

COMPENSATION POLICY OF CORPORATE OFFICERS FOR 2022

EX-ANTE POLICY

ALD BOARD OF DIRECTORS

29 MARCH 2022

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 29 March 2022 and will be submitted for approval at the Shareholders’ Meeting of 18 May 2022 (ex-ante vote).

This report describes the policy proposed for 2022.

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 taking into account the conditions of employment of group employees.

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.

The policy proposed for the financial year 2022 is based on the same principles as that applied in 2021. On the other hand, given the importance of the proposed acquisition of LeasePlan by ALD, the Board of Directors proposes, in addition to the annual performance-based variable compensation for the financial year 2022, to award exceptional variable compensation, the implementation of which would be subject to the success of the operation. In addition, in order to comply with the requirements of the CRD5 Directive and to better align with market practices observed in ALD’s business sector, the fixed and variable compensation targets proposed for the financial year 2022 for Tim ALBERTSEN and John SAFFRETT were reviewed with a view to rebalancing the fixed and variable portions of overall compensation. The proposals for fixed compensation, annual target performance variable compensation and exceptional variable compensation for executive corporate officers, as well as the implementation methods, are detailed below.

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.

Given the increased activities of the governing bodies resulting from the proposed merger with Lease Plan, an increase of the annual budget for attendance fees to 400 K€ will be proposed to the Annual General shareholders meeting of May 18 2022 (versus 250 K € previously fixed by the AGM of April 20, 2017).

Compensation of the Chairman

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

Compensation of the Executive Officers

For 2022, 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.
- exceptional variable compensation conditional on the success of the LeasePlan acquisition.

Fixed Compensation

The annual fixed compensation proposed for 2022 for the approval of the Shareholder's Meeting of 18 May 2022 is as follows:

- the fixed compensation of Tim ALBERTSEN, Chief Executive Officer is to be increased from EUR 400,000 to EUR 550,000;
- that of John SAFFRETT, Deputy Chief Executive Officer, is to be increased from EUR 350,000 to EUR 450,000;
- that of Gilles BELLEMERE, Deputy CEO, to be maintained at EUR 300,000.

In accordance with the compensation governance in place, these changes were decided by the Board of Directors on the basis of a proposal from the Appointments and Compensation Committee, which was based on a study carried out by a consultant of compensation practices in ALD's industry and any differences with them. The Remuneration Committee noted that the fixed remuneration of Tim ALBERTSEN and John SAFFRETT were below industry market practices for equivalent positions and wanted to increase their fixed compensation significantly, while reducing the target amounts of annual variable performance compensation, so that the overall target compensation (excluding exceptional items) would increase moderately to keep total compensation consistent with the sector market, taking into account the current size of ALD.

Variable compensation

Main principles

On 29 March 2022, the Board of Directors defined the components of variable compensation for 2022, which will be submitted to the Shareholders' Meeting on 18 May 2022. 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.

Subject to the approval of the Shareholders' Meeting of 18 May 2022, the table below indicates the target and maximum amounts of variable compensation for 2022 performance:

<i>(in EUR)</i>	<i>2022 target variable compensation</i>	<i>o/w quantitative portion</i>	<i>o/w qualitative portion</i>	<i>2022 maximum variable compensation</i>	<i>o/w quantitative portion</i>	<i>o/w qualitative portion</i>
Tim Albertsen	450 000	270 000	180 000	549 000	351 000	198 000
Gilles Bellemere	250 000	150 000	100 000	305 000	195 000	110 000
John Saffrett	400 000	240 000	160 000	488 000	312 000	176 000

Quantitative portion

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

- the annual growth of the fleet (2022 vs. 2021) – 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%.

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 except for the cost/income ratio for which the target was fixed excluding exceptional elements related to the Lease Plan acquisition programme. 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.

The objectives set for 2022 are in line with the implementation of the Move 2025 strategic plan.

