Universal registration document 2020

Including the annual financial report

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Items in the annual financial report are identified by the pictogram AFR

The declaration on extra-financial performance is identified by the pictogram DEFP

Universal Registration Document 2020

Including Annual financial report

ALD Automotive is the market leader in full-service vehicle leasing in Europe with more than 1.76 million vehicles under management in 43 countries worldwide.

Through our vast international network, ALD Automotive offers its clients total flexibility in managing their fleet – from simple vehicle finance to full service outsourcing.

The Universal Registration Document is a reproduction of the official version of the Universal Registration Document in XHTML format and can be found on the issuer's website.

This Universal Registration Document has been filed on April 26, 2021 under No. D.21-0358 with the AMF, as competent authority under Regulation (EU) 2017/1129, without prior approval pursuant to Article 9 of the said regulation. The Universal Registration Document may be used for the purposes of an offer to the public of securities or admission of securities to trading on a regulated market if completed by a securities note and, if applicable, a summary and any amendments to the Universal Registration Document. The whole is approved by the AMF in accordance with Regulation (EU) 2017/1129.

The AMF approves this Universal Registration Document only as complying with the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129. This approval should not be considered as a favourable opinion on the issuer that is the subject of the Universal Registration Document.

Pursuant to Article 19 of Regulation (EU) 2017/1129 of the European Parliament and of the Council, the following information is incorporated by reference in this Universal Registration Document:

- the consolidated financial statements and the corresponding audit reports appearing on pages 147-230 of the Universal Registration Document for the 2019 financial year filed with the AMF on 9 April 2020 under No. D.20-0284, on pages 138-219;
- the financial information identified in the cross-reference table on page 248-251 of the Universal Registration Document for the 2019 financial year filed with the AMF on 9 April 2020 under No. D.20-0284, on pages 236-239;
- the consolidated financial statements and the corresponding audit reports appearing on pages 142-217 of the Registration Document for the 2018 financial year filed with the AMF on23 April 2019 under No. R.19-009, on pages 176-260;
- the financial information identified in the cross-reference table on page 236-237 of the registration document for the 2018 financial year filed with the AMF on 23 April 2019 under No. R.19-009, on page 281.

The parts of such document(s) which are not included are either not relevant to the investor or are covered elsewhere in the Universal Registration Document.

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ALD at a glance

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1.1 History and development

2001

Acquisition of ALD Interleasing by Societe Generale and creation of the ALD Automotive brand

Leader on its main markets: *France, Italy, The Netherlands, Spain, United Kingdom, Germany, Belgium*

Development in other western- and northern European markets

291,000 vehicles

19 countries

France, Italy, The Netherlands, Spain, Great Britain, Germany, Belgium in particular, and Nordic countries (Finland, Norway)

2002 - 2005

Expansion in eastern Europe, South America, Africa and Asia. Already present in all the BRIC countries (Brazil, Russia, India and China), the Group is also developing in other Latin American countries, notably in Mexico, Chile, Peru and Columbia, and has built up strong positions in markets outside Western Europe.

2003

Acquisition of Hertz Lease Europe
(180,000 vehicles in 12 countries)

22 countries

Slovenia, Russia, Switzerland

2004

500,000 vehicles

29 countries

Ukraine, Brazil, Croatia, India, Estonia, Romania, Turkey

2005

Acquisition of Ford Lease
(61,300 vehicles in 9 countries)

33 countries

Lithuania, China, Latvia, Greece

2006

37 countries

Algeria, Serbia, Mexico

2007

Global partnership with Wheels Inc.

2007 - 2016

In April 2009, the Group entered into a global strategic co-operation alliance with Wheels, a specialist and leader in vehicle Fleet Management for large corporate customers in North America. In 2012, the Group entered into a similar alliance with Fleet Partners, which extended its coverage in the Asia Pacific region. In 2014, another strategic alliance was concluded with ABSA (company based in South

2008

750,000 vehicles

2009

Partnership with Fleet Partners (Australia, New Zealand)

Main events
Box
Number of vehicles
Country

2010
Launch of ALDCarmarket

2013
1 million vehicles

Africa, Absa Vehicle Management Solutions), which enabled the Group to extend its offering to South Africa. In 2016, the Group expanded its strategic partnerships in the Latam region (in Argentina with Autocorp and Central America with Arrend). These alliances have expanded the Group's global presence, which directly or through its alliances covers, as at December 31, 2019, 55 countries.

2014
39 countries

Kazakhstan, Bulgaria

2015
40 countries

Chile

2016
Acquisition of Parcours, 63,700 vehicles in France, Spain, Belgium, Portugal and Luxembourg

Partnerships with Autocorp and Arrend

41 countries

Peru

2017
IPO

43 countries

Ireland, Colombia

2017

IPO: in June 2017, Société Générale sold a total of 20.18% of ALD's issued share capital via an Initial Public Offering (IPO) announced on June 5, 2017. The objective of the IPO was to enable the ALD Group to gain visibility and reputation in the mobility ecosystem as well as to access new means of financing and to increase its capacity to accelerate its development and seize new growth opportunities in both the corporate and B2C markets. ALD's shares commenced trading on the regulated market of Euronext Paris on 16 June 2017. The initial offer price of EUR 14.30 per share implied a total valuation of the Company's shares of EUR 5.78 billion.

2019

Acquisition of Stern Lease in the Netherlands (~14,000 vehicles), the rental activity of Stern Group

Acquisition of the BBVA leasing portfolio in Portugal

ALD selected by Amazon to launch 'Motors' personal car leasing platform in Spain

Partnerships with Polestar

2019
Launch of ALD Electric

Launch of ALD MOVE in the Netherlands, the Group's first mobility-as-a-service solution

2020

Move 2025 strategic plan announced

Capital Markets Day

Joint launch with Ford Fleet Management

Creation of a Malaysian subsidiary with Mitsubishi UFJ Lease & Finance

Partnership with Mitsubishi Auto Leasing in Japan

Partnership with Shouqi in China

Divestment of ALD Fortune (China)

Launch of ALD Flex

1.76 million vehicles

The Company was incorporated in 1998 under its former corporate name “Lysophan”. In October 2001, the former corporate name was replaced by “ALD International”. In March 2017, this was in turn changed to “ALD”.

Key milestones in the ALD Group’s development include the acquisition by Societe Generale, its parent company, of Deutsche Bank’s European car leasing activity in 2001 and Hertz Lease Europe in 2003, thereby consolidating the Group’s leading market position in almost all of its key European markets.

Since 2004, the Group has established multiple subsidiaries in Central and Eastern Europe and South America, Africa and Asia. Already present in all the BRIC countries (Brazil, Russia, India and China), the Group is also developing in other Latin American countries, notably in Mexico, Chile, Peru and Colombia, and has built up strong positions in markets outside Western Europe.

In April 2009, the Group entered into a global strategic co-operation alliance with Wheels, a specialist and leader in vehicle Fleet Management for large corporate customers in North America. In 2012, the Group entered into a similar alliance with Fleet Partners, which extended its coverage in the Asia Pacific region. In 2014, another strategic alliance was signed with ABSA (South African-based company Absa Vehicle Management Solutions), which extended its coverage to South Africa. In 2016, the Group expanded its strategic partnerships in the Latam region: in Argentina with Autocorp and Central America with Arrend. In 2020, new partnerships were added in Asia, notably with Mitsubishi Auto Leasing Corporation in Japan, and with Shouqi in China. These alliances helped to expand the Group’s global presence which included, either directly or through such alliances, 59 countries at 31 December 2020.

In addition to its regional partners, the Group has forged partnerships with more than 200 car manufacturers, banks and insurers, energy suppliers and mobility platforms. Aside from its direct distribution, the Group uses other indirect distribution channels to offer its Full Service Leasing and Fleet Management.

In June 2017, Societe Generale sold a total of 20.18% of ALD’s issued share capital *via* an initial public offering (IPO) announced on 5 June 2017. The objective of the IPO was to enable the ALD Group to gain visibility and reputation in the mobility ecosystem as well as to access new means of financing and to increase its capacity to accelerate its development and seize new growth opportunities in both the corporate and B2C markets. ALD’s shares commenced trading on the regulated market of Euronext Paris on 16 June 2017. The initial offer price of EUR 14.30 per share implied a total valuation of the Company’s shares of EUR 5.78 billion.

In November 2020, ALD held its first Capital Markets Day which was the opportunity to present is Move 2025 strategic plan.

1.2 Detailed profile

1.2.1 Business model

ALD is a Full Service Leasing and Fleet Management group with a managed fleet of 1,758 million vehicles. It operates directly in 43 countries as of 31 December 2020. The Group has commercial alliances in 16 countries, thus extending its geographical coverage. The Group is active on the whole Full Service Leasing value chain and focuses on providing solutions encompassing a broad range of services that can also be provided on a standalone basis.

The Group benefits from a diversified income base consisting of three principal components: the Leasing contract margin, the Services margin and Used car sales result.

