COMPENSATION POLICY OF CORPORATE OFFICERS FOR 2020

EX-ANTE POLICY

ALD BOARD OF DIRECTORS

27 MARCH 2020

COMPENSATION POLICY OF CORPORATE OFFICERS

The compensation policy of the Corporate Officers of ALD SA (hereafter "ALD" or "the Company") was approved by the meeting of the Board of Directors on 27 March 2020 and will be submitted for approval at the Shareholders' Meeting of 20 May 2020 (ex ante vote).

This report describes the policy proposed for 2020.

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.

There have been no substantial changes between the compensation policy for 2019 and the proposed policy for the 2020 financial year. However, additional clarifications have been made, in particular with regard to the content of the qualitative objectives used to determine variable compensation. Accordingly, additional objectives relating to the conditions of employment of employees have been specified.

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.

Compensation of the Chairman

Philippe Heim does not receive any compensation for his functions as Chairman of the Board of Directors but is directly compensated by Société Générale for his duties as Deputy Chief Executive Officer of Société Générale.

Rémunération des Directeurs généraux

En 2020, la rémunération perçue par le Directeur général et les Directeurs généraux délégués est composée des deux éléments suivants :

- la rémunération fixe, qui reconnaît l'expérience et les responsabilités exercées, en tenant compte des pratiques du marché ;
- la rémunération variable annuelle, dépendant de la performance de l'année et de la contribution des Dirigeants mandataires sociaux à la réussite d'ALD.

Fixed Compensation

The annual fixed compensation proposed for 2020 for the approval of the Shareholder's Meeting of 20 May 2020 is as follows:

- the fixed compensation of Mr Michael Masterson, Chief Executive Officer, remains unchanged at EUR 400 000;
- the fixed compensation of Mr Tim Albertsen, appointed Chief Executive Officer, would be increased from EUR 300 000 to EUR 400 000;
- that of Mr John Saffrett, Deputy Chief Executive Officer, would be increased from EUR 300 000 to EUR 350 000;
- that of Mr Gilles Bellemere, Deputy Chief Executive Officer, would be increased from EUR 240 000 to EUR 300 000.

Variable compensation

Main principles

On 27 March 2020, the Board of Directors defined the components of variable compensation for 2020, which will be submitted to the Shareholders' Meeting on 20 May 2020. 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 100% of the share of the variable compensation assessed according to the qualitative criteria. In accordance with the CRD4 Directive, variable compensation may not exceed 200% of annual fixed compensation, even if the objectives are exceeded.

Subject to the approval of the Shareholders' Meeting of 20 May 2020, the table below indicates the target and maximum amounts of variable compensation for 2020 performance, which are as follows:

(in EUR)	**2020 target variable compensation**	***o/w quantitative portion***	***o/w qualitative portion***	**2020 maximum variable compensation**	***o/w quantitative portion***	***o/w qualitative portion***
Michael MASTERSON[1]	650 000	*390 000*	*260 000*	767 000	*507 000*	*260 000*
Tim ALBERTSEN[2]	550 000	*330 000*	*220 000*	649 000	*429 000*	*220 000*
Gilles BELLEMERE	250 000	*150 000*	*100 000*	295 000	*195 000*	*100 000*
John SAFFRETT	450 000	*270 000*	*180 000*	531 000	*351 000*	*180 000*

Quantitative portion

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

- the annual growth of the fleet (2020 vs. 2019) – Weight: 10%;
- the growth of the service and Leasing contract margin – Weight: 10%;
- the Cost/Income ratio excluding used car sales – Weight: 10%; and
- the earnings per share (EPS) – Weight: 30%.

[1] Full-year target.
[2] Full-year target as Chief Executive Officer. In respect of his position as Deputy Chief Executive Officer, the variable compensation target is EUR 450,000.

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. The weights of collective and individual objectives are equal, i.e. 50% for both in the qualitative portion. 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.

