

**2019 EVALUATION OF THE CHIEF EXECUTIVE OFFICERS
PROPOSITIONS FOR 2019 VARIABLE REMUNERATION**

**ALD BOARD OF DIRECTORS MEETING
FEBRUARY 5TH 2020**

2019 EVALUATION OF THE CHIEF EXECUTIVE OFFICERS PROPOSITIONS FOR 2019 VARIABLE REMUNERATION

The 2019 performance evaluation of the Executive Directors of ALD SA (« ALD » or the « Company ») and the proposals for the 2019 annual variable remuneration set out hereafter were validated by the Board of Directors on February 5th, 2020.

The 2019 remuneration policy for the Executive Directors was validated by the Board of Directors meeting of March 28th 2019 and by the Annual General Shareholders Meeting of May 22nd 2019 (ex ante vote).

The executive directors' compensation policy aims to attract, motivate and retain over the long term the best talents at the highest level of the Company, while ensuring that risks and compliance issues are properly managed. It is also intended as recognition for the implementation of ALD's long-term strategy in the general interests of shareholders, its clients and staff, in keeping with the principles laid out in Societe General Group's code of conduct.

The policy covers all components of compensation and benefits granted, where applicable, ensuring an exhaustive and comprehensive determination of the Executive Directors total remuneration. It ensures an appropriate balance between these components in the general interests of ALD and its shareholders.

Furthermore, the compensation of ALD Executive Directors is consistent with:

- EU directive CRD4 of 26 June 2013, which requires that credit institutions implement compensation policies and practices that are compatible with sound and effective risk management, ALD being identified as a Material Business Unit in Societe Generale Group's consolidated accounts. The CRD4 directive was transposed into French law and its compensation principles have been applicable since January 1st 2014;
- the corporate governance code applied by large French companies (AFEP/MEDEF code); and
- the dispositions of the French Commercial Code.

The Executive Directors' remuneration has been determined taking into account market practices, particularly within the Company's specific business sector.

In accordance with the dispositions of the French Commercial Code, no variable remuneration, annual or exceptional, will be paid to the Executive Directors without the prior of the shareholders at their Annual General Meeting (« say on pay », vote *ex post*).

Remuneration of the Chairman

Didier HAUGUEL was Chairman of the Board of Directors until May 22nd 2019, after which date he was replaced by Philippe HEIM.

Didier HAUGUEL was not remunerated for his mandate as Chairman of the Board of ALD. He received fixed and variable remuneration for his wider role as an employee of Société Générale.

Philippe HEIM does not receive any remuneration for his mandate as Chairman of the Board of ALD. He is remunerated by Société Générale for his mandate as Deputy Chief Executive Officer of Société Générale.

Remuneration of the Chief Executive Officers

For 2019, the remuneration of the CEO and the Deputy CEOs is broken down into two components:

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

Fixed remuneration

At the end of 2019, the annual fixed base salaries of the Executive Directors are as follows :

- Michael MASTERSON, Chief Executive Officer : 400 000 euros ;
- Tim ALBERTSEN, Deputy CEO : 300 000 euros ;
- Gilles BELLEMERE, Deputy CEO : 240 000 euros ;
- John SAFFRETT, Deputy CEO : 300 000 euros.

The annual fixed base salaries were validated in the context of the ALD remuneration policy.

Variable Remuneration

Main principles

On 28 March 2019 the Board of Directors defined the components of variable compensation for 2019, which were approved by the Shareholders Annual General Meeting on May 22nd 2019. The annual variable remuneration is determined for 60% based on quantitative criteria and for 40% through qualitative criteria.

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.

The following table shows the target and maximum amounts for the variable remuneration approved under the 2019 remuneration policy.