Under its primary product offering, Full Service Leasing, the Group purchases vehicles with a view to leasing them to its customers. During the lease period it earns a financing spread (Leasing contract margin), equal to the difference between, on the one hand, the leasing contract revenue it receives from customers, equal to the expected depreciation of the leased vehicle plus the interest charge for funding the vehicle as well as other associated costs, and, on the other hand, the leasing contract costs, which are comprised of the costs for the expected depreciation of the leased vehicle and the costs of funds the Group incurs to fund the vehicles.

The Group also generates income from the wide range of services that it offers under both its Full Service Leasing and Fleet Management products, such as maintenance and repairs, insurance, tyres and replacement vehicles. This income is referred to as the Service Margin, representing the difference between the fixed costs invoiced in the monthly rental and the financing costs incurred by the Group.

Finally, the Group generates income from the resale of its used vehicles at the termination of a lease contract, referred to as the Car Sales Result. The Group markets and sells used vehicles at the end of their lease through various channels: dealers, directly to the users of the vehicles or sales to individual customers *via* auctions, respectively through its auction platforms and online vehicle sales (ALDCarmarket), or one of the 50 showrooms in 19 countries. ALDCarmarket has become the main channel used to market and resell its used vehicles. *Via* this website, the Group can also remarket, on behalf of its customers and partners, used cars which it does not own, earning a fee from the proceeds of the sale.

The following chart sets out the distribution of the Group's three principal sources of consolidated Gross operating income for the financial years ended 31 December 2020, 2019 and 2018:

(in EUR million)	31 December 2020	31 December 2019	31 December 2018
Leasing contract margin	626.1	664.1	623.8
Services margin	630.3	632.3	616.7
Car sales results	61.1	75.0	102.5
GROSS OPERATING INCOME	**1,317.5**	**1,371.4**	**1,343.0**

Move 2025 – Become an

The car becomes...

2020 — **Electric** — **Connected** —

OUR RESOURCES

PEOPLE

- **6,696** employees in **43** countries*
- Very committed staff (*commitment rate in 2019: **76%***)
- International culture

OPERATIONS AND ORGANISATION

- Presence in **43** countries
  16 countries covered through strategic alliances
- **86.1% of** revenues in Western and Northern Europe
- Strategic external growth
- Local empowerment: delivering high quality services through a local entrepreneurial approach within a global framework
- Centres of excellence to industrialise innovations locally
- Governance: Operating Board, responsible for supervision of the countries and regions
- Embedded in Societe Generale's (SG) organisational framework
- Importance of ethics in conducting business

FINANCIAL RESOURCES

- Rating: BBB by S&P and BBB+ by Fitch - stable outlook
- Optimal funding mix including bond issuance and SG funding providing flexibility for sustainable fleet growth
- 2020: EUR **20.8 billion** earning assets EUR **600 million** in bond issues and EUR **350 million** of financing by the European Investment Bank in favour of the energy transition

BUSINESS RELATIONSHIPS

- Strong business relations with a broad network of suppliers
- Multi-channel distribution through multiple partnerships with financial institutions and car manufacturers (***36%** of the fleet*) like Tesla or Polestar
- *Development of innovative and flexible solutions (**ALD Flex** launched in 2020)*
- Strong portfolio of large international accounts (***333** at end 2020*)

ENVIRONMENT

- **196,000 "green"** vehicles
- Average CO_2 footprint = **118 g/km**
- **7,810 teq** CO_2, or **1.34 t** per occupant
- Several leading non-financial rating agencies have recognised ALD's strong commitment: CDP **(B)**, Ecovadis **(Gold, Group level, top 3%)**, MSCI ESG **(A)**, Vigeo Eiris (**Advanced**, top 3 of the sector), Sutainalytics **(top 3% of the sector)** and Gaïa **(79/100)**

ALD STRATEGY

Operational excellence in our core business:

- Funding
- Vehicle and corporate fleet management
- Customers
- Vehicle remarketing (management of the residual value risk)
- Value-added services for the driver and the fleet manager

Strategic pillars

CUSTOMERS

GROWTH

GOOD

PERFORMANCE

* *Including Malaysia, which began its activity in 2020, and the reporting process is currently being rolled out.*

1

integrated player in mobility

Shared — Autonomous — **2025**

VALUE CREATION FOR OUR STAKEHOLDERS

Objectives

Be recognised as the most innovative provider of mobility products and services.

Be the global leader in sustainable mobility solutions.

Place people and corporate social responsibility at the heart of everything we do.

Generate value over the economic cycle within a robust business operating framework.

Solutions deployed

- Development of digital tools
- Flexible mobility offers
- Benchmark customer service

- Geographic extension
- New platforms
- New partnerships
- Acquisition policy

- Energy transition of the fleet and ALD
- Responsible employer
- Responsible culture and business

- Back / middle office optimisation
- Economies of scale
- In-depth use of data
- Long-term performance targets

FOR OUR ECOSYSTEM

- Target of **2.2 million** contracts by 2025 (through organic growth), covering all types of customers
- Be agile and flexible to seize growth opportunities, target of 100,000 vehicles acquired by 2025
- Become the benchmark for customer service
- Develop a unique position as a mobility brand

FOR OUR CUSTOMERS AND THEIR EMPLOYEES

- Broadest geographic coverage in the industry. Direct presence in up to **50 countries** by 2025
- Development of the offer to the employees of these companies, an untapped customer base with important growth potential: BtoBtoE, car-sharing, ALDMove app
- Average annual growth rate of **15%** for individual customers and new mobility offers
- Digital vehicle remarketing platforms
- Investment plan with a total additional budget of **€66 million** over the next five years

FOR OUR EMPLOYEES

- A culture of entrepreneurship open to innovation and out of the box ideas
- Innovation management (a network of innovation leaders and an innovation committee with resources enabling prototyping)
- ALDWay (Always Learning and Developing) strategic talent development programme **(407 strategic talents from 33 nationalities)**
- Promotion of well-being at work
- Proactive training policy: **6,100** employees trained **(91%)**

FOR THE ENVIRONMENT AND SOCIETY

- Complete ALD Electric offer and partnerships with partners of the Electricity Ecosystem such as Chargepoint, Enel or E.On
- Advisory services: accompany customers through their energy transition
- 30% electric vehicles in its **new car registrations***
- Objective of a **30%** reduction in internal emissions** by 2025
- **-40%** CO^2 target for new contracts compared to 2019

