

**2021 EVALUATION OF THE CHIEF EXECUTIVE OFFICERS  
PROPOSITIONS FOR 2021 VARIABLE REMUNERATION**

**ALD BOARD OF DIRECTORS MEETING**

**FEBRUARY 9<sup>TH</sup> 2022**

## **2021 EVALUATION OF THE CHIEF EXECUTIVE OFFICERS PROPOSITIONS FOR 2021 VARIABLE REMUNERATION**

The 2021 performance evaluation of the Executive Directors of ALD SA (« ALD » or the « Company ») and the proposals for the 2021 annual variable remuneration set out hereafter were validated by the Board of Directors on February 9<sup>th</sup>, 2022.

The 2021 remuneration policy for the Executive Directors was validated by the Board of Directors meeting of March 26<sup>th</sup> 2021 and by the Annual General Shareholders Meeting of May 19<sup>th</sup> 2021 (ex ante vote).

### **Principles of the compensation policy**

The compensation policy is in line with the Company's corporate social interest through the use of qualitative performance indicators that are taken into account when determining the variable compensation of executives, in particular objectives for social and environmental responsibility (CSR) and managerial development.

It supports the commercial strategy through integration of performance indicators for Executive Directors linked to commercial objectives, customer satisfaction and the development of strategic partnerships.

Finally, it contributes to the sustainability of the Company by creating a direct link between the variable compensation of executives and the objectives to implement the long-term strategy of the ALD Group.

Accordingly, the compensation policy has defined terms and conditions for the deferred payment over a period of five years of the variable portion subject to presence and performance conditions. The purpose of this is to retain executives over the long term and take into account the Company's results over a period of five years following the end of the financial year. A minimum of 50% of variable compensation is paid in the form of ALD shares or share equivalents to enable an alignment of executive interests with the long-term interests of shareholders.

Finally, the malus and clawback mechanisms make it possible to take into account risk management and compliance over that five-year period.

The compensation policy for Executive Corporate Officers is defined by the Board of Directors of ALD on the recommendation of the Compensation Committee. Executive Corporate Officers do not participate in the discussions and deliberations of the Board and the Compensation Committee concerning their own compensation policy. Finally, the levels of "target" fixed and variable compensation take into account market practices based on studies carried out by an independent firm.

Finally, the Executive Corporate Officers are subject to an annual independent assessment by the Société Générale Group Risk and Compliance Departments. In the event of a negative assessment, their conclusions would be shared with the Board to be taken into account in their deliberations.

### **Compensation of Directors**

The policy governing the compensation of Independent Directors was approved by the Board of Directors on 7 February 2018, in accordance with the budget set by the Shareholders' Meeting of 20 April 2017. In accordance with the recommendations of the AFEP-MEDEF Code, this includes a fixed pro-rata component to reward the long-term commitment and responsibilities related to the Director's mandate, and a variable component, slightly more than the first, to reward Director attendance and participation in the various meetings of the Board of Directors and the Specialized Committees. In both cases, Chairpersons of Specialized Committees receive 50% more than Committee members because of the greater level of personal investment required.

Specifically, in 2021, and in order to properly monitor the proposed acquisition of Lease Plan, the Board decided during the year to set up a temporary ad hoc committee, which met on various occasions, and whose independent members benefited from additional variable compensation set by the Board on 3 November 2021 on the proposal of the Compensation Committee of 21 October 2021. The sums distributed fall within the overall budget for attendance fees approved by the Annual General Shareholders of 20 April 2017.

### **Compensation of the Chairman**

Diony Lebot does not receive any compensation for her function as Chairman of the Board of Directors of ALD but is directly compensated by Société Générale for her duties as Deputy Chief Executive Officer of Société Générale.

## Remuneration of the Chief Executive Officers

For 2021, the remuneration of the Chief Executive Officer and the Deputy Chief Executive Officers is broken down into two components:

- fixed remuneration, which recognizes experience and responsibilities exercised and is determined taking into account market practices;
- annual variable remuneration, based on the performance for the financial year and the contribution of the Chief Executive Officer and the Deputy Chief Executive Officers to the success of ALD.

### Fixed remuneration

At the end of 2021, the annual fixed base salaries of the Chief Executive Officers are as follows:

- Tim ALBERTSEN, Chief Executive Officer : 400 000 euros ;
- Gilles BELLEMERE, Deputy Chief Executive Officer : 300 000 euros ;
- John SAFFRETT, Deputy Chief Executive Officer : 350 000 euros.

Each of these annual fixed remunerations were validated in the context of the ALD ex ante remuneration policy.

The annual fixed base salaries of the Chief Executive Officers remained unchanged in 2021.

### Variable compensation

#### Main principles

On 26 March 2021, the Board of Directors defined the components of variable compensation for 2021, which were approved by the Shareholders' Meeting on 19 May 2021. The annual variable compensation is evaluated through quantitative criteria for 60% and qualitative criteria for 40%.