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:

- Operational efficiency, including targets related to the roll-out of programs to harmonize and automate tools group-wide;
- customer satisfaction through satisfaction surveys (Net Promotor Score), the deployment of programs dedicated to customer satisfaction and projects carried out in collaboration with customers;
- innovation, in particular through objectives linked to the digitization of customer tools and the implementation of new products and mobility solutions;
- the achievement of CSR objectives with, in particular, the rollout of the development program for electric and hybrid vehicles in the main countries;
- the implementation of the Group's strategy, in particular through the establishment and development of strategic partnerships;
- the quality of managing residual value risk and the management of used vehicles;
- compliance and the internal control system with the strengthening of controls, deployment and compliance with the Société Générale Group's Code of Conduct.
- employment conditions for Group employees by taking the results of the Employer Barometer into account.

The individual objectives of the Executive Corporate Officers include:

- managerial development with, in particular, quantified objectives designed to promote professional equality between women and men and the establishment and implementation of succession plans;
- the measurement of the success of the commercial strategy through several numerical indicators;
- investor relations management;
- the implementation of structures and strategic plans specific to their supervisory perimeters.

These objectives will be assessed by the Board of Directors after the end of the financial year on the basis of predefined criteria on the recommendation of the Compensation Committee.

Vesting procedure for global variable compensation

In compliance with the CRD4 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:

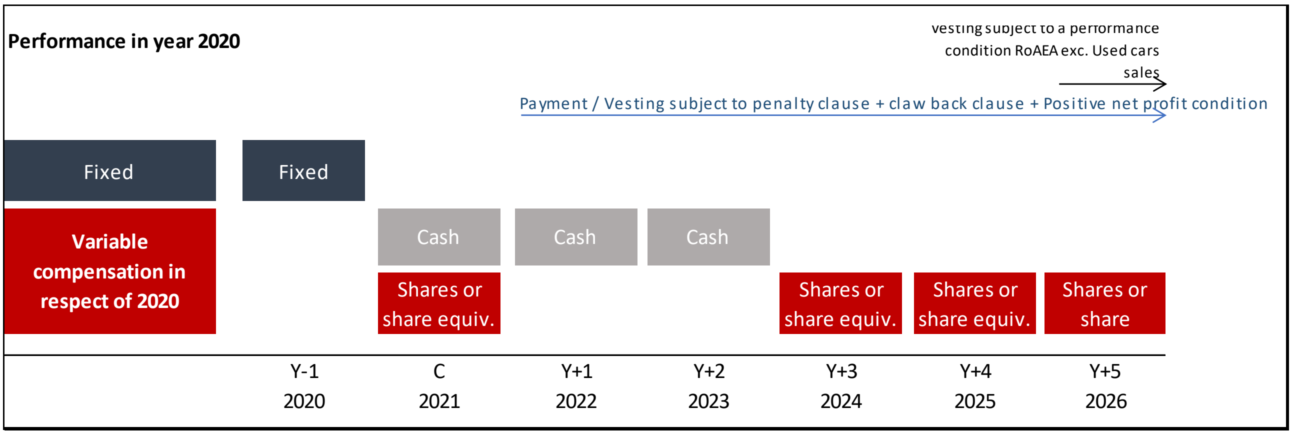
- a presence condition. The exceptions to the latter are retirement, death, disability with incapacity to perform one's functions or a decision of the Board of Directors based on the terms of departure;
- a malus condition in case of significant deterioration of financial performance or in case of misconduct;
- 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 rash 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.

Total variable compensation – Schedule of payments or deliveries of shares



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 paying, 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 will comply with the terms of payment of the annual variable portion and 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.

Termination conditions

Executive Corporate Officers serve a term of office of four years. Their employment contracts were suspended for the duration of their terms of office. Their terms of office are governed by ordinary law which, under French law, provides for the possibility of dismissal by the Board of Directors at any time without notice and without the need for justification.

Supplementary pension allocation plan

The Executive Corporate Officers retain the benefits of the supplementary pension allocation plan for senior executives that applied to them as employees prior to their appointment as Chief Executive Officers.

This supplementary plan was introduced in 1991. In accordance with Article L. 137-11 of the French Social Security Code, it provides senior executives appointed as of that date, upon claiming of their French Social Security pension, with a total pension equal to the product of the following two terms:

- the average, over the last ten years of the career, of the proportion of fixed compensation exceeding “Tranche B” of the AGIRC pension increased by a variable part limited to 5% of the fixed compensation; and
- the rate equal to the number of years of professional service at Société Générale divided by 60, corresponding to an acquisition of potential rights of 1.67% a year, provided that the years of service taken into account cannot exceed 42.