FOR OUR SHAREHOLDERS

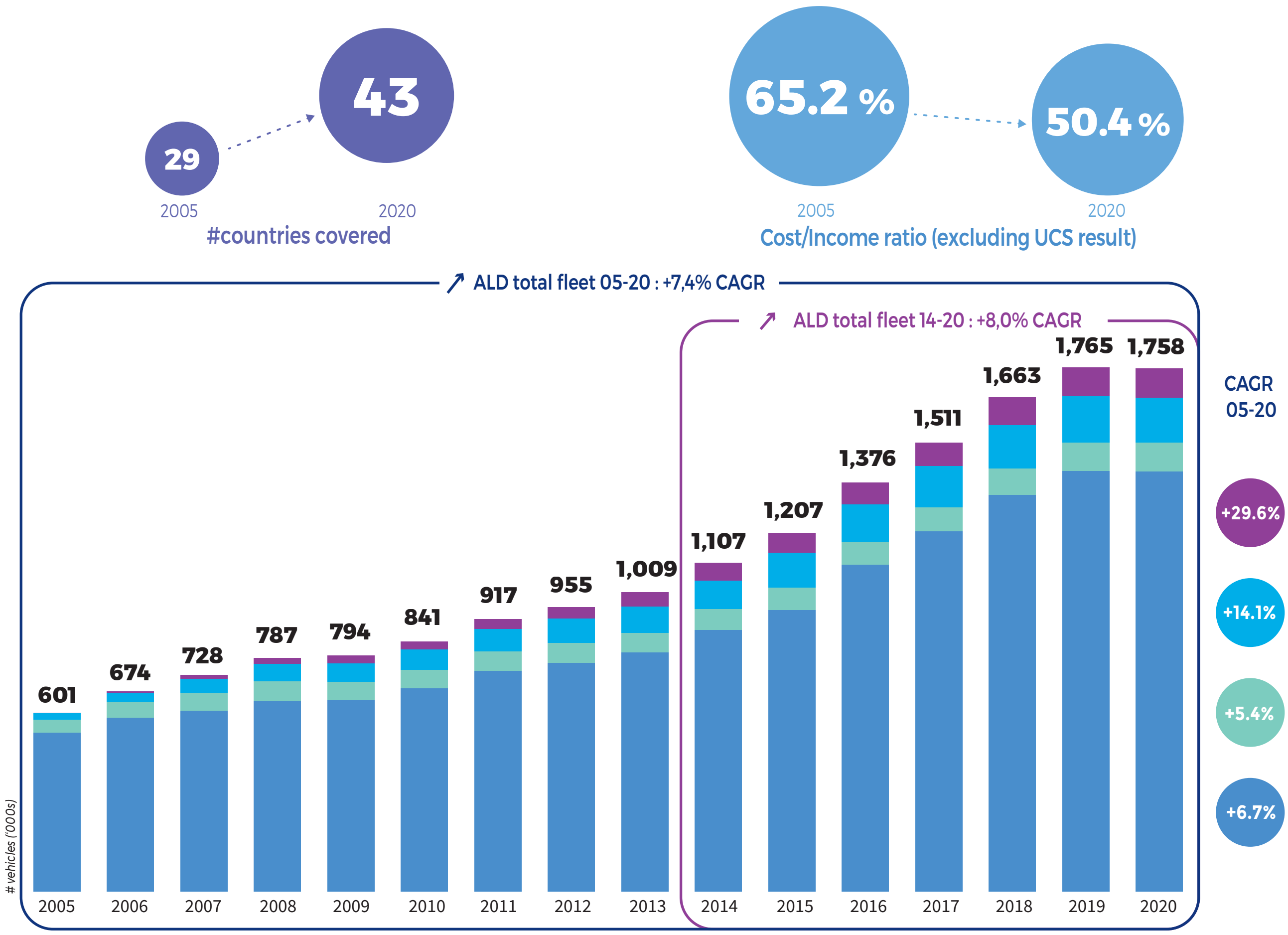
at 31/12/2020

- **€1,317.5 million** Gross Operating Income
- **€509.8 million** Net income (Group share)
- Dividend per share of **€0.63** (payout rate of 50%)
- Cost/income ratio (excluding used vehicle sales) of between **46%** and **48%** by 2025
- Dividend payout rate between **50%** and **60%** from 2020 to 2025

* *Target set on new passenger car deliveries for EU + Norway + UK + Switzerland*
** *Average emissions on new passenger car deliveries for EU + Norway + UK + Switzerland (CO^2 in g/km (NEDC norm)*

1.2.2 Market and product offering

SUSTAINED FLEET GROWTH OVER THE YEARS



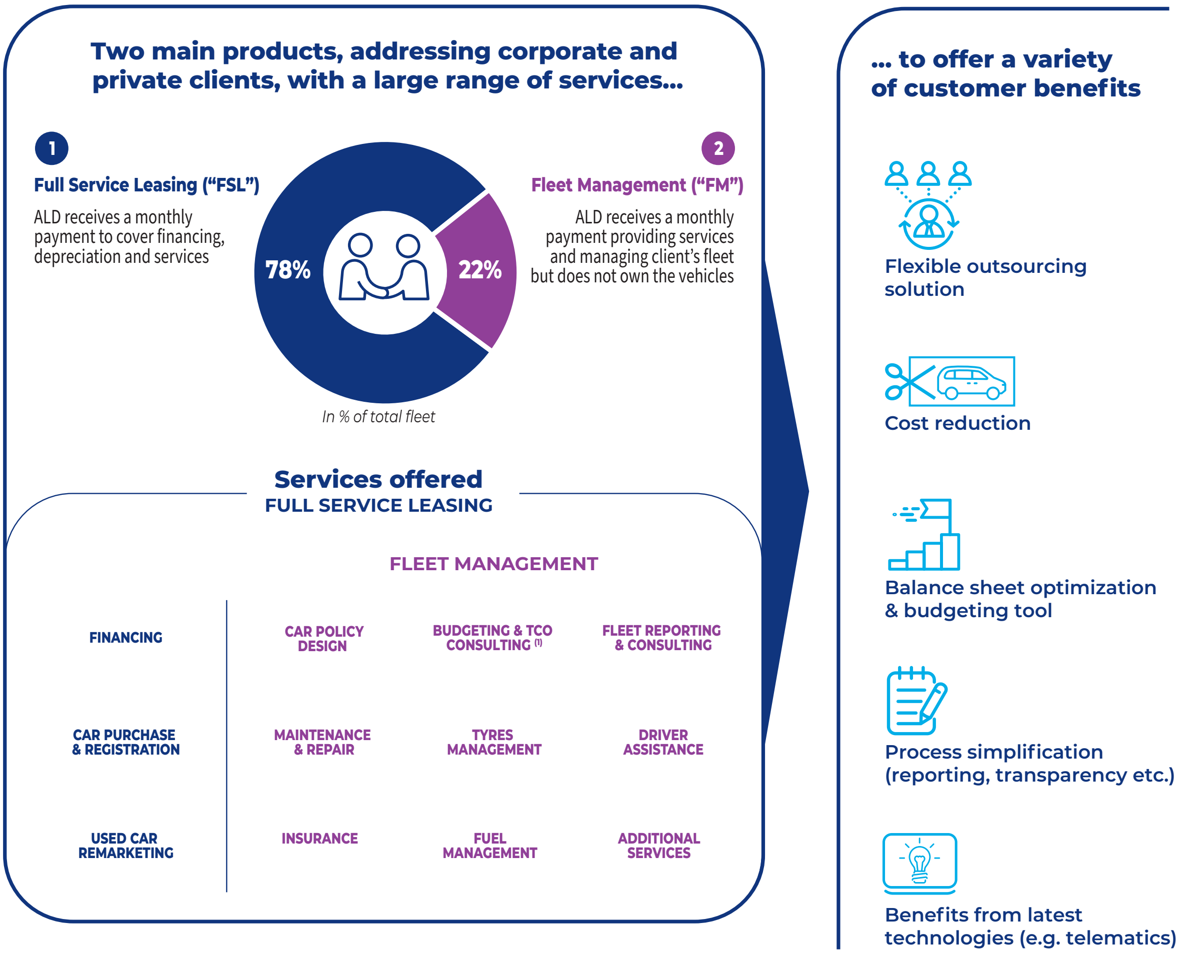
Note: Data as of 31/12

South America, Africa & Asia: *Brazil, Mexico, India, Morocco, Algeria, China, Chile, Peru, Columbia*

Central & Eastern Europe (CEE): *Russia, Belarus, Kazakhstan, Czech Republic, Hungary, Turkey, Poland, Romania, Austria, Ukraine, Switzerland, Bulgaria, Greece, Slovakia, Croatia, Serbia, Slovenia, Lithuania, Latvia, Estonia*

SOUTH AMERICA, AFRICA & ASIA · CEE · NORTHERN EUROPE · WESTERN EUROPE

THE ALD OFFERING MEETS ALL CUSTOMER NEEDS



Note: Data as of 31/12/2020

(1) TCO: Total Cost of Ownership (i.e. cost including usage of the car during the life of the leasing contract including leasing cost and services, fuel consumptions, direct and indirect taxes etc.).

1.2.2.1 Offers

In addition to traditional Full Service Leasing offers, ALD has recently developed new mobility offers, such as ALD Flex and ALD Move, which do not necessarily include a vehicle. These products,detailed in Section 1.2.8.2, are currently in the start-up phase andare not subject to specific reporting requirements.

Full Service Leasing

Full Service Leasing allows customers to use a vehicle without legal ownership.

In a full service lease the customer pays a monthly rent which covers the financing, depreciation of the vehicle and the cost of various management services provided relating to the vehicle (such as insurance, tyres, repair, courtesy car, fuel card and insurance). The fixed monthly lease payment gives the customer visibility and stability in his/her vehicle lease costs. This also means he/she does not have to use his/her own funding to acquire the vehicle.

A full service lease includes various management services, which help simplify the customer's fleet administration: by thus delegating the management of its fleet the customer avoids the need for an internal operating structure managing the relationship with drivers, suppliers and car manufacturers and having to resell the vehicle at the end of the lease while optimising costs. Customers also benefit from increased controls on drivers and fleet managers by the service provider, thereby improving efficiency, controlling costs and allowing the customer to focus on his/her core competencies.

Services included in a full service lease contract are tailored to the specific needs of customers. Under the fixed-payment model, customers pay a fixed monthly cost, but are not provided with a breakdown of the actual costs of the services incurred. The leasing company absorbs both positive and negative variances from the contracted costs. No settlement of the difference between actual and fixed contracted costs occurs at the end of the contract.

Under a full service lease, vehicles are chosen by the customer, together with the desired associated services. The leasing company has a consulting role and will advise the customer on selecting the vehicle-related services. Typical services available under a full service lease include the following:

- **designing a car policy and vehicle selection** – the customer can choose the type of vehicle (brand, model and options) he/she wishes to include in their car policy. The leasing company purchases the vehicle selected by the customer or his/her driver;
- **repair, maintenance and tyres** – the leasing company provides repair, maintenance and tyre replacement services for both routine and emergency situations through its network of selected workshops and tyre fitters;

- **insurance** – third party liability, theft, passenger and material damage insurance;
- **driver support and breakdown assistance** – examples include a customer support telephone line to support drivers in case of emergency, breakdown or for any other need;
- **replacement vehicles** – the leasing company may arrange for provision of a replacement vehicle in case of routine maintenance or accident repairs;
- **other** – tailor-made customer services, such as car-sharing solutions and telematics.