If the performance objectives are exceeded, the quantitative component is capped at 130% of the share of variable compensation assessed according to the quantitative criteria. The qualitative component is capped at 110% of the share of the variable compensation assessed according to the qualitative criteria. In accordance with the CRD V Directive, variable compensation may not exceed 200% of annual fixed compensation, even if the objectives are exceeded.

The table below indicates the approved target and maximum amounts of variable compensation for 2021 performance:

<i>(in EUR)</i>	<b>2021 target variable compensation</b>	<i>o/w quantitative portion</i>	<i>o/w qualitative portion</i>	<b>2021 maximum variable compensation</b>	<i>o/w quantitative portion</i>	<i>o/w qualitative portion</i>
Tim ALBERTSEN	550 000	330 000	220 000	671 000	429 000	242 000
Gilles BELLEMERE	250 000	150 000	100 000	305 000	195 000	110 000
John SAFFRETT	450 000	270 000	180 000	549 000	351 000	198 000

#### Quantitative portion

The quantitative portion (60%) is assessed on the basis of four indicators as follows:

- the annual growth of the fleet (2021 vs. 2020);
- the growth of the service and leasing contract margin;
- the Cost/Income ratio excluding used car sales; and
- the earnings per share (EPS).

For 2021, the achievement rate for the quantitative part is 75,75% (on a basis of 60, that is a 126,26% achievement rate on a basis of 100), detailed as follows :

<b>Indicators</b>	<b>Weighting</b>	<b>Achievement rate</b>
Annual growth of the fleet (2021 vs 2020)	10 %	10,75 %
Growth of the services margin and the leasing contract	10 %	13 %
Cost/income ratio excluding used car sales results	10 %	13 %
Earnings per share	30 %	39 %
<b>TOTAL</b>	<b>60 %</b>	<b>75,75 %</b>

The target amounts for these quantitative criteria were precisely established by the Compensation Committee and approved by the Board of Directors but are not being made public for reasons of confidentiality. The indicators/targets set do not include any factors considered to be exceptional by the Board of Directors. The Board of Directors notes the degree to which quantitative objectives have been achieved after the close of the financial year, using the published results as a basis. The Board of Directors is empowered to decide, on proposal of the Compensation Committee, the restatement of non-recurring exceptional and unbudgeted items not resulting from managerial decisions or operational management of activities.

### **Qualitative portion**

The qualitative portion (40%) is based on objectives set each year in advance by the Board of Directors for the coming financial year. Both collective and individual objectives were fixed for the Chief Executive Officers with an equivalent weighting. The criteria specifying how the achievement of each qualitative objective will be measured have been established by the Compensation Committee and approved by the Board of Directors. These criteria are not made public for reasons of confidentiality.

The objectives set for 2021 are aligned with the implementation of the Move 2025 strategic plan.

Given the scale of the coronavirus crisis, all collective and individual qualitative objectives will be assessed in light of the operational management of this crisis and its consequences.

The objectives common to all Executive Corporate Officers are divided among the following themes:

- innovation and digitalization, in particular the deployment of the connected car platform and associated products;
- the achievement of CSR objectives with, in particular, the rollout of the development program for electric and hybrid vehicles in the main countries;
- agility, with the implementation of new products and mobility solutions adapted to the clients' expectations, in particular the deployment and development of ALD Flex;
- improving the management of used vehicles and the quality of managing residual value risk, through in particular the deployment of the « Used Car Lease » program;
- customer satisfaction through satisfaction surveys (Net Promotor Score);
- compliance and the internal control system with the strengthening of controls, compliance with the Société Générale Group's Code of Conduct, the deployment of obligatory trainings, the implementation of a new governance for group control and support functions;
- the employment conditions for Group employees with quantified objectives designed to promote professional equality between women and men, the deployment of a program dedicated to the transformation of our work culture and environment;

The individual objectives of the Executive Corporate Officers include:

- the implementation of organizational structures and strategic plans specific to their supervisory perimeters;
- the development of strategic partnerships;
- investor relations management.

Based on the 2021 performance evaluation, the achievement rate for the qualitative portion is 44% (on a basis of 40, that is 110% on a basis of 100) for Tim ALBERTSEN and John SAFFRETT and is 42% (that is 105% on a basis of 100) for Gilles BELLEMERE.

### **Amounts in respect of 2021**

Based on the evaluation of the quantitative and qualitative performance indicators (global achievement rate of 119,75% for Tim ALBERTSEN and John SAFFRETT and 117,75% for Gilles BELLEMERE), the variable remuneration amounts are as follows:

- Tim Albertsen : 658 645 euros ;
- Gilles Bellemere : 294 384 euros ;
- John Saffrett : 538 892 euros.

These amounts are subject to the final validation of the Annual General Shareholders Meeting on May 18<sup>th</sup>, 2022. No payment will be made prior to such validation.

