GREEN AND POSITIVE IMPACT BOND
Allocation & Impact report

October 2023

ALD
Automotive

1. INTRODUCTION

1.1 ALD AUTOMOTIVE CORPORATE UPDATE

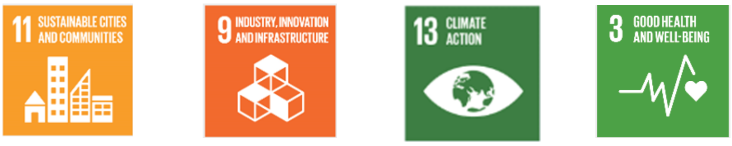
On May 22nd, 2023, ALD Automotive ("ALD") completed the acquisition of Leaseplan.
ALD Automotive | LeasePlan is a leading global sustainable mobility player providing full-service leasing, flexible subscription services, fleet management services and multi-mobility solutions to a client base of large corporates, SMEs, professionals, and private individuals. With the broadest coverage in 44 countries through direct presence, ALD Automotive | LeasePlan is leveraging its unique position to lead the way to net zero and further shape the digital transformation of the industry through innovation and technology-enabled services to enable the transformation towards large scale adoption of sustainable mobility.
With 15,700 employees worldwide, ALD Automotive | LeasePlan manages 3.4 million vehicles (at end June 2023). ALD, whose majority shareholder is Societe Generale, is the listed company on Compartment A of Euronext Paris (ISIN: FR0013258662; Ticker: ALD).

1.2 ALD AUTOMOTIVE'S SUSTAINABILITY AMBITIONS

ALD's former Strategic Plan (Move 2025) placed Corporate Social Responsibility (CSR) at the heart of the Group's strategy. Its first pillar was the promotion of sustainable mobility, and electric vehicles in particular. ALD had set itself the target of increasing the share of "EV" (battery-powered electric vehicles and plug-in hybrid vehicles only) to 30% of deliveries in Europe by 2025. The share of pure electric vehicles (BEV) alone was expected to reach 50% by 2030.
With the new, combined entity with Leaseplan, those objectives have been revised upwards within the PowerUp 2026 plan, that was presented within ALD | Leaseplan Capital Markets Day on Sept 21st, 2023. ALD | Leaseplan now aims to reach 80% of new car deliveries in Europe being EVs in 2030, with 75% being Battery Electric Vehicles (with an intermediary target at 50% EV deliveries in 2026).
These targets are compatible with achieving the "net zero" objective by 2050. They will be submitted to the Science-Based Targets Initiative as part of ALD | Leaseplan scope1/2/3 carbon footprint for formal validation within the next few weeks.

1.3 ALD AUTOMOTIVE'S GREEN AND POSITIVE IMPACT FINANCE FRAMEWORK

ALD has been at the forefront for promoting greener fleets since the emergence of electrified vehicles. Developing a Green and Positive Impact Bond Framework in order to further diversify our funding in order to access a broader investor basis from the rapidly developing green labelled funds quickly became evidence. In 2018, having established its Green and Positive Impact Bond Framework, ALD was able to issue our first Green and Positive Impact Bond for 500MEUR and was the first leasing company to ever issue a Green Bond linked to the passenger car and light commercial vehicle sector. Since then, ALD has reinforced its focus on sustainability as a whole and updated its Green and Positive Impact Bond Framework in 2022[1] with stricter eligibility criteria. The framework is aligned with the UNEP FI's Principles for Positive Impact Finance (2017) and the ICMA's Green Bond Principles (2021) hereafter referred to as the "ICMA Principles" and has been designed to be consistent with the EU Proposal for a European Green Bond Standards (the "EU GBS"), when relevant and feasible.
Second Party Opinion provided by ISS-ESG, assessing the alignment of the Framework with the UNEP FI's Principles for Positive Impact Finance – PPIF (2017), the ICMA's Green Bond Principles (2021) as well as with EU Proposal for a European Green Bond Standards (the "EU GBS"), when relevant and feasible. ISS ESG also concluded that ALD's Green and Positive Impact Bond Framework contributes to SDG 9, SDG 11 and SDG 13[2] .



The new ALD Automotive | Leaseplan group, which results from the recent acquisition of Dutch leasing leader Leaseplan, is another very significant step in the development of our Green and Positive Impact Bond Framework. The green vehicles asset basis is now even larger although a number of these green assets are already encumbered in various portfolios. We are in the process of updating our Green and Positive Impact Bond Framework before the end of 2023 which should enable ALD as the sole remaining EMTN issuer for the group to come to the market with more Green and Positive Impact Bond issuances.