Fleet Management

Fleet Management is the provision of outsourcing contracts to customers under which vehicles not owned or funded by the Group are managed by the Group. The customer pays fees for the cost of various Fleet Management services provided by the Group. These services are generally identical to those listed under the Full Service Leasing product above, with the exception of the financing service, as the vehicle is owned by the customer.

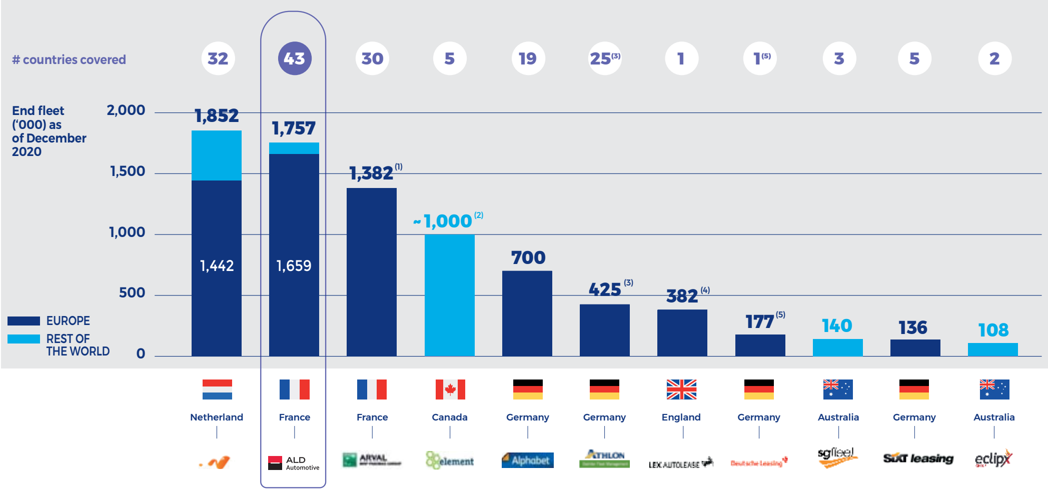
1.2.2.2 Growth trends & drivers

The growth of the Full Service Leasing and Fleet Management market has been driven by several factors:

- the rising volume of corporate fleets has increased the importance and potential for Fleet Management solutions;
- there is an ongoing behavioural shift from ownership to use across different consumer segments, including private customers;
- the rise of connected cars and digital services encourages the development of new high value-added services for the customer to optimise the usage cost of vehicles. The Group is using these new mobility solutions, such as car-sharing, autonomous driving and connected cars to expand its range of services to both corporate and private customers;
- the Group believes there is potential for growth in all customer segments on both mature markets and emerging economies. The growth in mature markets is expected to come from the further development of indirect channels to target SMEs, where penetration remains lower, but where there is a trend towards outsourcing of Fleet Management. Emerging economies have a lower penetration of Full Service Leasing, so there is strong growth potential as car fleets grow and more companies look to outsource their Fleet Management. Leasing to private individuals is growing rapidly in certain key markets. This trend is expected to continue.

1.2.3 Competitive environment

ALD, A LEADER IN FULL SERVICE LEASING



Strong scale effect throughout the value chain

- Favorable purchasing position with supplying partners
- Strong operational efficiency
- Diversification across geographies
- Forefront of technological and digital innovation

Note: Players shown are international, multi-brand players. Fleet figures include Full Service Leasing and Fleet Management.
Source: Company data as of 31/12/2020, except where stated otherwise. Company information.
(1) Funded fleet.
(2) As publicly communicated by Element.
(3) Including Athlon & Daimler Fleet Management's fleet and country coverage, fleet figure outside Europe not available.
(4) As of 01/11/2017.
(5) As of 30/06/2017, only Germany is reported.

1.2.3.1 Competitive landscape

On a global scale, the Full Service Leasing and Fleet Management market remains fragmented, with few players providing global coverage, (in 2019 and 2020, ALD Group ranks #1 in Europe, #2 worldwide; LeasePlan ranks #1 worldwide, #2 in Europe; and Arval ranks #3 in Europe and worldwide). Companies have traditionally focused on their home market and region (such as Sumitomo and Orix in South East Asia, and American leasing entities such as Element Fleet, ARI and Wheels, present largely in North America).

There are few global operators that can match the size of the ALD Group, which managed 1,758 million vehicles across 43 countries as at 31 December 2020. The Group has built a global network, successfully rolling out its business model in new customer segments, leveraging its international customer base and its strong commercial partnership culture to penetrate new customer segments. It should be noted that players that are only present in North America, where leases are mainly finance leases, generally lack the expertise to underwrite business in geographies where business is primarily composed of full service leases, notably Europe.

1.2.3.2 Competitors

In its activities, the Group competes with other international Fleet Management companies. This includes both vertically integrated companies offering Full Service Leasing and financing services and companies that offer Fleet Management only. The Group's key competitors are LeasePlan (1.852 million [1] vehicles managed), Arval (1.382 million [2] vehicles financed), Alphabet (0.705 million [3] vehicles managed) and Athlon/Daimler Fleet Management (0.402 million [4] vehicles managed), which are international multi-brand leasing companies operating in the same geographic regions as the ALD Group. In some of the Group's markets, it also competes with strong local players offering full service leases.

In financing, the Group competes with the captive finance subsidiaries of large car manufacturers. The Group also competes with third-party service providers that offer fleet consulting, bidding solutions and procurement.

Competitors in the global leasing services market generally fall into three broad categories based on their ownership structure, namely bank affiliates, car manufacturers' captives and independent operators. The ownership structure of a given competitor is often a key driver in the nature of its operations.

(i) Bank affiliates

Bank affiliates include entities that are part of a financial group, mostly subsidiaries of banks, such as Arval (BNP Paribas). In most cases, multi-brand vehicle leasing activities began as an extension of conventional banking products to meet the needs of corporate customers. Banks have gradually developed semi-autonomous leasing units within their structure.

These bank affiliates leverage the parent bank's distribution network among others. This serves as a sales channel within a diversified distribution chain for their own leasing products. Bank affiliates are included in the financing plans of their parents and/or affiliates. However, for the most part they are local or regional players without a global reach.

(ii) Car manufacturers' captives

Car manufacturers' captives, *i.e.* entities owned and controlled by car manufacturers, generally focus on increasing sales of their owner's vehicle brands. These entities benefit from brand synergies and access to the dealership network of their manufacturer, parent or affiliate, but the growth of the business is tied to the underlying demand for the manufacturer's specific vehicle brands.

The importance of captive operating lease and Fleet Management companies, such as Volkswagen Leasing, RCI Bank, PSA Finance and FCA Leasys, is increasing as their parent companies seek to present themselves as all-round providers of mobility solutions who are able to capture a greater share of the market for acquiring and operating vehicles, rather than solely as car manufacturers.

Given the financing advantages enjoyed by leasing businesses owned by financial institutions, the majority of larger car manufacturers have also established special financial services subsidiaries to oversee their leasing businesses and, in some cases, to assist in raising funds for their manufacturing businesses.

(iii) Independent operators

Multi-brand independent operators include entities that are not directly related to banking institutions or car manufacturers. Lack of scale and access to external financing on attractive terms are the key challenges faced by such entities.

(iv) Regional players

Regional players are companies that are only present in one country or a small number of countries.

(1) Number of vehicles as at 31 December 2020 (source: LeasePlan).

(2) Financed vehicles as at 31 December 2020 (source: BNP Paribas).

(3) Fleet leasing contracts under management as at 31 December 2020 (source: BMW).

(4) Number of vehicles in Fleet Management as at 31 December 2019, including Daimler Fleet (source: Daimler).

1.2.4 Product distribution

The Group has two product offerings: Full Service Leasing and Fleet Management, which accounted for 100% of the Group's Gross operating income for the financial year ended 31 December 2020.

The following table gives the breakdown of the managed fleet (in thousands of vehicles) by product offering for the financial years ended 31 December 2020, 2019 and 2018:

(in '000 vehicles)	31 December 2020		31 December 2019		31 December 2018	
Full Service Leasing	1,372	78%	1,389	79%	1,299	78%
Fleet Management	386	22%	376	21%	365	22%
TOTAL FLEET	**1,758**	**100%**	**1,765**	**100%**	**1,663**	**100%**

Full Service Leasing

Full service vehicle leasing contracts represented 78% of the Group's fleet as at 31 December 2020. The majority of its leases are classified as operating leases, with 95.8% of the Group's full service leases classified as operating leases as at 31 December 2020. The Group's full service leases are typically for a duration of 36 to 48 months.

Fleet Management

Fleet Management represented 22% of the Group's fleet as at 31 December 2020.

Through its range of services and specially negotiated rates, the Group provides solutions to customers to identify and control their costs by streamlining and simplifying the Fleet Management process. The Group offers two Fleet Management solutions: (1) a flat rate plan for the services provided and (2) a plan where the Group handles vehicle invoice processing for the customer.

