

**ALD BOARD OF DIRECTORS
7 FEBRUARY 2018**

Decisions of the Board of Directors dated 7 February 2018 relating to the remuneration of ALD Executive Directors

The 2017 evaluation of ALD SA (“**ALD**” or the “**Company**”) executive directors and proposals for annual variable remuneration for 2017 presented below were approved by the **ALD** Board of Directors on 7 February 2018.

1/ - THE PRESIDENT'S REMUNERATION

Mr Didier Hauguel is to receive neither directors' fees nor remuneration for his appointment as President of **ALD**. However he will receive fixed and variable remuneration for his duties within Société Générale.

2/REMUNERATION OF CHIEF EXECUTIVE OFFICERS

REMINDER OF GENERAL PRINCIPLES

Remuneration for executive directors in 2017 is comprised of the following elements

- Fixed Remuneration (FR) which recognises experience and responsibilities taking into account market practices. It represents a significant part of the total remuneration.
- Variable Remuneration (VR) dependent on the performance for the year and the contribution made by executive directors to ALD's success.
- For 2017 there is an exceptional bonus specifically related to the success of the listing of the Company's shares on Euronext Paris, which is included in Variable Remuneration.

2017 FIXED REMUNERATION

In compliance with the 2017 remuneration policy approved by the Shareholders' General Meeting on 20 April 2017, the 2017 annual remuneration is increased from 16 June 2017 to:

- €350,000 for Mr Michael Masterson, Chief Executive Officer,
- €250 000 for Mr Tim Albertsen, Deputy Chief Executive Officer,
- €180 000 for Mr Gilles Bellemere, Deputy Chief Executive Officer

2017 EVALUATION AND 2017 VARIABLE REMUNERATION

The Shareholders' General Meeting on 20 April 2017 approved the target variable remuneration as follows:

- €550,000 for Mr Michael Masterson, Chief Executive Officer,
- €350 000 for Mr Tim Albertsen, Deputy Chief Executive Officer,
- €100 000 for Mr Gilles Bellemere, Deputy Chief Executive Officer

Variable Remuneration (VR) for executive directors is based 60% on quantitative criteria and 40% on qualitative criteria, thus combining assessment of the financial performance of the ALD Group and an assessment of managerial competencies.

Quantitative part

For each of the three executive directors, the quantitative part is measured for 2017 based on 4 indicators.

These indicators are:

- Annual Growth in the fleet (2017 year-end as compared with 2016 year-end including external growth),
- Growth in the services margin and the margin on leasing contracts (corresponding to Gross Operating Income excluding used car sales results),
- Cost / Income ratio excluding used car sales results,
- Earnings per Share

On the basis of estimated results for 2017, the percentage of achievement of indicators for the quantitative part is 62.62%.

Indicator	Indicator Weighting	Achievement percent of Kpl	Achievement percent Quantitative Part
Annual growth in the fleet (2017 year-end compared with 2016 year-end including external growth)	10%	11.38%	62.62%
Gross services margin and margin on leasing contracts (being Gross Operating Income excluding used car sales)	10%	11.18%	
Cost / Income ratio (C/I) excluding used car sales results	10%	8.40%	
Earnings per Share*	30%	31.67%	

*Net Profit divided by 404 103 640 shares

Qualitative Part

Qualitative targets are calculated based on ALD Group strategy including, in particular, innovation and customer satisfaction, the quality of residual value risk control, Corporate and Social Responsibility policy, operational efficiency, risk control and managerial development.

Joint and individual targets have been defined for Executive Directors. Joint and individual targets each represent 50% of the qualitative part. Each target has an equivalent weighting in these two categories.

On the basis of these assessments, the overall achievement of qualitative targets was 40% for each of the three executive directors.

