



May 2009

Communication in Progress - Global Compact -

Fully focused on the design, production and sale of components, systems and modules for automobiles and trucks, both on the original equipment market and the aftermarket Valeo is an independent and international industrial group.

The company ranks among the leading worldwide suppliers.

The Group's sole sector of activity is automotive supply. At December 31, 2008, the Group employed 51,200 people at 121 production sites, 61 Research & Development centers and 10 distribution platforms in 27 countries.

Valeo applies its profitable growth strategy in line with a policy of sustainable development.

More specifically, Valeo is active in **3 domains** which all contribute to the concept of sustainability in the automotive industry:

"Driving assistance", which groups together all lighting, wiper and electronic detection system, aims to improve **safety** on the road.

"Powertrain Efficiency" enhances vehicle performance and driving pleasure, by reducing **fuel consumption and pollutant emissions**.

"Comfort Enhancement" concentrates on developing systems for improving the **safety, access, comfort and well-being** of all vehicle occupants.

Since 2004, Valeo participates to the UN Global Compact program. As a participant, Valeo has decided to increase its commitment and policy relating to the "ten commitments".

Over the past three years, Valeo has made significant progresses and took several commitments on these matters.

Please find hereafter some of Valeo's noteworthy procedures and actions implemented or pursued in 2008

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1. Social/ Societal

1.1. Social and Societal commitments : Follow up at Group level from 2008

For years, Valeo decided to promote the respect of several rules regarding sustainable development, most of which are included in our Code of Ethics (whose new version was drafted during 2004 and implemented worldwide throughout 2005).

Furthermore, in 2008, Valeo decided to measure the level of our commitment in order to

- know what we do and the areas we have to improve
- know where we stand compared to our competitors
- set new targets

The Group wants to identify and highlight concrete actions as Valeo's world is full of disparities. We want to catch sustainability where it is pertinent and appropriate:

- ▶ at shop floor level:

The Group needs to be informed not only about worldwide and national initiatives, but also of local initiatives. We aim for a real "bottom-up information".

Therefore the Group has invited all National Human Resources Correspondents to report on what has been done in the country for which they are Human Resources Coordinator and specify what progresses have been made annually.

This communication was done as a test for the first time in April 2008 and renewed in December 2008 and again in spring 2009 to follow up all initiatives done from January 1st until December 31st 2008.

This survey is called "one plant one initiative", the idea behind the motto being that sustainable development is happening everywhere.

It appears from these collected data for 2008, that Valeo potentially acts within a local perimeter as an Institutional support/ Service, a corporate sponsor, a promoter of Culture, an assistance for transport, an health contributor, a promoter of Education, a sponsor for Housing....

Example

Following information received about the period from January 1st until December 31st 2008:

- main social initiatives include : defining medical prevention programmes, organising vaccination campaigns, setting up or improving transport services (including promoting car pool); organising sports activities for employees
- main societal initiatives include: organising blood donation campaign, donation programmes (for short term issues such as natural disasters or long term issues) and building partnerships with Universities

1.2. Internal/ external Communication

Following identified need to reinforce the adhesion of employees to social and environmental policies of the Group, the Department of Internal Communication has worked in 2008 on promoting Sustainable Development

1.2.1. Intention announcement: Leaders Meeting

On January 22nd, 2008, the Group held its “Leaders Meeting”, which is a gathering of the 350 worldwide major Managers.

This meeting held a special focus on Sustainable Development, as its program was the following:

- Introduction to social and environmental responsibility
 - Presentation of key environmental indicators for Valeo: energy consumption, water consumption, packaging consumption, COV, CMR
 - Benchmark: CO2 emissions by sectors
 - Examples of environmentally friendly production sites and industrial processes
 - Valeo's global targets in terms of environmental indicators
 - How Valeo is “Green by nature”: leading supplier company which is contribution to “green” the car through its environmentally friendly products
 - Global environmental improvement levers (automotive supplier sector)
 - Analysis of improvement levers (for Valeo)
- Environmental challenges for Valeo
- Introduction and presentation of the REACH program at closure level
- Safety at work and ergonomics

The performances of the Group and the expectations for the years to come were also discussed.