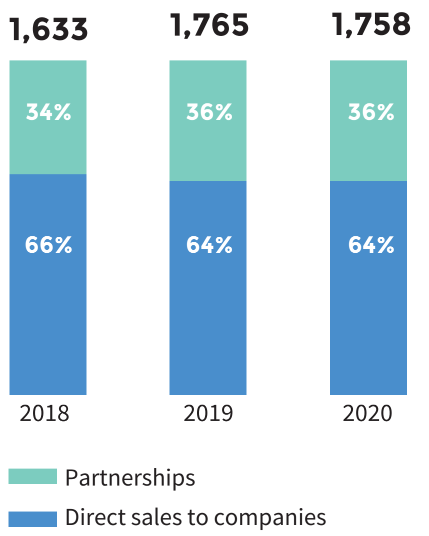
1.2.4.1 Customers

The Group has over 200,000 corporate clients and a diversified customer base. The concentration of the Group's top 10 customers [(1)] remained limited to 5.8% as at 31 December 2020 compared to 5.8% as at 31 December 2019 and 6.4% as at 31 December 2018.

The Group's leasing contracts have an average length of 43 months. The Group makes great efforts to create and maintain long-term customer relationships, which depends both on maintaining excellent service delivery and high levels of customer satisfaction. In addition, for international customers, succeeding in tender processes is essential to retaining or obtaining contracts. The major challenge for the Group is to win calls for tender to maintain or increase the portfolio of vehicles managed for clients.

1.2.4.2 Distribution channels

The Group has a customer base accessed through a variety of direct and indirect channels. The following chart shows the breakdown of the fleet under management by distribution channel for the financial years ended 31 December 2020, 2019 and 2018.



Direct sales

Direct sales are made by the Group's internal sales teams in its different countries of operation supported by the central ALD international team. Teams responsible for relations with large accounts coordinate the activity between customers and the various countries concerned. Local ALD sales teams bid at tenders from local or international corporate accounts (either corporate or public entities) who receive dedicated sales and account management by the Group's local operating companies.

The Group also targets private lease customers directly *via* its online platform.

(1) By size of fleet financed.

Partnerships

The Group may enter into a partnership agreement either White Labelling (see below) or directly under the ALD brand. These may be financed by the Group, the partner or both.

Through White Labelling, under the terms of which a product is supplied by the Group and then packaged and sold by other companies under different brands **("White Labelling"),** partners can offer a full service lease operated by the Group under their own brand name. Thanks to these agreements, the Group has a powerful network to reach small- and medium-sized enterprises and individuals.

SMEs

The Group uses its strong partnerships with car manufacturers, banking networks and insurers, energy suppliers and mobility platforms to address the needs of mostly small- and medium-sized enterprises.

B2C – Private lease

The Group is continuing its development in the retail customer (B2C) segment. To reach this new customer segment and with the aim of optimal operational efficiency, the Group draws on its existing distribution partnerships through online platforms developed in-house.

The Group intends to continue to develop these new channels, including through (i) B2B2C, through partnerships, (ii) B2C, *via* the Group's web portal and external web portals and (iii) B2B2E, to the employees of the Group's corporate customers.

The Group managed 163,000 vehicles as at 31 December 2020 for the retail segment, either through partnerships or directly. The Group already has the expertise to manage the entire life cycle of leases for retail customers using digital channels. The Group's flexible offers are particularly adapted to retail customers' needs, as the Group's different offerings allow for *à-la-carte* services and contract modifications in terms of duration, mileage and other options.

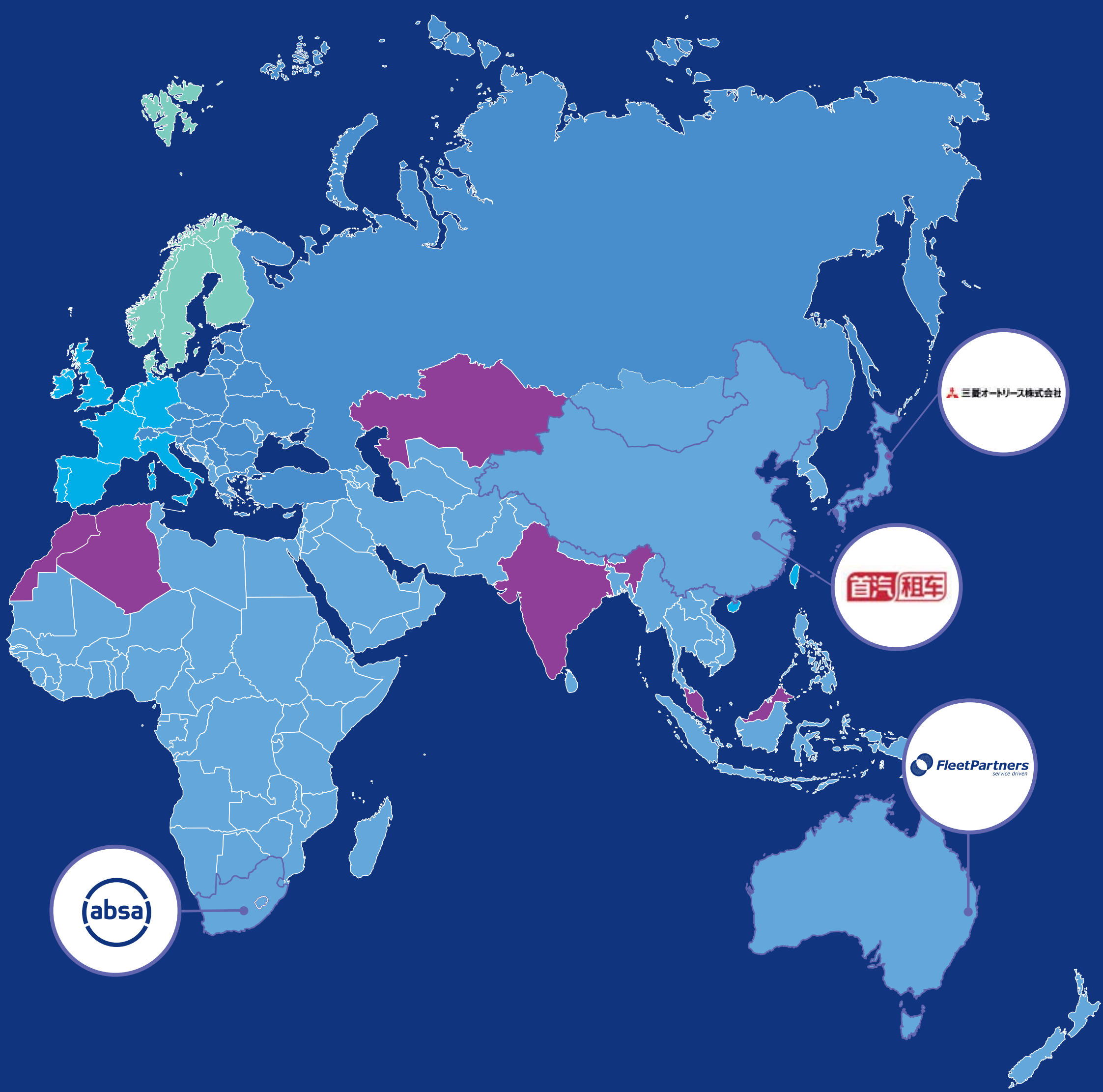
1.2.5 Regions

43 countries

7 Strategic partnerships

- **Wheels in North America** *(USA, Canada and Puerto Rico)*
- **ABSA in South Africa**
- **Fleet Partners in Asia-Pacific** *(Australia & New Zealand)*
- **AutoCorp in Argentina**
- **Arrend Leasing in Central America** *(Guatemala, Nicaragua, Honduras, Salvador and Costa Rica)*
- **Shouqi in China**
- **Mitsubishi Auto Leasing in Japan**

59 countries including alliances



Fleet as of 31/12/2020, distribution by region

80% Western Europe	9% Central and Eastern Europe	6% South America, Africa and Asia	5% North Eastern Europe Hub
1 412 529 Rental Fleet	151 007 Rental Fleet	98 042 Rental Fleet	95 926 Rental Fleet

The Group's wide geographical coverage makes it one of the largest players in the Full Service Leasing and Fleet Management industry in Europe and in the world. The Group's broad geographical footprint generates significant economies of scale in the industry and reinforces the Group's competitive position. As of 31 December 2020, the Group has a direct presence in 43 countries spread over five continents, enhanced by strategic alliances in 16 countries.