Given the uncertainties surrounding the potential impacts of the war in the Ukraine on the results and business activities in general, all collective and individual qualitative objectives will be assessed in light of the consequences of this crisis.

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

- the realization of the key steps of the LeasePlan acquisition programme, within the timeline set by the Board of Directors;
- the achievement of CSR objectives with, in particular, the roll-out of the development programme for electric and hybrid vehicles in the main countries;
- agility on the implementation of new mobility products and solutions adapted to customer expectations, in particular the deployment and development of ALD Flex;
- improving the management of used vehicles and the quality of residual value risk management, through the deployment of the Used Car Lease programme;
- customer satisfaction through satisfaction surveys (measured by the Net Promoter Score);
- the governance and the employment conditions of the Group's employees with quantitative objectives intended to promote gender equality, the deployment of management training programmes, consideration of the results of the Employee barometer, the deployment of mandatory trainings and the development of homeworking.

The individual objectives of the Executive Corporate Officers include:

- the implementation of organisational structures and strategic plans specific to their areas of responsibility;
- the development of strategic partnerships;
- the management of the relationship with investors.
- innovation and digitisation, notably through the deployment of the platform of connected cars and related products;

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 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.

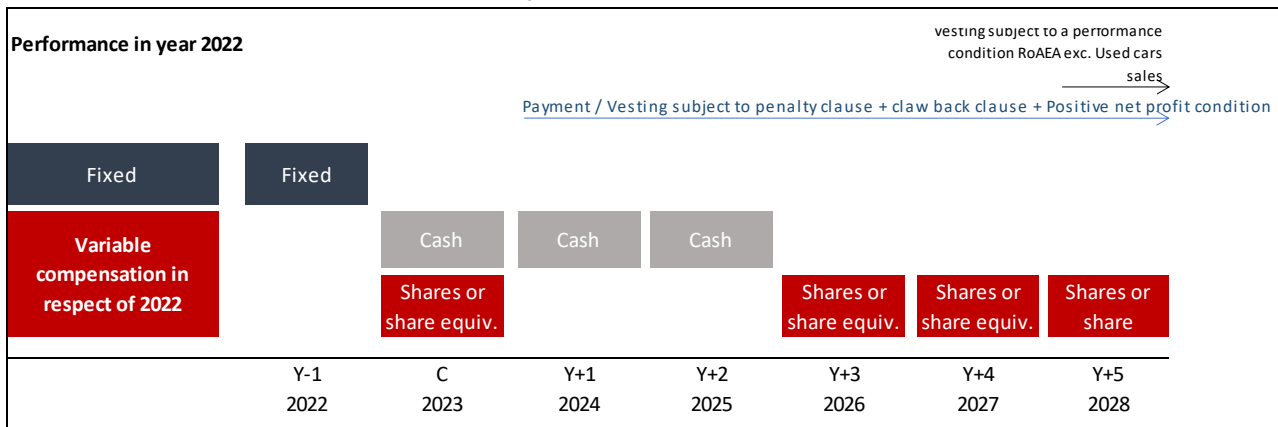
The deferred portion is also subject to a clawback clause valid for five years, which can be activated in the event of acts or behaviour deemed rash in terms of risk-taking, subject to applicability within the relevant legal and regulatory framework.

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

In view of 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.

In this case, as part of the LeasePlan acquisition operation and on the recommendation of the ALD Compensation Committee, an exceptional variable compensation plan was set up with the following objectives:

- secure ALD key populations for the operation and business;
- encourage the success of the operation (completion of the closing and integration phase);
- allow business continuity during the transition period.

This compensation is justified and set in accordance with the general principles of the AFEP-MEDEF Code on compensation.

In any event, in accordance with the CRD V regulations in force, the amounts of this exceptional variable compensation have been set by ensuring that the variable component (i.e. annual variable compensation including exceptional variable compensation) does not exceed twice the annual fixed compensation. The amounts were fixed by taking into consideration, the level of contribution of each beneficiary to this operation, as well as external benchmarks.