On April 1st 2008, Sustainable Development was also on the agenda of the “Human Resources Convention”, which is a gathering of the worldwide major HR Managers.

The two main objectives were to :

- responsabilize the HR Managers about the important role they had to play regarding equity between men and woman
- discuss the social and societal actions being implemented within the different plants throughout the world

1.2.2. “Leo”: creation of an internal communication tool to promote sustainable development internally

To succeed in having Social and environmental responsibility as a corporate priority and ensure that each employee has in mind this objective, appeared the need to better promote Sustainable Development internally.

“Leo”, a comics character dedicated to internally promote social and environmental responsibility, was therefore created and now accompanies Valeo employees on these issues.

The two main messages that Leo conveys are:

- Everyone has a role in Sustainable Development
- Sustainable Development is a day to day priority

Leo appeared for the first time internally during the Leader's meeting held on January 22nd, 2008 and is now used on a regular basis;

1.2.3. Publication of a Sustainable Development Charter

To reaffirm its commitment in honouring its responsibilities in all the Sustainable Development areas (that is environmental responsibility, corporate social responsibility and commitment to society), the Group has published in 2008 a Sustainable Development Charter outlining 15 principles to be respected by all employees, as well as suppliers and subcontractors.

<p>The 15 principles of the Sustainable Development Charter</p>	<p>Guarantee that our activities comply with all applicable legislation and international agreements.</p>	<p>Maintain the industrial excellence and profitable growth of all our activities in a manner that is compatible with sustainable development.</p>	<p>Ensure that our Code of Ethics is distributed and applied at all of the Group's sites and by our suppliers and subcontractors.</p>
<p>Deploy the ISO 14001 environmental management system and the OHSAS 18001 occupational health and safety management system at all of our sites.</p>	<p>Distribute Group directives that aim to improve risk management and make sure that they are understood and implemented by the sites.</p>	<p>Improve the environmental and safety performance of our processes and products at every stage of their life cycle: supply, manufacturing, distribution, transport, use and end of life.</p>	<p>Optimize the transportation of persons and products in order to reduce greenhouse gas emissions.</p>
<p>Limit the use of natural</p>	<p>Eliminate</p>	<p>Protect the safety</p>	<p>Ensure the diversity</p>

resources and encourage the use of renewable resources and energies.	substances that are hazardous for the environment and health from our products and processes.	of people and property.	of our teams at every level.
Encourage flexibility and develop our employees' skills by proposing training programs that meet their needs.	Pursue an active and contractual labor relations policy.	Develop the local know-how, appeal and presence of Valeo by encouraging durable relationships with local partners.	Promote the implementation of sustainable growth policies by our suppliers and subcontractors.

The Sustainable Development Charter is available on the Group website:

<http://www.valeo.com/en/home/the-group/sustainable-development.html>

A new section, dedicated to Sustainable Development has been created both on the Valeo website and on the intranet.

1.2.4. Sustainable Development in “Valeo Info”

In the in-house magazine named “ValeoInfo”, which is published every quarter and distributed to all employees around the world in 12 languages, sustainable development has been clearly emphasized as a priority. This large circulation enables the Group to communicate every quarter with all its employees and to send them specific messages. The April June 2008 edition is dedicated to corporate responsibility and sustainable development.

As part of its global Sustainable Development commitment, Ethics are regularly mentioned in ValeoInfo. This edition of ValeoInfo dedicated a full page to Ethics: “Ethics: Valeo leads the way”.

This page included: an article summing up Valeo’s commitment, actions and tools; an interview of a member of the HR network pointing out her role when it comes to Ethics; a reminder of the ten principles of the Code of Ethics.