The AGIRC “Tranche C” pension acquired in respect of their professional service at Société Générale was deducted from this total pension. The supplementary amount covered by Société Générale was increased for beneficiaries who have raised at least three children, as well as for those who retired after the legal retirement age set by Social Security. It could not be below one-third of the value of full-time service for AGIRC “Tranche B” points acquired by the interested party since their appointment to the “Outside Classification” (senior) category of Société Générale.

This regime was revised for the first time on 17 January 2019 and the potential future rights were frozen as at 31 December 2018 on the basis of length of service and AGIRC “Tranche B and C” points recorded at this date, and of the average, over the last three financial years, of fixed compensation exceeding “Tranche B” of the AGIRC, plus the variable compensation up to 5% of the fixed compensation. Only minimum rights, defined previously as one-third of the AGIRC “Tranche B” points acquired since the appointment to the “Outside Classification” category of Société Générale, were conserved from 1 January 2019 onward, in the form of annual income rights equal to 0.4% of the share of gross annual compensation between one and four annual Social Security caps.

However, following the publication of Order 2019-697 of 3 July 2019 relating to supplementary professional pension plans, which prohibited, upon publication, any new potential beneficiaries from joining pension plans, making the vesting of rights conditional on the beneficiary ending his/her career within the Company, and the creation of conditional rights for periods of activity after 2019, this plan was closed as of 4 July 2019, and no more rights were granted after 31 December 2019.

Accordingly, the amount of vested rights at the time of retirement will consist of the sum of the rights frozen at 31 December 2018 and the new minimum rights established between 1 January 2019 and 31 December 2019. These rights will be revalued according to changes in the AGIRC point between 31 December 2019 and the pension claiming date. Rights remain conditional upon the beneficiary ending his/her career with Société Générale.

They are subject to prefinancing with an insurance company.

In accordance with French law, the acquisition of potential rights was also subject to a performance condition. The rights of the years were vested only if 50% of criteria used to determine the amount of variable compensation were achieved. Below 50%, the rights of the year were lost.

As an example, based on an assumption of retirement at the age of 62, the potential pension rights claimed at 31 December 2019 for the allocation represent, regardless of the conditions under which the commitment is honoured, an annual amount estimated at EUR 4,000 for Michael Masterson, EUR 2,200 for Tim Albertsen, EUR 16,100 for Gilles Bellemere and EUR 500 for John Saffrett.

Supplementary pension plan for Société Générale Management Committee (codir) members (art. 82)

Following the revision of the supplementary pension allocation plan as at 31 December 2018, and notably the removal of the differential part of this regime beyond four annual Social Security caps, a defined contribution supplementary pension plan (Art. 82) has been put in place, effective as from 1 January 2019, for Société Générale Management Committee members, including Michael MASTERSON, Tim Albertsen and John Saffrett. This regime involves the payment of an annual contribution by the Company to an individual Art. 82 pension account opened in the name of the eligible employee, on the share of their fixed compensation exceeding four annual Social Security caps. The rights acquired will be paid at the earliest on the date that the pension of the national retirement plan is claimed.

The Company rate has been set at 8%.

In accordance with the law, employer contributions relating to a given year will only be paid in full if at least 50% of the performance conditions for the variable compensation component for the same year have been met.

IP Valmy supplementary pension fund

The Executive Corporate Officers retain the benefits of the supplementary defined contribution plan that applied to them as employees prior to their appointment as Chief Executive Officers.

This defined contribution plan established under Article 83 of the French General Tax Code was created in 1995 and modified on 1 January 2018 (now called Épargne Retraite Valmy). It is compulsory for all employees with more than six months' seniority in the Company and allows beneficiaries to build up retirement savings paid in the form of a life annuity when they retire. This plan was financed by up to 2% of compensation capped at two annual Social Security ceilings, of which 1.5% was paid by the Company (EUR 1,216 on the basis of the 2019 annual Social Security ceiling) until 31 December 2019. As of 1 January 2020, the compensation ceiling taken into account is raised from two annual Social Security ceilings to four annual Social Security ceilings, and the rate paid by the Company will rise to 1.75% as of 1 July 2020. This plan is now insured by Sogécap.

