its total energy consumption in terms of both absolute values, and relative values.

2- Packaging represents a significant heading for the Valeo Group, as it is used to handle the different products in the range. Packaging is used to transport, store, protect and promote products. Valeo uses a wide range of types of packaging, mainly in paper/board, wood, plastic and metal. The Group has therefore attempted to reduce the use of packaging in recent years, and switch to the use of reusable packaging, and recyclable or recycled substances.

3- The Group applies a waste management policy. This policy involves reducing waste at source, sorting waste, saving substances by recycling and, finally, by eliminating waste in eco-friendly conditions.

4- Finally, the Group has made the reduction in the use of heavy metals one of its priorities, to protect the environment and the health of workers.

The Valeo Group aims to achieve "zero heavy metals" in coming years for its products. This target will mainly lead to continued technological efforts by R&D departments.

✓ Control of water consumption

1- The Valeo Group also aims to control its water consumption. To this end, the Group has defined targets for reductions, which must lead to an action plan for each site.

2- Reducing water consumption is paid special attention, particularly in regions where water is a rare resource.

3- Each Group site is encouraged to deploy techniques enabling additional reductions in water consumptions in coming years: identification of leaks, improved individual behaviour, replacement of cooling systems in an open circuit. Recovering rainwater and wastewater is another possibility to be considered on a case by case basis.

3.4 - GROUP SOCIETAL RESPONSIBILITY.

3.4.1 Relations with the regions.

The Valeo Group is an industrial player, which respects local realities and particularities wherever it operates. Its local partnership policy is based on providing support for the development of the regions and solidarity.

The Valeo Group is committed to contributing to economic and social development in compliance with applicable laws, regulations and standards in the regions where it operates:

- By maintaining regular dialogue with the communities affected by its operations; for example, via blood donation campaigns or donations for schools,
- By participating in support and development programmes for economic activities, in the context of appropriate local and international partnerships; for example by working with university hospitals (CHU) for the development of a new assessment system for ergonomic risks,
- By integrating the essential requirements of local communities via partnerships with governmental or non-governmental organisations, in the context of participation in humanitarian, environmental or solidarity projects; for example via participation in the cleaning of rivers,
- By organising real initiatives in favour of people facing employment difficulties or the integration of young people; for example via the integration of young adults facing difficulties or apprentices,
- By discussing good practices for local integration between Group entities.

3.4.2 Participation of the company and employees in charity initiatives.

1- The Valeo Group encourages the involvement of its employees in charity initiatives. The Group will encourage contributions by employees to voluntary charity initiatives

using the resources defined locally (time capital, donations of equipment, etc.), either with associations or institutions. This mainly refers to:

- Explanations for the processes used on plants, in the context of partnerships with schools or targeting local populations.
- Sports or cultural initiatives (tournaments, exhibitions, etc.)
- Other types of voluntary actions in consistency with Group recommendations in this field.

2- With reference to the main humanitarian and charity causes, partnerships may be organised with national and international associations or bodies in consistency with Group recommendations in this field.

Among other elements, the Valeo Group particularly provides support, at Group level, for the Garches foundation, which aims to improve the independence and re-integration of the disabled.

3.5 - ECONOMIC RESPONSIBILITY OF THE GROUP.

3.5.1. Business ethics within the company

In terms of conduct in business, the code of ethics defines behaviour to be ruled out in the context of relations with customers, service providers and suppliers.

Professional conduct ethics define the obligation for confidentiality, the protection of Group assets, loyalty and the requirement to avoid situations with conflict of interest, and compliance with the laws and regulations applicable in all countries where Valeo operates, including respect for the rights of competitors and the fight against corruption.

3.5.2. Relations with shareholders

Valeo intends to provide regular, exhaustive and precise information to shareholders in real time.