This edition includes Valeo’s actions towards a production that would respect the environment, the fact that Valeo intends to remain a leader in the promotion of Ethic and try to determine our next targets.

1.2.5. HR network: implementation of a Guideline in France against violation of Ethics and integration of Ethics in the annual appraisal process

- Implementation in France of a Guideline against violation of Ethics

The importance attached to Ethics within the Group led the Group HR Vice President, Michel Boulain, to implement a Guideline in France against violation of Ethics. This Guideline is defined for the HR Network, in order to ensure that each manager of the HR network knows how to react and behave in case of a complaint regarding violation of Ethics. Currently in force regarding alleged violations about sexual or moral harassment, this Guideline is meant to be enlarged to the full perimeter of the Code of Ethics.

- Integration of Ethics in the annual appraisal process

In order to ensure that the importance of Ethics is properly deployed within the Group, Valeo has decided to define a managers' evaluation procedure, following which a manager who does not display understanding or personal values compliant with Valeo values/ behaviours will automatically receive the lowest evaluation possible (performance C).

The idea is that the level of performance of each individual is systematically weighted by his commitment to Valeo values : from A performance (which is the notation given to an individual with an exceptional economical performance despite an unfavourable environment and who demonstrates a behaviour favourable to mentality evolution, including in terms of diversity) to performance C (poor economical performance or behaviour not respecting Valeo values).

Ethics being a must have amongst the Valeo values, a manager demonstrating behaviour not compatible with the Code of Ethics receives automatically the lowest evaluation. Such a performance requires an improvement performance plan in order to demonstrate a significant improvement in a defined time schedule.

1.2.6. Suppliers: sustainable developments

As specified by its new Code of Ethics, Valeo further tightened the requirements imposed on its suppliers in terms of labor rights and environmental protection.

Since January 2008, each of Valeo's suppliers (2750 suppliers worldwide) has received a request from the Group asking them to commit to respecting the "Valeo Suppliers Rules" which includes commitments regarding Ethics, non discrimination, child labour... Those who did not answer receive regular reminders as a close follow up of replies is being made.

891 suppliers signed the Code of Ethics in 2008. In February 2009, 956 suppliers have signed the "Valeo suppliers Rules", that is 37,5% of the suppliers total amount.

Any supplier refusing to sign the Rules risks to be taken out of the Group panel.

All our new suppliers obtain a communication of our Code of Ethics when they ask for being referenced.

1.2.7. Valeo was present at “Planète Durable”, Paris’ first sustainable development fair

Planete Durable, the 1st exhibition 100% dedicated to sustainable development for all, took place from the 10th till the 13th of April 2008. Planete Durable was the unique venue for all dedicated to sustainable consumption at a time when individuals strive to sharpen their social and environmental conscience.

Therefore, the Group, which is dedicated to enabling a better automotive world, was present at the venue as it has developed a variety of technological solutions which, when combined, can provide fuel savings of up to 40% (Powertrain Efficiency Domain).

Valeo is also presenting, within its Comfort Enhancement Domain, its range of high performance filters designed to improve the quality of cabin air and the well being of vehicle occupants.

The Group, in line with its longstanding commitment to environmental protection, has chosen to produce environmentally friendly products and systems, while ensuring cleaner factories and manufacturing processes. Valeo’s participation in the “Planete Durable” show further demonstrates its mobilization in favour of this cause.

1.2.8. Contribution to the promotion of Ethics/Sustainable Development in the Automotive World

As Valeo had decided to define an internal tool regarding Sustainable Development auto evaluation, the Group found extremely interesting an initiative led by the French Federation of Automotive Suppliers (FIEV).

On December 2008, the French “FIEV” issued a Guide on how to evaluate and improve a company’s commitments in Sustainable Development subjects.

Valeo participated in the drafting of this guide, and especially in the drafting of the part relating to social and societal initiatives. Therefore, when it came to describing the best practices to be implemented in any company in relation with Working Conditions, Ethics, training, health, safety.... we contributed by describing all the ones we implemented throughout the years.