<i>(in EUR)</i>	Target variable remuneration 2019	Of which quantitative part	Of which qualitative part	Maximum variable remuneration 2019	Of which quantitative part	Of which qualitative part
Michael MASTERSON	650 000	390 000	260 000	767 000	507 000	260 000
Tim ALBERTSEN	400 000	240 000	160 000	472 000	312 000	160 000
Gilles BELLEMERE	200 000	120 000	80 000	236 000	156 000	80 000
John SAFFRETT	400 000	240 000	160 000	472 000	312 000	160 000

Quantitative part

The quantitative portion is determined based on the following four performance indicators:

- the annual growth of the fleet;
- the growth in the services margin and leasing contract margin;
- the cost/income ratio, excluding used cars sales results; and
- the earnings per share.

For 2019, the achievement rate for the quantitative part is 70,36% (on a basis of 60, that is a 117,26% achievement rate on a basis of 100), detailed as follows :

Indicators	Weighting	Achievement rate
Annual growth of the fleet (2019 vs 2018)	10 %	11,83 %
Growth of the services margin and the leasing contract	10 %	11,93 %
Cost/income ratio excluding used car sales results	10 %	10,60 %
Earnings per share	30 %	36,00 %
TOTAL	60 %	70,36 %

The targets and level of achievement for these quantitative performance criteria were fixed precisely by the Remuneration Committee (COREM) and validated by the Board of Directors but are not made public for reasons of confidentiality.

Qualitative part

The qualitative portion (40%) is determined based on objectives relating to innovation, client satisfaction, CSR indicators, the quality of residual value risk control and used cars sales management, managerial development, operational efficiency, compliance and internal control, and other operational objectives specific to the Company.

Both collective and individual objectives were fixe for the Executive Directors with an equivalent weighting.

Based on the 2019 performance evaluation, the achievement rate for the qualitative portion is 40% (on a basis of 40, that is 100% on a basis of 100) for Michael MASTERSON, Tim ALBERTSEN, Gilles BELLEMERE and John SAFFRETT.

Qualitative performance objectives were pre-defined and assessed precisely by the Remuneration Committee and validated by the Board but are not published for reasons of confidentiality.

Amounts in respect of 2019

Based on the evaluation of the quantitative and qualitative performance indicators (global achievement rate of 110,36%), the variable remuneration amounts are as follows :

- Michael MASTERSON : 717 330 euros ;
- Tim ALBERTSEN : 441 434 euros ;
- Gilles BELLEMERE : 220 717 euros ;
- John SAFFRETT : 419 362 euros (of which 331 075 euros for the period relating to his mandate of Deputy Chief Executive Officer).

These amounts are subject to the final validation of the Annual General Shareholders Meeting on May 20th, 2020. No payment will be made prior to such validation.

Vesting conditions for the total variable remuneration

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 instalments 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), 50% of the vested portion and a minimum of 50% of the unvested portion;
- the amount of the variable remuneration paid out immediately in cash shall not exceed 30% of the total amount.

The deferred portion vests subject to:

- a presence condition. The exceptions to this condition are as follows: retirement, death, disability with the incapacity to carry out the function or by decision of the Board based on the circumstances of the departure;
- a malus condition in case of significant deterioration of financial performance or in case of misconduct;
- a profitability condition based on positive net income 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, provided it can be enforced within the relevant legal and regulatory framework.

Payment of the last installment deferred for 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 will be payable. If the RoAEA is between 1.8% and 2.3%, the Remuneration Committee will propose a vesting percentage to the Board of Directors.

If either the presence condition or the performance condition is not met, the unvested portion may be reduced or even cancelled in full.

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

Other benefits

The Executive Directors benefit from a car made available by the Company and a life insurance policy, providing health, death and disability insurance coverage equivalent to those of other employees. Mr. Michael MASTERSON, Mr. Tim ALBERTSEN and Mr. John SAFFRETT also benefit from a housing benefit.

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 2020 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. Michael MASTERSON, 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 senior managers;
- Institution de Prévoyance Valmy Plan for Societe Generale employees.

In addition, Michael MASTERSON benefits since January 1st 2019 from a new supplementary pension plan implemented for the members of the Management Committee of Société Générale.

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 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 2019 are acquired for Michael MASTERSON, Tim ALBERTSEN, Gilles BELLEMERE and John SAFFRETT.