2017 Variable remuneration

On the basis of 2017 target variables and an achievement per-cent for 2017 of quantitative and qualitative indicators (totalling 102.62%) total annual variable performance remuneration is:

- €564 432 for Mr **Michael Masterson**, Chief Executive Officer,
- €359 184 for Mr **Tim Albertsen**, Deputy Chief Executive Officer,
- €102 624 for Mr **Gilles Bellemere**, Deputy Chief Executive Officer

EXCEPTIONAL BONUS

The Shareholders' General Meeting on 20 April 2017 approved a Success Bonus for the listing of the Company's shares on the Euronext Paris Stock Market of:

- €300 000 for Mr **Michael Masterson**, Chief Executive Officer,
- €100 000 for Mr **Tim Albertsen**, Deputy Chief Executive Officer,
- €100 000 for Mr **Gilles Bellemere**, Deputy Chief Executive Officer

This bonus was granted in full to each of the three executive directors.

TOTAL VARIABLE REMUNERATION FOR 2017

In total, accumulated annual variable performance remuneration and the bonus relating to successful introduction on the stock market brought total variable remuneration to:

- €864 432 for Mr **Michael Masterson**, Chief Executive Officer,
- €459 184 for Mr **Tim Albertsen**, Deputy Chief Executive Officer,
- €202 624 for Mr **Gilles Bellemere**, Deputy Chief Executive Officer

Capping

Pursuant to directive CRD4 and following authorisation by the Société Générale Shareholders' Meeting in May 2014, total variable remuneration including the exceptional bonus for introduction onto the stock market was capped at 200% of fixed remuneration for the Chief Executive Officer and for the Deputy Chief Executive Officers.

The calculation of the regulatory variable ratio to fixed remuneration includes accommodation allowances in the fixed component.

The 2017 total annual variable remuneration, including the bonus for success in introduction onto the stock market, for executive directors, comply with this ratio

Arrangements for vesting and payment of variable remuneration

In compliance with **ALD** remuneration policy, payment of at least 40% of variable remuneration is deferred over five years. It combines payments in cash and the grant of **ALD** shares or shares equivalents, subject to meeting long-term targets in terms of profitability enabling a reduction in payments to be made where targets are not achieved.

Deferred variable remuneration which has not vested is subject to performance provisions:

- a reduction (*malus*) provision (in the event of significant downturn in performance),
- an **ALD** average Net Profit (arithmetical average), excluding own debt, over the vesting period.

The last instalment of variable remuneration deferred over five years granted in share equivalents to executive directors will additionally be subject to a long-term performance provision based on RoA (being defined as Return on Average Earning Assets RoAvEA). Thus the whole of this instalment will only vest where ALD RoA is higher, on average, than 3.5% over the acquisition period. No share or equivalent share will vest where the average RoA for the period is lower than 3%. Where the RoA is between 3% and 3.5% the Remuneration Committee will recommend the percentage that should vest for approval by the Board of Directors

The Board of Directors retains the right to decide how non-recurrent items are adjusted that might affect Group profits and/or take into account changes in organisational scope.

Employees eligible for deferred variable remuneration are also subject to an individual and joint reduction (*malus*) clause resulting in total or partial non-payment of deferred remuneration in the event of taking excessive risk and/or not complying with rules of conduct including during obligatory holding periods.

Finally, vesting of deferred variable remuneration is also subject to a condition of being present within the Société Générale group. The exceptions to this are as follows: retirement, death, invalidity with incapacity to carry out duties, or resolution by the Board of Directors based on conditions for leaving.

DECLARATION OF PERFORMANCE CONDITIONS FOR ACQUIRING PENSION ENTITLEMENT

Messrs **Mike Masterson, Tim Albertsen** and **Gilles Bellemere** benefit from the retirement pension schemes described below applicable to them as employees until suspension of their contracts of employment:

- Additional pension scheme for Société Générale management,
- The Valmy Benefits Scheme - *Régime de l'Institution de Prévoyance Valmy* - for Société Générale employees.

Pursuant to legislation, annual growth in additional pension rights is conditional upon completion of career within the company and is subject to the following performance conditions: rights to potential annuity for any one year will only vest where at least 50% of the performance conditions for variable remuneration for that year are fulfilled. For any performance which is lower than this no growth in annuity will apply.

As this performance condition has been fulfilled, potential rights to annuity for 2017 vest for Messrs **Mike Masterson, Tim Albertsen and Gilles Bellemere**.