The idea behind the creation of this Guide is the conviction that sharing best practices in the field of Sustainable Development is in the common interest of all in order to help the Automotive Industry improve in that area.

The objectives of the Guide are to give ideas and opportunities to the automotive suppliers wishing to initiate or to improve social and societal initiatives. The Guide

published in December 2008 is the result of an 18 months work, as its writing started in June 2007.

1.2.9. Donation- China 2008 Earthquake

Although Valeo does not have a site in the affected area, the Group has decided to take a clear societal position in donating a substantial financial help to Chinese Red Cross (cf. attached letter)

As far as Valeo is concerned, our 11 plants in China meet the most up to date anti seismic requirement, as all our plants in potential seismic zones.

1.2.10. Employees well being improvement through training

In 2008, Valeo's effort in training was pursued, as was the trend to do more and more short training on the workstation, during working hours.

Valeo kept improving the numbers of trainees between 2003 and 2008:

- In 2003, 46 664 trainees, 75% of registered headcount
- In 2008, 40 730 trainees, 82% of registered headcount

As Valeo intends to improve work conditions and it appeared that wrong postures in Ergonomic are a real improvement source, Valeo decided to launch a specific worldwide training action in Ergonomic.

A specific training module, potentially accessible to each employee either from his work station or from an e learning dedicated room, was defined and implemented throughout 2008.

This training objective is to drag attention on all the most ergonomically risky postures and entitle the trainee to ergonomically evaluate his workstation with his manager's help. The initial documentation was launched in all the languages spoken within the Group. The training module was available in 7 languages at the end of 2008 (English, German, French, Spanish, Portuguese, Chinese and Polish).

The objective for 2009 is to translate this training in 4 more languages, which would enable the program to be potentially accessible to more than 90% of the employees in their mother tongue.

1.2.11. Garches: 10th anniversary of an important collaboration

2008 was the tenth anniversary of the "Fondation Garches". In Garches, France, Valeo is contributing to the development of the wheelchair test and selection center run by the "Fondation Garches". Valeo is a founding member of the "Institut Garches".

Created in 1988, the institute became a foundation in May 2005 devoted to the mobility and professional and family integration of people suffering from motor handicaps. The foundation federates a broad network of doctors; associations specialized in motor handicaps and managers from partner companies.

Valeo works hand in hand with the professionals from the wheelchair test and selection center. Numerous innovations designed for the automobile can be applied to wheelchairs and the Group's research programs can help to develop new equipment. In addition to its existing financial sponsorship program, in 2007 Valeo set up a skills sponsorship program that aims to build technological bridges between the automobile and wheelchairs.

The Group's Research and Development Department has launched a technological innovation program that aims to install an obstacle detection system onboard a wheelchair. The goal is to enable people who occasionally lose control of their movements to use a wheelchair and to benefit from a certain degree of mobility. Valeo has proposed to adapt ultrasonic sensors that warn occupants of the presence of obstacles and can slow down, or even stop, the wheelchair. Research began in 2007 and was pursued in 2008. It should enable numerous patients to benefit from significant progresses.

1.2.12. Valeo's booth on the French auto show in October 2008 : an improvement in the field of safety

On the french auto show 2008 in Paris, Valeo exposed two new technologies with a clear sustainable development impact:

- the rear lighting of the new Volvo XC60 features its new MicroOptics™ technology. This technology offers a unique **lighting and signaling** style, using a new optical surface that spreads light uniformly. MicroOptics™ can diffuse a fully configurable light source. The light from just a few LEDs, for example, can be evenly spread across a very large area, such as rear lighting.