The following table shows a breakdown of product offerings by number of vehicles and geographic region for the financial year ended 31 December 2020:

	At 31 December 2020		
	Full Service Leasing	Fleet Management	Total
Western Europe	1,059	354	1,413
Central and Eastern Europe	143	8	151
Northern Europe	86	10	96
South America, Africa and Asia	84	14	98
TOTAL FLEET	**1,372**	**386**	**1,758**
%	78.0%	22.0%	100%

Revenue from external customers and fleets by country generating more than EUR 500 million are detailed below (see Chapter 6.2, note 6 "Information relating to the sector"):

	31 December 2020		31 December 2019	
(in EUR million)	Revenues from external customers [(1)]	Rental fleet on the balance sheet	Revenues from external customers	Rental Fleet on the balance sheet
France	2,053.4	4,630.6	2,074.8	4,571.5
Italy	1,524.2	2,397.7	1,546.6	2,824.8
UK	900.7	1,677.4	903.6	1,875.5
Germany	788.9	1,972.4	696.1	1,535.1
Spain	716.3	1,700.1	687.3	1,711.2
Netherlands	661.7	1,374.3	561.1	1,343.9
Belgium	590.4	1,340.3	571.0	1,243.9
Other Countries	2,698.6	4,984.2	2,653.0	5,259.9
TOTAL	**9,934.2**	**20,077.0**	**9,693.5**	**20,365.8**

(1) Including the fleet attached to the Group of available-for-sale assets.

1.2.6 Global Alliances

In addition to a strong direct presence in 43 countries, the Group provides its customers with access to 16 countries through alliances, including with Wheels in the US, Puerto Rico and Canada (started in 2009), Fleet Partners in Australia and New Zealand (started in 2012), ABSA in South Africa (started in 2015), Arrend Leasing in Guatemala, Nicaragua, Honduras, Salvador, Costa Rica and Panama (started in 2016) and AutoCorp in Argentina and Uruguay (started in 2016). 2020 was marked by new alliances in Asia, with Mitsubishi Auto Leasing Corporation in Japan and Shouqi in China (where ALD no longer operates directly). These alliances allow the Group and its partners to jointly develop international cross-border business opportunities to provide Full Service Leasing, Fleet Management and other related services to customers in multiple countries. They also provide global account management, consolidated global reporting and dedicated consulting support. This enables the Group to provide harmonised fleet and reporting services that meet the needs of its international customers.

In particular, under these global alliances, the Group and the partner undertake to refer to each other requests from international customers that concern the provision of services in the other party's geographic focus. The parties generally commit to liaise with each other to prepare answers for tenders, in case of such referral, and, more generally, to exchange information necessary for global responses for tenders and the management of customer accounts. Each party is, however, responsible for making its own credit assessment of its potential customers and for defining its service levels locally. Each party is also entitled to retain all the revenues generated from the provision of services.

They have durations ranging from a three-year term to an unlimited duration cancellable by each party without cause with six months' notice.

The Wheels global alliance provides for a closer cooperation than other alliances. Under the Wheels global alliance, the Group and Wheels undertake to cooperate on an exclusive basis and not compete in the other party's geographical zone, to submit joint answers to international customers requiring the provision of services by both parties in their respective geographical areas and to jointly develop and offer to international customers certain combined services. The Wheels global alliance also has an established system of governance for collaboration. It provides for standardised service levels and the carrying out of joint projects with a budget and sharing of costs and expenses. Finally, it regulates the use by the partners of their respective brands (notably through co-branding).

1.2.7 Other Service Providers

The Group's value proposition to customers is enhanced through its network of suppliers. In addition to decades of experience working with major car manufacturers, the Group also has strong relationships with dealers, oil companies, suppliers of recharging solutions for electric vehicles, garages, tyre dealers, short-term rental companies (which provide pre-delivery and replacement vehicle services), insurance companies and other essential service providers that enable it to deliver tailor-made solutions to its customers at attractive prices.

The Group has entered into framework agreements with a number of these suppliers in order to complement its full service offering and provide its customers with competitively priced vehicle parts, maintenance and repair services. The Group works with car manufacturer dealer networks for car delivery, maintenance and repair and specialised networks for short-term rental, tyres, body repairs, spare parts and glass.

The Group has obtained attractive commercial terms in each of its framework agreements, such as direct discounts on prices, special hourly rates, as well as bonuses based on the achievement of certain volume levels or market shares and of other yearly targets. Annual volume targets are negotiated with international suppliers in coordination with local subsidiaries, which obtain the benefit from additional volume rebates on top of those negotiated locally. Local Procurement Services assess quality, cost and effectiveness in their selection process. They seek, through innovative solutions, to optimise the total cost of ownership for fleet managers and services for drivers.

1.2.8 Innovation

The mobility environment is evolving rapidly: on the supply side new players, new solutions and breakthrough technologies are emerging, while on the demand side there is a clear market trend towards "use and lease" instead of ownership, with the driver becoming the decision maker, rather than the car owner.

The Group anticipates connected and intelligent cars becoming the norm in the mid-term. In the long term, the Group expects the introduction of autonomous cars, the development of a multi-player ecosystem and the convergence between corporate and retail needs.

The Group is positioning itself to be at the centre of the development of new mobility solutions by favouring flexibility in its product offering in order to meet all the mobility requirements of customers.

1.2.8.1 Adapting to the digital era

International Digital Framework - A library of functionalities for a customised digital journey

The Group has invested in a framework tool for the implementation of digital new customer acquisition functions. This cutting-edge technology uses an agile approach and enables ALD to offer its partners a catalogue of functionalities that fit into their own customer journeys, and ensure perfect integration into their systems.

Once the solution is developed, the customer moves from the partner ecosystem to that of ALD without experiencing any transition. The process is 100% digital, from the first click to the delivery of the vehicle.

A MyALD – A unique global platform throughout the lease

The Group has developed online tools, for retail customers to meet their needs throughout the term of the lease. This digital ecosystem is deployed in 40 countries and is open to both drivers and fleet managers. The Group's aim is to turn it into a Driver & Fleet manager portal available in each country where it is present, providing one central point of connection to the Group's drivers and fleet managers for accessing fleet data information, contract data and online services.

Telematics and connected car

Telematics encompasses all devices that capture data on vehicle trips, driver behaviour and risk factors and technical information about the vehicle itself. This technology enables the Group and its customers to optimise real time fleet management, including through better management of driving risks or location of stolen vehicles. In addition, it can provide data on business mileage for expense reporting and fuel consumption and CO_2 emissions.

This technology contributes significantly to the improvement of the customer experience and the development of products such as car-sharing or insurance based on driver behaviour (Pay How You Drive). The data collected also makes it possible to optimise the cost of using vehicles (maintenance, fuel).

To accelerate its deployment in all countries, the Group signed a strategic partnership agreement with Vinli in 2018. Vinli thus provides the Group with the platform and services to retrieve and store this data and to accelerate the development of new products based on this data.

ALD wishes to provide its customers with new, high value-added connected products and services based on the interpretation of data provided by telematics.

ALDCarmarket – Two platforms dedicated to the online sale of used cars for Businesses and Private Individuals

ALDCarmarket is the used vehicle distribution channel of the ALD Group. It consists of two online resale platforms (ALDCarmarket.com and shop.ALDCarmarket.com) enabling professional dealers and private individuals to acquire or lease vehicles from ALD's full service leasing activity, as well as to subscribe to services facilitating these transactions.

These platforms speed up decision-making by dealers and individuals by providing direct access to vehicle information, including detailed vehicle condition, maintenance history and descriptive photos. They also offer specific services to enable vehicles to be purchased simply.

On the ALDCarmarket.com platform for professional dealers, three types of sales events are offered:

- **(a)** auction (an offer is manually or automatically posted online and the dealer who offers the best bid gets the vehicle);
- **(b)** sale by closed bidding (buyers make a closed bid, the Group selects the best offer and awards the vehicle to that person);
- **(c)** or fixed price sale (buyers select a vehicle and buy it instantly at the indicated target price).

This resale platform is an international e-commerce portal for international and local retailers. This functionality allows them to have access to vehicles for sale in different countries where the Group is present, purchase them and in certain cases, arrange for their delivery. It also offers customised services, in particular through a standardised "customer experience". This platform has been rolled out in the majority of countries where the Group is present.

shop.ALDCarmarket.com platform is a platform enabling individuals to buy quality vehicles online, selected by the Group and available in the physical showroom network of ALD Carmarket. The platform offers two types of solutions:

(a) the purchase of used vehicles at a fixed price (with the option of online financing with credit partners);

(b) Full Service Leasing of used vehicles (with online reservation and payment of the deposit).

In all cases, the vehicle can be delivered to their home and the customer has a right of withdrawal up to 14 days. This platform is an integral part of "Clicks n'Bricks", a project aiming to provide the Group with a system combining a digital purchasing process with physical sites (showrooms) to offer private customers the most complete and tailored experience possible.

1.2.8.2 Innovative products

The Group has developed a wide range of innovative products and aims to offer its customers cutting-edge mobility solutions and flexibility.

Green solutions

The Group seeks to position itself as leader in eco-friendly fleet and mobility solutions and offers hybrid and electric vehicles worldwide.

In order to support its customers in the transition to the electric vehicle, and to propose a comprehensive offer for this type of engine, ALD has developed dedicated products.