1.4 ALD AUTOMOTIVE'S GREEN AND POSITIVE IMPACT BOND 2022

ALD issued its second Green and Positive Impact Bond in June 2022, shortly after the release of its upgraded framework: a EUR 500m, 5Y fixed senior unsecured Green and Positive Impact Bond (ISIN : XS2498554992)
The net proceeds were applied exclusively for the refinancing of eligible vehicles, that contribute to the development of clean transportation and the transition to a low carbon future in accordance with the eligibility criteria set out in the framework. Assets to be included in the eligible fleet will be satisfying substantial contribution criteria for climate change mitigation objective, defined by the EU Taxonomy.

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[1] https://www.aldautomotive.com/LinkClick.aspx?fileticket=PC0PfZav3Hg%3d&portalid=17&language=en-US&timestamp=1654690993215

[2] https://www.aldautomotive.com/Portals/international/Documents/07.06.22_ALD_SPO_GBP_PPIF_EUGBS_final.pdf?ver=2022-06-08-120141-673&timestamp=1654682839848

2. ALLOCATION REPORT

2.1 PORTFOLIO SNAPSHOT

Since the portfolio was 100% allocated at issuance, ALD had to replenish this portfolio at the first anniversary of the Green and Positive Impact Bond for two reasons:

- Vehicles that came off lease since the issuance
- Vehicles funded by country affiliates that were divested to fulfill the antitrust requirements from the EU regulator in order to complete the Leaseplan acquisition (Ireland, Norway, Portugal)

In total, vehicles worth a Net Investment Value of **158MEu**r (32% of the portfolio value) were replaced by new eligible vehicles.

Eligible vehicles are defined as per the eligibility criteria stipulated in the Green and Positive Impact Bond Framework: **Battery Electric vehicles** (BEV)[3] are considered as automatically eligible - under the Framework. Therefore, only Battery Electric vehicles (by definition not meeting any of the technical exclusion criteria), were added to the portfolio, while respecting the financial exclusion criteria:

× None of the vehicles were already pledged or benefiting from a specific funding program

× None of the vehicles were selected from ALD's subsidiaries that are not benefitting from a direct funding through the company's treasury center.

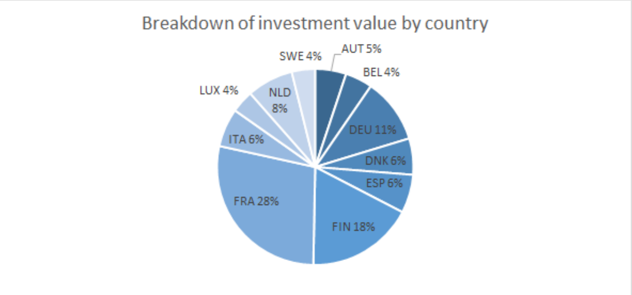
In summary, the vehicles refinanced match all eligibility criteria (no partial eligibility).

After replenishment, the portfolio has the following characteristics:

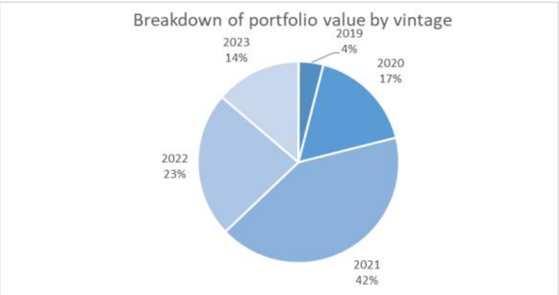
Portfolio of Selected Eligible Vehicles	
Reporting date	30 June 2023
Total Net investment amount	EUR 500,078,228
Number of Vehicles	13,605

2.1 DETAILED METRICS (in % of portfolio value)

Top 3 countries: France: Finland, Germany

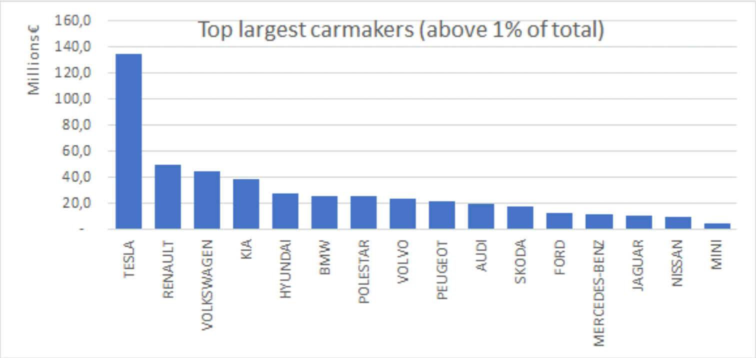


Very recent vehicles



[3] Fuel Cell Electric Vehicles (i.e., Hydrogen) are not considered as part of the eligible vehicles, even though not targeted by the exclusion criteria, as ALD is not anticipating volumes to be significant enough to be included in the Eligible Fleet at this stage.