- **360Vue™**, a new solution based on multicameras, offering 360° vision around the vehicle. The driving assistance systems act as virtual co-pilots, assisting the driver's own eyes. Based on its full range of radar, ultrasonic and camera surveillance systems, Valeo offers solutions that monitor the vehicle's environment and provide the driver with 360° vision thus enhancing safety and driving comfort during low-speed maneuvers. When the cameras are linked to ultrasonic sensors, the system detects obstacles and precisely measures distances, while a network of cameras monitors the vehicle's

surroundings, making maneuvers that are hazardous due to poor visibility, such as reversing or crossing a dangerous junction, much safer.
The first vehicle to be equipped with this system was available late 2008. Other vehicles for various automakers will follow in 2009.

1.2.13. Involvement within the strategical Committee of the eco-industries

In July 2008, Valeo has been known to play a role in setting up the Eco Committee Strategic Industries (COSEI). Upon the initiative of the French Minister of Industry and the Minister of Environment, the French agency for Environment and Energy Management (ADEME) and the French Agency for Standardization (the AFNOR) the Committee is given to bring together private and public partners to deliver the objectives of environmental performance of industries have a key role in this respect in their industry. Three work groups were established, one on innovation, one on small and medium enterprises and a third on rules and regulation; Jean-Luc Di Paola, Chief Delegate of Valeo Group was nominated President of this third working group. Michelin, Rhodia, Veolia, EDF Energies Nouvelles, Saint Gobain, Schneiders Electric, Legrand and many other small and medium enterprises were involved in the working group.

For 2008, conclusions respecting objectives and timelines have been delivered:

« Members of working group rules and regulations of "COSEI" focused on the question: how to change the regulation and standardization to enhance the performance of environmental industries? Group members have sought ways to improve regulations and standards in order to ensure that regulations rhymes with regulatory competitiveness of French companies and specifically eco industries, to set the technology standards that will become international standards, to help French companies to take strong positions on the world market, and to ensure that environmental rules are applied fairly in the international level

Group meetings and inputs received from the Working Group meetings have resulted in:

- 1. identifying the conditions for success of french regulatory standards projects,*
- 2. listing of concrete proposals for improving the effectiveness of the French rules and regulations,*
- 3. to gather proposals for emblematic actions on sectors with high potential.*

The opinions expressed by participants in the working group on rules and regulations of COSEI suggests several ways of making the regulations and rules an asset within the development strategy of eco enterprises. The result is 26 proposals grouped in five themes:

- Creating a regulatory strategy through objectives and regulating means*
- Improve companies involvement in standards bodies in the national territory*
- Adapting the French administrative organization to promote effectively french rules and regulation projects at European level*
- To prevent and correct the distortions of competition*
- to gather on French and European level, proposals for emblematic actions on sectors with high potential.»*

These findings, presented to current Ministers of the environment and the industry have been fully taken and submitted to the Council of Ministers of Industry and Environment in Lyon on 03 December 2008. The European Commission noted the innovative and progressive nature of this proactive process, that will be monitored both at European and French level. In the next "COP", we will show the achievements and deliverables of this action, which follows its course. Valeo has therefore been recognised in its role of

initiator and developer of environmental technologies in the automotive industry. It is this pioneering approach that stakeholders wished to implement in other industrial sectors (construction, transport, energy ...)

2. Environment

2.1. ENVIRONMENT WITHIN THE WHOLE PRODUCT LIFECYCLE

Valeo looks at performance from a life cycle standpoint covering products all the way from the design phase, through the manufacturing, use and end of life phases

Valeo must seek to reduce its consumption of raw materials, natural resources, hazardous substances and energy, as well as to decrease its emissions of CO₂. Valeo must rise to the challenge of making its processes and its buildings more energy-efficient and seek to make growing use of renewable energy sources. These challenges apply just as much in the product design phase as they do in the upstream production and transport phases.

As previously mentioned, a Sustainable Development Charter was drawn up in 2008 to respond in particular to the environmental issues. This Charter sets out Valeo's commitments for improving its environmental performance.

2.1.1. Reconciling the car and the city

Valeo is also contributing to the debate on reconciling the automobile and society.. In 2008 the first two Valeo forums brought together car makers, parts suppliers, public authorities, urban planners and users for discussions on the topics "Cars and cities" and "Safety: can technology do everything?".