ALD Electric – The purpose of ALD Electric's offer is to cover all the needs of the driver and fleet manager in terms of electric vehicles. It includes the installation of recharging terminals, at home and/or in the office, of recharging cards, giving access to a large network of public recharging terminals, consulting services designed to support customers in the transition to electric fleets, and dedicated reporting tools for fleet managers. This extensive offer also offers the ALD Switch option, described below.

ALD Switch – ALD Switch provides the ability to tailor vehicle requirements according to need (*e.g.* switching to a different car while going on vacation). The ALD Switch offering, already available in Belgium, The Netherlands, France and Portugal, is comprised of the permanent use of an electric vehicle and access to a combustion engine/hybrid vehicle when the customer needs such a vehicle (for up to 60 days per year).

ALD Move – ALD Move is a mobility assistant designed to encourage intelligent use of transport. Synchronised with the professional agenda and possibly an internal travel policy, and using a database of predictive analyses, ALD Move proposes routes and means of transport optimised in real time. Users have the option of choosing different combinations including car, public transport, electric bicycle, parking card, etc. As a result, ALD Move is able to influence behaviour in order to reduce the carbon footprint of ALD's clients.

These new solutions are part of the Group's proactive policy to diversify engine types and promote sustainable solutions. They have proved effective. In 2020, electric and hybrid vehicles accounted for 24% of its new passenger vehicle registrations in Europe, up from 12% in 2019.

Flexibility solutions

These flexible solutions are offered in one or several countries where the Group operates depending on the maturity of the Full Service Leasing market and customer demand.

ALD Flex – Proving its agility, in June 2020, ALD launched ALD Flex in 19 countries. This offer, particularly suited to the current uncertain environment and the B2B customers, is now live in 25 countries. The ALD Flex offer (the flexible and medium-term lease of ALD Automotive) makes it possible to benefit from a vehicle immediately and without any commitment for more than one month. ALD Flex offers new or used vehicles, broken down by category, for a fixed monthly fee.

Car-sharing – the Group has developed corporate car sharing solutions referred to as "ALD Sharing". ALD Sharing allows employees to choose and book, on their Company's car sharing website, a vehicle amongst their firm's fleet of vehicles, for professional or private use. ALD Sharing is a cost saving solution for businesses, as it provides an alternative to costly short-term rentals and taxis, while simultaneously improving their ecological footprint.

1.3 Information technology

IT systems and telecommunications are an integral part of the Group's policy for managing points of sale and reservations across all distribution networks. The mission of the Group's central IT Department covers mainly the rental management system used by most subsidiaries, the online auction platform dedicated to professional dealers for the acquisition of used vehicles, and other important areas such as the MyALD platform. The Group's larger subsidiaries have their own IT Departments and generally their own platforms, which they manage locally with the help of external service providers where necessary. The Group's central IT Department approves the subsidiaries' IT budgets. Local IT teams are supervised locally. However, IT systems for smaller subsidiaries are generally managed by the Group's central IT Department. Local IT solutions, especially those related to innovation, are developed by the Group's subsidiaries using the central resources allocated to them for deployment in other countries.

The central back-office system is the centrepiece of the Group's IT system and covers most subsidiaries that do not have their own IT Department. This application supports all of the Group's back-office activities and processes and covers the entire contract cycle and asset base, as well as all vehicle service management. It should be noted that the previous ALDAVAR software, developed in-house, is gradually being replaced by a solution recognised on the market: SOFICO MILES.

The Group seeks to offer innovative and inexpensive services. To do this, it invests regularly to maintain and improve its IT system. All IT projects are regularly and centrally evaluated in the light of business needs. Particular attention is paid to technical projects aimed at establishing and guaranteeing the continuity of services and their security. The added value of each application project aimed at maintaining and improving the operational capabilities of the system is assessed, in particular, with regard to revenue growth, cost reduction and legal risks.

An Information System Architecture and Strategy Committee is responsible at the holding level for verifying the conformity of the Group's IT strategy, around the main cross-functional pillars (Project Management Operations, Architecture, Infrastructure, Security, Data and Functional Processes). This strategy is in line with the guidelines given by Societe Generale (taking into account the specificities of the Group's activity). The Group has established security principles designed to reduce the risk of information leakage and external fraud, and to make the services provided on the Internet more reliable, while preserving the customer experience. The Group's security policy is defined in accordance with the security framework established by Societe Generale. Each Group entity must integrate its own needs and take into account the context (organisational, structural, legislative, regulatory, contractual and technological) in which it operates. All local information security policies must be validated in accordance with the specific Group policy. Each entity must designate a local Security Correspondent, who will be responsible for the IT security of the entity or region concerned. This Security Correspondent is required to apply the Group's procedures and to establish/update local security policies.

The Group's digital application environment comprises six major platforms developed internally or in partnership with certain customers and preferred suppliers: ALDNet, MyALD, ALDCarmarket, Car Sharing, Telematics (Vinli) and IDF (International Digital Framework). These platforms are subject to continuous improvement (such as the adaptation of MyALD to the B2C segment) or expansion to new countries or customer partnerships. These new modules and innovations also aim to encourage data-driven decision-making (Big Data), to adapt products and prices in real time (Dynamic Pricing) and, more generally, to accelerate digital development and strengthen the customer relationship management strategy (Cloud CRM). These particularities offer the Group the double advantage of benefiting from economies of scale by pooling its technical capital between several solutions, as well as an ability to rapidly deploy its solutions to all its subsidiaries.

For more information on IT risks, see Section 4.4.3 "IT risks".

1.4 Strategy

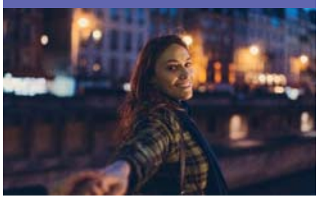
ALD is uniquely positioned to lead the rapidly changing mobility ecosystem:

- Market trends such as the changing face of urban mobility, environmental awareness, digital lifestyles with increased “on-demand” mobility, and the shift from ownership to use, will accelerate in the coming years;
- The market and regulatory factors will drive sales of electric cars. Tax incentives implemented in several European countries have made these products more attractive and affordable. In addition, connected car services such as contactless delivery and digital customer journeys are becoming essential for customers;
- Lastly, the industry should consolidate further, with local players and mobility start-ups providing opportunities for targeted acquisitions.

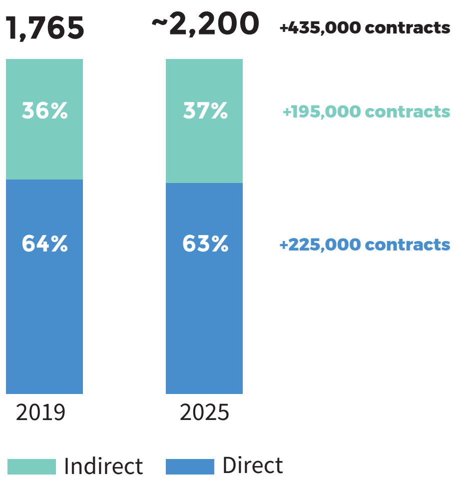
In this context, it is essential to develop ALD’s capabilities in order to capture the momentum and further strengthen the Company’s strong position in the market over the long-term. Hence the Move 2025 plan, which is based on four major pillars.

Become a fully integrated mobility provider and the world leader in our industry.

Four pillars to Move for

Customers	Growth	Good	Performance
			
Be recognised as the most innovative provider of mobility products and services.	Be the global leader in sustainable mobility solutions.	Place people and corporate social responsibility at the heart of everything we do.	Generate value over the economic cycle within a robust business operating framework.

1.4.1 Move for customers: be recognised as the most innovative provider of products and services



NB : Direct: IKA + SME's + Flex + Used Car Lease
Indirect : Partnerships + New Mobility contracts

ALD has set out an ambitious strategic plan to achieve organic growth of 2.2 million contracts by 2025. For this, ALD will continue to leverage its own capabilities (extended geographical coverage, scale, financing, expertise in Fleet Management, operational efficiency, partnering experience and digital capabilities), while adapting the existing model to meet new business opportunities. Accelerating the digital revolution will be essential to enable ALD to meet the challenges of the coming years:

- develop and deploy new mobility services (*e.g.* ALD Flex – flexible leasing offer, ALD Electric – complete offer dedicated to electric vehicles, connected cars, Pay-As-You-Drive (PAYD) and Pay-As-You-Drive and Pay-How-You-Drive (PHYD) insurance products). In particular, ALD is working hand in hand with a large corporate customer to develop ALD Move, a multimodal and personal travel assistant giving users broad access to mobility options (electric bicycle, carpooling, mobility card, car-sharing) and intends to roll out the service in Europe's largest cities by 2025. With these products, ALD is targeting annualised growth of 15% in private leasing and new mobility offers;
- continue to invest in the International Digital Framework (IDF), a modular and scalable ecosystem of solutions. This cutting-edge tool constitutes a strong competitive advantage and enables ALD to win new partners with an adaptable and flexible solution;
- a continued focus on customer satisfaction also remains essential in a world where the relationship will evolve digitally and where the opportunity to strengthen the brand at each customer touch point becomes a challenge. A focused programme of customer service excellence is yielding strong results, and this will be complemented in the coming years by additional efforts on operational processes.