### **Vesting procedure for global variable compensation**

In compliance with the CRD V Directive, the Board of Directors defined the following vesting and payment conditions for the annual variable compensation:

- a deferred portion subject to a condition of presence in the Company and a performance condition, vesting in equal tranches of one-fifth over a five-year period with a minimum deferral rate of 40%;
- at least 50% is indexed to the ALD share price (share equivalents), resulting in 50% of the vested portion and a minimum of 50% of the unvested portion;
- additionally, the amount of the variable portion immediately granted in cash shall not exceed 30% of the total amount.

The deferred portion is vested subject to:

- a presence condition. The exceptions to the latter are retirement, death, disability with incapacity to perform one's functions or a decision of the Board of Directors based on the terms of departure;
- a malus condition in case of significant deterioration of financial performance or in case of misconduct;
- a profitability condition based on positive net result of ALD (arithmetic average) over the vesting period.
- The deferred portion is also subject to a clawback clause valid for five years, which can be activated in the event of acts or behaviour deemed excessive in terms of risk-taking, subject to applicability within the relevant legal and regulatory framework.

Payment of the last tranche of the deferred part at the end of five years is also conditional on the Return on Average earning assets excluding used car sales (RoAEA excluding used car sales). The full amount will only be paid if the RoAEA is above (arithmetic average) 2.3% during the vesting period. Below 1.8%, no amount is paid. If the RoAEA is between 1.8% and 2.3%, the Compensation Committee will propose a vesting percentage to the Board of Directors.

The Board of Directors is empowered to decide, on proposal of the Compensation Committee, the restatement of non-recurring exceptional and unbudgeted items not resulting from managerial decisions or operational management of activities.

Moreover, the Chief Executive Officer and the Deputy Chief Executive Officers are prohibited from hedging their shares or share equivalents throughout the vesting and holding periods.

### **Exceptional variable compensation**

It is not ALD's practice to grant exceptional variable compensation to its Executive Corporate Officers. Nevertheless, in view of new legislation requiring an ex ante vote on all the provisions of the compensation policy, the Board of Directors wanted to reserve the option of awarding, if necessary, additional variable compensation in the event of exceptional circumstances, such as their importance for the Company or the involvement they require and the difficulties they present.

This compensation would be explained and set in accordance with the general principles of the AFEP-MEDEF Code regarding compensation and the recommendations of the AMF. It would comply with the terms of payment of the annual variable portion and be subject to the same vesting conditions.

In any event, in accordance with the regulations in force, the variable component (annual variable compensation and, if any, exceptional variable compensation) may not exceed twice the annual fixed compensation.

No exceptional variable compensation will be awarded to the Chief Executive Officers for 2021.

### **Other benefits**

Each Executive Corporate Officer receives a company car as well as an insurance plan whose health and death and disability insurance coverage is in line with employee coverage.

The compensation policy provides, where applicable, for the assumption of certain costs when the assumption or performance of duties requires the Chief Executive Officers and their families to move to a different location. In particular, housing costs, moving costs and school fees for children whose enrolment in a school of the relevant nationality/language is justified may be covered. To that end, Tim Albertsen and John Saffrett receive housing benefits.

### **Achievement of performance conditions applicable to deferred variable remuneration**

The Board observed that the performance conditions applicable to the deferred variable remuneration installments to be paid in 2022 had been achieved.

In addition, based on the performance evaluations carried out by the Board, as well as the independent appraisals carried out by the Risk and Compliance divisions of Société Générale group, there was no cause to make use of the malus condition or the clawback clause.

### **Achievement of performance conditions for the acquisition of pension rights**

MM. Tim ALBERTSEN, Gilles BELLEMERE and John SAFFRETT continue to benefit from the following supplementary pension plans which were applicable to them as employees before the suspension of their employment contracts :

- supplementary pension plan for Societe Generale executives (this plan has been closed and no further pension right is awarded thereunder after December 31<sup>st</sup> 2019);
- Epargne retraite Valmy for Societe Generale employees.

The supplementary pension plan for Societe Generale executives being closed, no rights are allocated for the 2021 financial year. The benefit of the Société Générale Epargne Retraite Valmy employees plan is not subject to performance conditions.

In addition, Tim Albertsen and John Saffrett benefit from a new supplementary pension plan implemented for the members of the Management Committee of Société Générale since their nominations to the Management Committee of Société Générale on February 10<sup>th</sup> 2020.

In accordance with the law, the annual accrual of additional pension rights is subject to the following performance condition: the additional pension rights for a given year are only acquired if at least 50% of the performance criteria used to calculate the beneficiary's variable remuneration have been met. For a performance below 50%, the accruals of pension rights for that year are cancelled.

As this performance condition has been met, the pension rights in respect of 2021 are acquired for Tim ALBERTSEN and John SAFFRETT.