- ✓ Relations with individual shareholders, including employee shareholders

Valeo has created 4 communications tools for its individual shareholders:

- a free phone number to obtain information on changes in Stock market values and the organisation of the General Shareholder Meeting.
- a web site www.valeo.com. This web site includes a Financial relations section, which provides information on the Stock market and shareholders in real time. All financial publications are also available on this site. The site can also be used by internet browsers to ask financial questions of Group speakers.
- A shareholder newsletter published twice annually
- Société Générale manages securities held by individual shareholders and provides an information platform on securities.

- ✓ Relations with institutional shareholders

The remit of the Group Financial relations division is to inform all investors and their advisors. Information will focus on strategy, products, notable facts, financial targets and the resources used to achieve these targets.

3.5.3. Remuneration of personnel representatives

The Valeo Group ensures transparency for the remuneration of personnel representatives. The annual report includes total remuneration and benefits of all types accorded to personnel representatives during the period.

3.6 - INFORMATION AND DIALOGUE.

3.6.1 Sharing information.

The Valeo Group considers transparency as a basic principle for its internal and external relations. In compliance with legal, commercial and strategic confidentiality requirements, the Group will provide reliable, quality and updated information on its operations and results to social and economic players and public authorities.

3.6.2 Dialogue between employees and managers.

1- Signatories aim to maintain dialogue between managers and their teams, simplifying the sharing of information and the involvement of employees in changes and the development of their company and the Group.

2- Within the Valeo Group, all employees must be able to discuss assessment criteria for professional achievements, training and their future career with their managers at regular intervals (annually is the recommended good practice).

3.6.3 Social dialogue.

1- The Valeo Group will respect for the autonomy and the independence of unions in compliance with applicable legislation and regulations. The Group will recognise official unions representing personnel within the company as contacts and partners, according to national and international rules, particularly for collective bargaining procedures.

2- All employees within the Valeo Group must have the right to join a union, elect and be elected as a representative, and exercise recognised union rights, in compliance with applicable legislation and regulations. As indicated in article 4 of this agreement, employees may not be penalised in their career due to union commitments or representation.

3- Social constructive dialogue between employers and personnel representatives must be the priority means of handling issues affecting the interests of the company and employees, preventing conflict, ensuring the quality of the working atmosphere, and applying this agreement.

4- The signatories will maintain constructive dialogue, and consider the different cultures enriching Group companies, and ensure that information is distributed appropriately in accordance with national practices and legislation.

IV. IMPLEMENTATION AND REPORT ON THE APPLICATION OF THE AGREEMENT

4.1- APPLICATION.

1- All signatories agree to notify Group employees of this agreement using their own vectors of communication.

This agreement will be translated into the language of the countries where the Valeo Group operates in Europe.

The Valeo Group will organise specific communication intended for managers to ensure that they inform their teams of the implementation of this agreement and support the process.

The Valeo Group will inform its sub-contractors of the existence of this text, and particularly the principles applicable for sub-contractors.

The Valeo Group makes a commitment to notify this agreement to employee representatives of legal entities within the scope of this agreement (article I).

2- In compliance with the principle of subsidiarity, all companies will progressively implement the agreement and define the procedure for application, based on the different economic, professional, geographic and cultural situations and on obligations according to laws, regulations, conventions and collective bargaining in the countries in question.

This agreement is applicable to all of the operations of the Valeo Group at European level, and reinforces and extends the social practices of the Group, and is not intended to replace or interfere with local dialogue or bargaining.

3- The Valeo Group supports and encourages its partners, sub-contractors and suppliers to integrate this agreement in their own company policy. This agreement is indeed considered as a beneficial basis for mutual long-lasting relations.

4.2- INTERPRETATION OF THE AGREEMENT.

This agreement reflects the signatories' intention to promote exemplary behaviour in the context of social Responsibility.