Given the planned timing of the transaction, this exceptional variable compensation will be attached to several financial years and the allocation will be made in two installments, half after the closing of the transaction and half after the main integration phase.

They were defined as follows:

- Tim ALBERTSEN: 150% of the fixed salary for 2022, i.e. EUR 825,000 (of which EUR 412,500 maximum for the financial year 2022);
- Gilles BELLEMERE: 100% of the fixed salary for 2022, i.e. EUR 300,000 (of which EUR 150,000 maximum for the financial year 2022);
- John SAFFRETT: 150% of the fixed salary for 2022, i.e. EUR 675,000 (of which EUR 337,500 maximum for the financial year 2022).

The allocation of this exceptional variable compensation was defined subject to conditions:

- presence in the Company at the time of allocation;
- performance with allocation in two instalments:
 - an interim allocation of 50% of the total amount subject to the successful completion of the Lease Plan acquisition (known as "closing");
 - the balance, on successful completion of the main integration phase and realization of the expected synergies. The specific conditions related to this second instalment will be specified later as part of the ex-ante policy for 2023.

In addition, the Board of Directors has the faculty to decide, upon the recommendation of the Compensation Committee, to award all or part of this exceptional variable remuneration, depending on the individual contribution of each Executive Corporate Officer to the achievement of these performance conditions.

The Board of Directors has fixed the maximum timeline for the achievement of each performance condition as well as the key steps of the operation to be realized during the 2022 financial year. In the event of a delay in execution due to exceptional factors not within the scope of managerial decisions or operational management of activities, the Board of Directors will retain the right to decide, on the proposal of the Compensation Committee, whether to extend the maximum period for achieving the performance conditions. If the key steps of the operation are not realised during 2022, no exceptional variable remuneration will be awarded ex post with respect to the 2022 financial year and the Board of Directors has the faculty to decide, depending on the circumstances, whether to renew all or part of the first instalment of this exceptional variable compensation in the ex-ante compensation policy for 2023.

It will comply with the terms of payment of the annual variable portion and will be subject to the same vesting conditions.

No exceptional variable compensation will be awarded to executive corporate officers without the prior approval of the shareholders for the financial year in question (say on pay ex post vote).

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

This supplementary defined-contribution pension plan was set up from 1 January 2019 for members of the Societe Generale Management Committee. Tim ALBERTSEN and John SAFFRETT were appointed to the Societe Generale Management Committee on 10 February 2020.

This plan provides for the payment of an annual contribution of the Company into an individual retirement account opened in the name of the eligible employee, on the part of their fixed compensation exceeding four annual Social Security ceilings. 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 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 *Epargne 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 is financed by up to 2.25% of compensation capped at four annual Social Security ceilings, of which 1.75% was paid by the Company (EUR 2,880 on the basis of the 2021 annual Social Security ceiling). This plan is now insured by Sogécap.

Supplementary pension allocation plan

Closed plan, no more rights were granted after 31 December 2019.

Until 31 December 2019, the executive corporate officers have retained the benefit of the supplementary retirement allowance for senior executives that was applicable to them as employees before their appointment as executive corporate officers.

In accordance with the law, the increase in potential rights was subject to a performance condition.

This supplementary plan was introduced in 1991. In accordance with Article L. 137-11 of the French Social Security Code, it gives senior executives appointed as of that date potential entitlement to an annual pension from the date of liquidation of their social security pension.

This plan, revised on 17 January 2019, was definitively closed down on 4 July 2019 and no further rights were issued after 31 December 2019, following the publication of Order 2019-697 of 3 July 2019 relating to supplementary professional pensions plans, which prohibited, upon publication, any new potential beneficiaries from joining pension plans that make 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.

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 Societe Generale. They are subject to prefinancing with an insurance company.

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 2,200 for Tim ALBERTSEN, EUR 16,100 for Gilles BELLEMERE and EUR 500 for John SAFFRETT.

Non-compete clause

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 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, 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 sign on 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.