2.1.2. Use of natural resources.

In 2008, Valeo's senior managers examined the Group's environmental responsibilities on the occasion of their half-yearly meeting. Concrete performance targets were set for a three-year period 2008-2010; these targets resulted from a work on consolidating and comparing performance at the Group's sites.

Group senior managers were made to understand the importance of achieving four major objectives:

- reducing consumption of water
- reducing consumption of energy
- reducing use of packaging materials
- producing less waste.

2.1.3. Compliance with Reach Regulation

To meet the requirements of the REACH Regulation, Valeo set three objectives for 2008:

- Implement a dedicated REACH organization;
- Ensure that Group procurement is compliant;
- Implement special handling of chemicals identified as "substances of very high concern" in the list published by the European Chemicals Agency on October 28, 2008.

A tracking system was set up within the Group to monitor all of this data comprehensively and in full detail across the entire relevant scope.

Valeo's objective is to be able to trace the presence of these substances in any products bought or sold by the Group. To this end, in 2008 Valeo proactively asked questions of its suppliers regarding SVHCs. Thus, when the list of substances requiring authorization is released, Valeo will have a head start on drawing up action plans for satisfying the requirements of the Regulation and the requirements of its customers.

Since the inception of the database of banned and regulated substances in 2001, Valeo's use of heavy metals has fallen dramatically. Between 2007 and 2008, it declined by 21% measured in proportion to sales. Technical solutions to further restrict the use of heavy metals continue to be identified and implemented. For example, the San Luis Potosi site (Valeo Wiper Systems) has limited its use of leaded solder, and the Madrid site (Valeo Wiper Systems) no longer uses chromium 6.

2.1.4. Optimized logistics and packaging

On the transport front, Valeo has initiated a fundamental study aimed at identifying new solutions for logistic and environmental optimization. The transport study conducted in 2007 compiled results for 30% of the sites. Valeo found that 50% of its sites' CO₂ emissions came from transport.

In 2008 Valeo followed up on this finding by working directly with the transport companies, some of whom had systems to calculate their emissions. Carriers were sent a Valeo questionnaire on this subject, to indicate their objectives and practices as to choices of mode (road, rail, inland waterway, air, sea)

Valeo continues to work with the carriers so that ultimately it will be able to meet its objective of knowing where it stands in the fight to reduce the transports environmental impact.

2.1.5. Continuous improvement of all plants

To demonstrate its commitment to do better every year on reducing its environmental impact and improving the health and safety of its employees, Valeo has introduced a number of independently certified management systems.

Since 1998 Valeo has been expanding ISO 14001 certification to all of its majority-owned sites as well its R&D and distribution facilities. At year-end 2008, 108 sites, or 88% of all Valeo sites, were ISO 14001 certified.

The deployment process for OHSAS 18001 certification began during 2005. In 2008 the project gained scale as 11 new sites became OHSAS 18001 certified, raising the total to 76% of all sites.

To foster continuous improvement, a risk management self-assessment tool for sites was developed. This effective management tool provides each site with an assessment of how well it is containing its environmental, health and safety risks.

2.1.6. Regular checks on compliance with regulations and Valeo standards

Valeo's risk management policy is set out in the Group's Risk Management Manual and in Application Guides for use at the sites. The risk management procedures are focused on ensuring that operations comply with Group standards and the regulations in force in each country.

This entails regular inspections by independent external consultants, at the request of the Risk Insurance Environment department.

Numerous societal initiatives have been undertaken at Valeo Group sites. We report here a few examples:

- Health, prevention and education: the Itatiba site in Brazil has established a medical center offering employees periodic general medical examinations.
- Humanitarian aid: the San Luis Potosi site in Mexico and the Troy site in the United States organize drives to collect clothing and toys for orphans. Collections are also organized to provide food and water aid to communities stricken by natural disasters and to schools with limited resources.
- Environmental protection awareness: the Créteil site in France distributes the green paper produced by the French environmental agency, ADEME, to all employees in order to raise awareness of everyday actions, at work and at home, to protect the environment.
- The Sao Paulo site in Brazil is one of many Valeo sites that have planted trees in observance of international nature protection week.
- The Amiens site in France has developed a car-pooling program in which several local employers are participating.