In order to anticipate for and solve any difficulties which may arise in relation to the interpretation or proper application of the agreement, on a preventive basis, it is agreed that all employees may contact their senior managers, the Human resources Direction, a union representative, and/or a personnel representative for the assigned company, without being subject to prejudice on this basis. If, despite this provision, no solution is found to the difficulty, the Group Industrial Relations Directors may be contacted for follow-up. An overview of questions transferred to the ethical delegate will be presented to the committee during annual reports of the EWC, in compliance with rules on confidentiality. The follow-up committee will comprise all members of the European Works Council committee.

4.3- MONITORING AND REPORT ON APPLICATION.

In view of the application at the level of each company, monitoring and the report on the agreement will be organised at two levels.

On the one hand, each company in question will organise its own annual report in the context of a specific meeting between the representatives of management and the union organisations or, should this not be possible, the representatives of employees, in adapted dialogue conditions.

On the other hand, at Group level, the following provisions apply:

- Specific monitoring will be organised by the European Works Council (E.W.C.).
- The E.W.C. will ensure the conditions for the implementation of the agreement, report on application and assess results. In this respect, the signatories agree to establish a report during the E.W.C. of July following the signature of the agreement, in order to determine which indicators could be the most pertinent in complement to the one's already communicated through the annual report of the company, assess initial implementation and prepare the annual report meeting.
- A presentation of the report on the application of the agreement will be organised each year. This report may be distributed appropriately in the sustainable development section of the Reference Document and the activity report. The Valeo Group is convinced that it is essential to provide pertinent, consistent and reliable information on its extra-financial performance.
- At local level, the procedures for monitoring and checks will be defined by each company in question. Social partners will be included in these procedures. However, these procedures must be based on an annual written report as a minimum. The report will be transmitted to the Group Industrial Relations Director in charge of monitoring the CSR agreement prior to integration in the annual internal report on the implementation of the agreement at Group level. The companies in question will work on all of the chapters of this agreement for the duration of the agreement, and, on an annual basis, specifically on the priorities adopted at Group level and on their own local priorities.
- The report on application will be presented at the European Works Council each year.

4.4- ACCESSION TO THE AGREEMENT

In order to progressively generalise the text of this agreement for all Group companies, Valeo will invite companies not included in its scope (i.e. non-European countries and joint ventures controlled by Valeo) to formally indicate their commitment to the text of the agreement and progressively implement its content.

This commitment will be made by the non-European companies in compliance with the principle of subsidiarity (i.e. depending on the economic, cultural, professional and regulatory conditions in the country in question).

It will be formalised by a commitment of accession written and signed by the legal representative of the concerned companies.

V. VALIDITY OF THE AGREEMENT

5.1- FINAL PROCEDURES.

This agreement will take effect from signing for a period of **4** years.

In the year preceding the expiry date of the agreement, and 3 months prior to expiry at the latest, the signatories will meet to draft a joint report on the application of the agreement, in view of possible renewal.

Each signatory may terminate this agreement by registered letter with acknowledgement of receipt, with notice of six months.

This agreement will be translated into each of the main languages of the European countries where the Valeo Group operates. In addition, only the French version will prevail between the signatories.

The European Works Council committee alone is liable for issues relating to the interpretation of this agreement subject to the Social Responsibility of the Valeo Group.

AGREEMENT SIGNED AT PARIS ON 10/07/2012

José Schoumaker, Industrial Relations Director, Valeo Group

Axel Dorscht (I.G. Metall), THS Rodach, Germany;

Ricardo Pina Moreno (FM / CCOO), PTS Fuenlabrada, Spain;

Philippe Wattebled (C.F.D.T.), CDA Abbeville, France;

Marc Poggi (CFE-CGC), VIS Châtellerault, France;

Grzegorz Szelag (NZZPVP), PTS Czechowice, Poland;

Patrice Busiau (FGTB), VIS Le Hainault, Belgium;

Csaba Hoffer (VASAS), CDA Veszprem, Hungary;

Dean Farragher (SIPTU), CDA Tuam, Ireland;

Mark Rainbow, THS Sunderland, The United Kingdom.