Top 10 brands represented



3. IMPACT REPORT

3.1 TAILPIPE EMISSIONS

The portfolio is 100% made up of Battery Electric Vehicles, therefore producing 0 emissions during the usage phase (classified as per the GHG protocol either in scope 1 or scope 3 depending on the issuer reporting boundaries).

3.2 ALIGNMENT WITH EUROPEAN TAXONOMY

With regards to the standards enforced by European taxonomy[4], and in consistency with the EU taxonomy disclosures within Chapter 5.8 of its 2022 Universal Registration Document[5]. ALD is in a position to state the following:

- ALD's commercial activities are eligible for European taxonomy under activity 6.5 listed in the delegated act "Transport by motorbikes, passenger cars and light commercial vehicles", defined as "Purchase, financing, renting, leasing and operation of vehicles". As a result, activities related to Full Service Leasing, Financial Lease, Fleet Management, and pool vehicles are eligible.
- ALD's activity is eligible for both climate change mitigation and climate change adaptation objectives, with different technical criteria. ALD has chosen to report under the objective of climate change mitigation, which is both more demanding and more logical given its business activity.
- In its 2022 Universal Registration Document, ALD has released its first alignment metrics
- As disclosed in Article 3 of Regulation EU 2020/852, an eligible economic activity shall qualify as environmentally sustainable or aligned where that economic activity:
  - **contributes substantially to one or more of the environmental objectives** set out in Article 9.
  - **does not significantly harm (DNSH) any of the environmental objectives** set out in Article 9.
  - is carried out in compliance with **the minimum safeguards** laid down in Article 18.
- To meet this requirement, ALD performed a detailed analysis to identify the share of rental activity (eligible under activity 6.5) qualifying as aligned to the EU Taxonomy. The nature of the substantial

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[4] REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18 June 2020 on the establishment of a framework to promote sustainable investments.

COMMISSION DELEGATED REGULATION (EU) 2021/2139 of 4 June 2021.

COMMISSION DELEGATED REGULATION (EU) 2021/2178 of 6 July 2021.

Appendices to the Commission's Delegated Regulation: C (2021) 2800 Annex 1, C (2021) 4987 Annexes I and II.

[5] https://www.aldautomotive.com/investors/information-and-publications/regulated-information#7136424-2--annual-financial-reports-and-registration-documents?

contribution criteria and DNSH criteria attached to activity 6.5 required assessing the alignment of vehicles at car-by-car level to build an internal database of aligned vehicles. In other words, the whole fleet has been screened in a" funnel-like" approach, in order to identify the final pool of aligned vehicles.

- In terms of substantial contribution criteria for climate change mitigation, the assets the Green and Positive Impact portfolio emit 0g/ km, and therefore meet the emission criteria of maximum 50g CO_2/km.
- ALD performed a full assessment of "Do No Significant Harm" ("DNSH") and Minimum Social Safeguards (MSS) to Eligible vehicles
- DNSH criteria require extremely granular information regarding technical specifications such as vehicle recyclability or tyre labelling which are neither publicly available, nor communicated by vehicle manufacturers at this stage
- Water and marine resources and biodiversity DNSH do not apply for Activity 6.5 as disclosed in Commission Delegated Regulation 4/6/2021. The same goes for protection and restoration of biodiversity and natural ecosystems.
- *DNSH Pollution prevention* (rationale detailed in the registration Document):
    - Vehicles comply with the requirements of the most recent applicable stage of the Euro 6 light-duty emission type-approval set out in accordance with Regulation (EC) No. 715/2007.
    - Vehicles comply with the emission thresholds for clean light-duty vehicles set out in Table 2 of the Annex to Directive 2009/33/EC of the European Parliament and of the Council.
    - Vehicles comply with Regulation (EU) No 540/2014 of the European Parliament and of the Council.
    - Vehicle tires should comply with external rolling noise requirements in the highest populated class and with Rolling Resistance Coefficient (influencing the vehicle energy efficiency) in the two highest populated classes as set out in Regulation (EU) 2020/740 and as can be verified from the European Product Registry for Energy Labelling (EPREL). Because of the quantity of models concerned split across many production years, the multiplicity of possible tyre combinations, the extreme complexity of the process and general unavailability of data, ALD has declared this criterion inoperable for this first alignment exercise. This position will be reassessed for 2023 reporting.
- *DNSH Circular Economy* (rationale detailed in the registration Document):
    - Eligible vehicles are both of the following: reusable or recyclable to a minimum of 85% by weight, reusable or recoverable to a minimum of 95% by weight.
    - Measures are in place to manage waste both in the use phase (maintenance) and the end-of-life of the fleet, including through reuse and recycling of batteries and electronics (in particular critical raw materials therein), in accordance with the waste hierarchy.
- *DNSH Climate Change Adaptation* (rationale detailed in the registration Document):
    - ALD performed a quantitative assessment of physical and transition risks, affecting either ALD premises or the fleet leased to clients
    - ALD also presented a mitigation plan in front of these different risk categories
- With regards to Minimum Social Safeguards, ALD presented a complete status regarding respect of Human & Labour Rights, Anti-bribery & Corruption, Taxation & fair competition in its operations. ALD confirmed the application of required standards and absence of convictions in court on these matters
- Overall, Battery Electric Vehicles were included in the calculation of ALD's alignment ratios of turnover, CapEx and OpEx. The rationale applied to the entire Battery Electric portfolio within the Universal Registration Document also applies to the Green and Positive Impact Bond Portfolio in terms of alignment.