Non-compete clause

Michael Masterson, Tim Albertsen, Gilles Bellemere and John Saffrett will be subject to a non-compete obligation for a period of 24 months as from the termination date of their Executive Corporate Officers' duties and departure date from Société Générale and compensated in the amount of their fixed salary.

The Board of Directors will have the right to unilaterally waive its enforcement within fifteen days as from the date on which the termination of the appointment occurs. In this case, the Executive Corporate Officers would be free of any commitments and no sums would be owed to them in this respect.

Any breach of the non-compete obligation would result in the immediate payment by the Officer of a sum equal to 24 months of fixed compensation. ALD would, for its part, be released from its obligation to pay any financial consideration and could, moreover, demand the return of any financial consideration already paid since the breach of the obligation was established.

Following the update of the AFEP-MEDEF Code in June 2018, the corresponding clauses for Chief Executive Officers have been amended in order to officially confirm the principle of non-payment of the clause in the event of retirement and beyond the age of 65.

Severance payment

Following the suspension of the employment contracts of Michael Masterson, Tim Albertsen, Gilles Bellemere and John Saffrett, it is expected that the Board of Directors will pay them an indemnity for the termination of their respective functions.

The amount of the indemnity is set at two years of fixed compensation, minus any indemnity owed for the termination of the employment contract.

The indemnity is owed only in the event of simultaneous termination of the ALD term of office and the Société Générale contract and only in the event of forced departure, documented as such by the Board of Directors. No indemnity would be owed in the event of resignation (unless the Board of Directors determines that the resignation is mandatory) or non-renewal of the term of office at the initiative of the Executive Corporate Officer or in the event of serious misconduct.

Any decision in terms of severance payment is subject to examination by the Board of Directors of the situation of the Company and the performance of each Executive Corporate Officer in order to justify that neither the Company nor the Executive Corporate Officer are in a situation of failure.

In accordance with the updated AFEP-MEDEF Code of June 2018, no severance payment may be made to an Executive Corporate Officer if he or she is able to exercise his or her pension rights. In addition, the payment of the indemnity will be subject to an overall rate of achievement of at least 50% of the annual variable compensation objectives on average over the three financial years preceding the end of the term of office or over the term of office if it is less than three years.

Under no circumstances may the combination of the severance payment and the non-compete clause exceed the ceiling recommended by the AFEP-MEDEF Code of two years' fixed and variable annual compensation, including, as the case may be, any other severance payment related to the employment contract.

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, Michael Masterson, Tim Albertsen and John Saffrett receive housing benefits.

ALD share ownership and holding obligations

The Chief Executive Officers are required to hold a certain minimum number of ALD shares as determined on 28 June 2017 by the Board of Directors based on the recommendation of the Compensation Committee. In accordance with the Afep-Medef code, these obligations were reviewed by the Board of Directors' at its meeting of 27 March 2020 within the context of the appointment of the Chief Executive Officer and the renewal of the Deputy Chief Executive Officers' terms of office. The Board decided not to modify the share ownership obligations.

Appointment of a new Executive Corporate Officer

In general terms, the compensation components and structure described in this compensation policy will also be applied to any new Executive Corporate Officer appointed during the period that this policy is in force, taking account of their scope of responsibility and professional experience. This principle will also apply to other benefits offered to Executive Corporate Officers (supplementary pension, insurance plan, etc.).

It will be the responsibility of the Board of Directors to set the level of fixed compensation corresponding to these characteristics, consistent with that of the current Executive Corporate Officers and the practices of the industry market.

Finally, if the new Executive Corporate Officers have not come from a Société Générale entity, they may benefit from a commencement award as compensation, where applicable, for the remuneration they forgo when they leave their previous employer. The acquisition of this compensation would be deferred over time and subject to the achievement of performance conditions similar to those applied to the deferred variable compensation of the Executive Corporate Officers.