2.2. ENVIRONMENTAL PERFORMANCE

2.2.1. Energy consumption and CO₂ emissions

2008 shows a marked reduction in energy consumption, both absolutely (GWh) from 1861 GWh in 2007 to 1682 GWh in 2008 and relative to sales (MWh/€m) from 202 MWh/€m into 199 MWh/€m.

Emissions of CO₂ equivalent decreased by 12% during 2008.

This result is the fruit of the Group's energy conservation efforts in 2008.

In 2008 the Meslin l'Evêque site in Belgium entered into an agreement with the Wallonia regional government on reducing its emissions of greenhouse gases and improving its

energy efficiency. The agreement targets a 14% reduction in the index of greenhouse gas emissions by 2012.

Numerous sites took action in 2008 to conserve energy by regulating illumination. At Angers in France, interior lighting is regulated according to the level of natural daylight. This site is also recovering heat energy emitted by a production line incinerator.

The Sainte Florine site in France switches work areas to low-energy lighting depending on activity.

At the Toluca site in Mexico 30% of shop floor lighting has been replaced by low-wattage lighting, reducing unit consumption from 1,000 watts to just 300 watts.

The Daegu site in South Korea has installed translucent panels on the roof.

In 2009 Valeo intends to run tests at pilot sites of a tool to calculate energy efficiency and an action plan to improve it. The Group would then hope to be able to deploy such a tool at all of its sites.

2.2.2. Reducing water consumption at the sites

Approximately one-half of the sites achieved their 2008 targets, yielding an overall reduction in the total volume of water consumed. Many sites undertook actions in 2008 to optimize their use of water, such as by finding and stopping leaks, saving water in non-production uses, tuning processes to use less water, and so on.

For example:

- The Sao Paulo site in Brazil installed automatic taps in the washrooms, cutting water consumption by 40%.
- The Amiens site in France has installed waterless urinals and expects to save 70 cubic meters of water.

In line with the objectives sought via the generic plant concept, each Group site is encouraged to implement techniques to reduce water consumption further in the years ahead:

2.2.3. Reducing waste production

The recycling rate has been steadily increasing since 2002. That rise gained new momentum in 2008, from 74% in 2007 to 77% in 2008.

2.2.4. Reducing the quantity of packaging materials

The 2008–2010 targets set for Valeo sites for their consumption of packaging materials reverse the rising trend of the past few years. Already, the sites' efforts are reflected in a reduction of more than 11% in packaging consumption. The shift from plastic to paperboard continues increasing the likelihood that packaging materials will be recycled after use.

2.2.5. Reducing other forms of pollution

Minimizing all forms of pollution, to ensure that its industrial activities are properly integrated into their environment, is another of the Group's ongoing environmental

objectives. This objective applies just as much to the performance of products developed by the Group as it does to the processes used to make them.

In 2008, further generations of the StARS starter-alternator that allows an engine to be stopped and restarted instantly and silently, resulting in a notable reduction in noise pollution in urban areas, have been developed (in our R&D).

The Group is careful to locate new sites far from residential areas. Valeo has issued a Group directive describing practices and processes to limit noise inside the factories.

The visual impact of sites is taken into account at the time of their construction, by following the Valeo Factory Design guide, and a large portion of each site is given over to green space.

Please note that the regular mail version of the document will enclose a copy of:

- Valeo's 2008 Reference Document
- Valeo's Activity Report
- Letter to the Chinese Red Cross
- Valeo Info 67
- Sustainable Development Charter

We remain at your disposal should you require further information.

Best Regards.