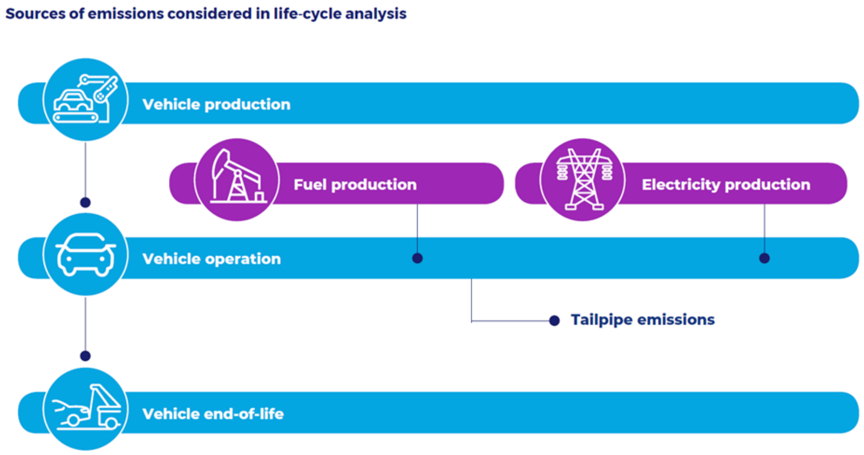
3.3 IMPACT REPORT

Methodology

In conjunction with Societe Generale, a methodology has therefore been developed to calculate the impact of investments and financing activities on climate change mitigation. This impact is characterized by the calculation of "avoided emissions" due to the deployment of certain activities financed by Societe Generale, and in this case ALD, from a life cycle perspective.

Life cycle analysis (LCA) identifies and quantifies the physical flows of materials and energy associated with human activities throughout the life of products. To assess the impact (avoided emissions) of individual electric vehicles, a reference scenario was established representing the emissions associated with internal combustion engines of an equivalent size, prior to the implementation of electric vehicles. Avoided emissions are assessed by taking the difference between the emissions generated by the baseline scenario and the emissions generated by the low-carbon solution.

It is key to adopt this holistic approach when addressing the impact of electric vehicles: whilst they allow for a drastic reduction of emissions in the usage phase, they have higher emissions during the production phase, and electric production also generates GHG emissions.



In the tool, the emission factors used to calculate emissions throughout the life cycle were taken from independent, broadly recognized sources:

- International Energy Agency, for the production of electricity
- The French Agency for Ecological Transition (ADEME), for the production of electricity
- the International Council on Clean Transportation (ICCT), for its reference study on life cycle emissions in Europe, China, India, and the US[6].

[6] A global comparison of the life-cycle greenhouse gas emissions of combustion engine and electric passenger cars (theicct.org):

Key findings

Emissions calculated after the replenishment of the portfolio can be summarized as follows:

	Over 1 year	Over contract duration[7]	Over vehicle life time[8]
Absolute emissions (scopes 1, 2 and 3) – portfolio (teq CO2)	44,807	162,726	238,800
Absolute emissions (scopes 1, 2 and 3) – baseline (teq CO2)	52,887	192,068	447,858

	Over contract duration	Over vehicle life time
Avoided emissions from Bond portfolio (% reduction vs baseline scenario)	15%	47%

In other words, over the leasing contract, the vehicles will have paid all their "carbon debt" linked with production, and already show a significant GHG reduction. The benefit grows over time when taking into account the entire vehicle life span. This latter conclusion is valid for all vehicle segments and European countries represented in the portfolio.

[7] Average contract duration of 44 months

[8] Expressed in total mileage covered, variable by vehicle (e.g., for small cars = 198,000kms).
Source: https://theicct.org/sites/default/files/publications/Global-LCA-passenger-cars-jul2021_0.pdf