ALD will make additional efforts on the development of multi-cycle leasing and asset lifecycle extension through three channels: sales to car dealerships, sales to retail customers and used car leasing. ALD will step up the roll-out of ALDCarmarket by 2025, while the used car rental fleet will grow from 8,000 to 125,000 cars by 2025.

This strategy is a combined response to (i) a growing demand from customers for used car leasing which has been magnified by the pandemic and (ii) ALD's objective to better mitigate residual value risk and (iii) providing efficient and diverse channels for used cars, ensuring that the remarketing process delivers optimal results.

1.4.2 Move for growth: be the global leader in sustainable mobility solutions

Full Service Leasing for multinationals and large companies will remain at the heart of ALD's activities. ALD expects growth fuelled by (i) a trend towards continued outsourcing and industry consolidation, (ii) increased penetration in the small- and medium-sized business segment (particularly in last mile delivery), and (iii) expansion into fast-growing markets (Latam and Asia).

With this in mind, balanced and opportunistic geographical expansion in high-growth countries remains essential for ALD to be able to support major international accounts. In 2020, ALD thus worked on a global development strategy in South-East Asia with a partner, Mitsubishi UFJ Lease & Finance, which will combine the strong regional footprint of Mitsubishi UFJ Lease & Finance with the access that ALD has to local and international companies. ALD plans to be present in 50 countries by 2025.

Commercial development will also be fuelled by ALD's extensive network of partnerships, which currently has around 200 agreements with three types of partners: car manufacturers, banking and insurance networks and service and mobility providers. Partnerships are expected to grow over the period 2019-2025 to reach 300 agreements.

New digital partnerships (*e.g.* Polestar, Tesla) and service and mobility providers will be key in ALD's strategy. Despite their limited share in the current fleet, partnerships with key players such as Amazon will enable ALD to test and develop new offers (connected cars, multimodality) and to be at the forefront of new generations of mobility services.

At the same time, in insurance, ALD believes it can generate additional margins thanks to better penetration to serve a wider customer base, new mobility products (PAYD, PHYD, connected cars) and better management.

Lastly, ALD will continue its strategy of targeted acquisitions (up to +100 thousand cars between 2021 and 2025). In the past, ALD has demonstrated its ability to successfully integrate newly acquired businesses, with acquisitions traditionally accounting for an average of 1.5% of annual fleet growth. These transactions not only bring volumes, but also generate economies of scale, strengthen ALD's position as a market leader and provide access to new distribution networks where a distribution agreement is possible. More strategic agreements, while offering a smaller set of options, are also being considered.

1.4.3 Move for good: place people and corporate social responsibility at the heart of everything we do

Fleet electrification is at the heart of ALD's strategy. Due to (i) lower cost of ownership driven by government tax incentives and lower production costs, (ii) a growing range of vehicles and (iii) recharging infrastructure that is expected to be further rolled out in the coming years. Electric vehicles are expected to account for 28% of global passenger car sales by 2030, and 58% in 2040. ALD is working to support its customers in this transition to a more sustainable fleet mix.

ALD is targeting 30% electric vehicles in its new registered cars by 2025 (compared to 23% in 2020) and 50% battery-powered electric vehicles by 2030, due to (i) the development of a global electric car solution, (ii) long-term partnerships with recharging infrastructure players such as Chargepoint and (iii) a dedicated customer advisory team.

In particular, ALD is committed to gaining experience and developing cutting-edge expertise combining the knowledge of different teams (risk, finance, sales, CSR Department) and field experience from various countries. In total, ALD hopes to reduce the consumption of its new fleet by 40% by 2025.

In addition, in terms of social responsibility, ALD has initiated various programmes and aims to be a responsible employer promoting equality, both in the recruitment and promotion of the Group's talent.

1.4.4 Move for performance: generate value over the economic cycle within a robust business operating framework

Finally, as part of Move 2025, ALD is also seeking to improve its performance:

- ALD will invest in back-office systems and accelerate the operational excellence programme, by seeking opportunities to generate more synergies between entities and digitise or automate certain processes even further;
- ALD is also launching a "Data Capabilities Programme". The objective of the programme is threefold: (i) to generate new commercial revenue streams (for example, to increase the conversion of prospects on digital journeys, to identify the determining factors of insurance penetration to increase it, etc.), (ii) improve profitability through process improvement (*e.g.* identify the best used car remarketing channels through AI and data analytics) and (iii) improve the risk management framework and processes (*e.g.* building centralised knowledge about customers to perform better risk and compliance analysis, etc.).

These investments aim to achieve the financial objectives set by the Group:

- reduce the cost/revenue operating efficiency ratio (excluding used vehicle sales) to between 46% and 48% by 2025;
- ensure a dividend distribution of between 50% and 60% of the distributable profit.

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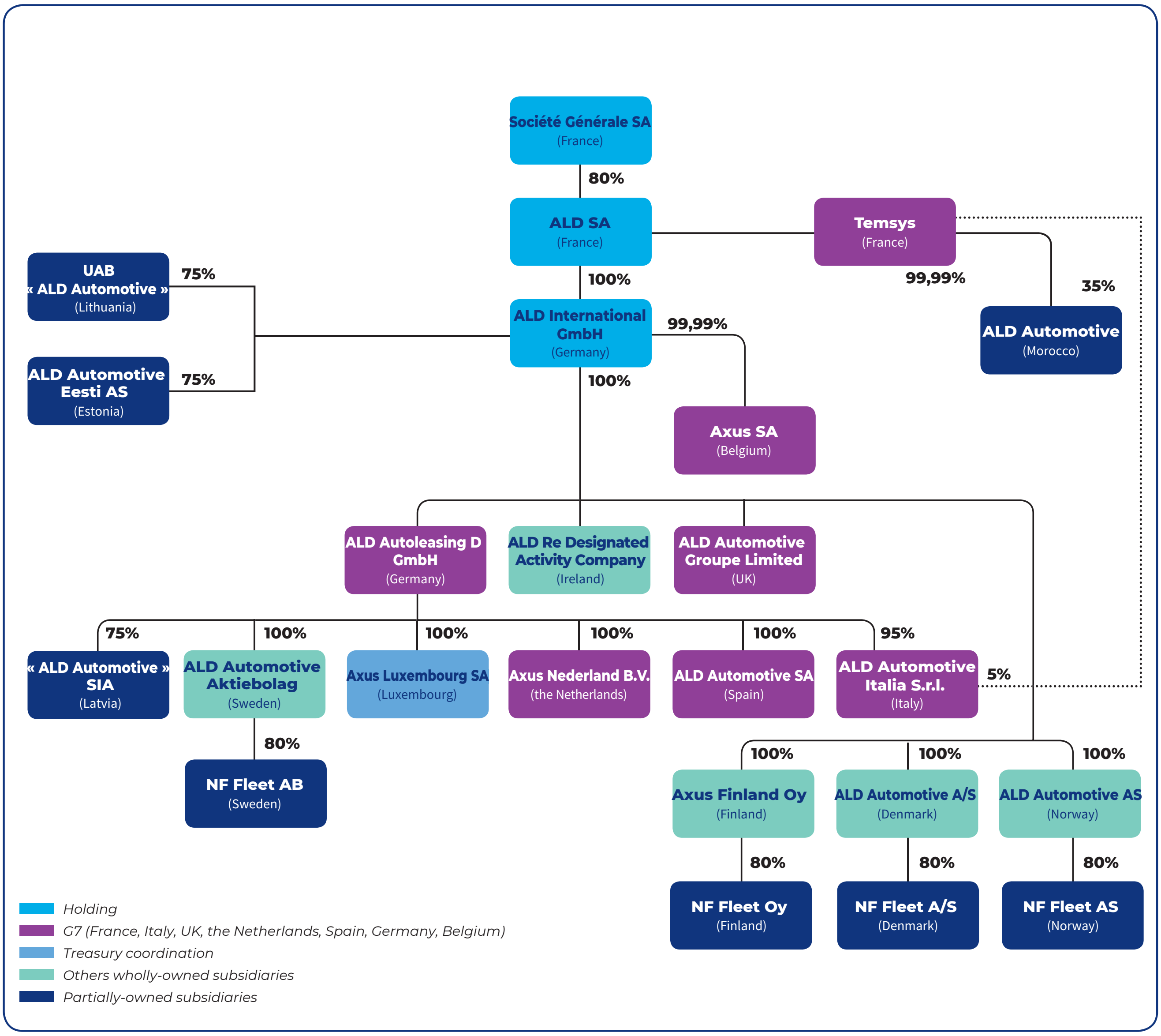
Structure of ALD

The simplified organisational chart below sets forth the legal organisation of the Group as of the date of this Registration Document. The percentages indicated represent the percentages of share capital and voting rights. As a holding company for the Group, ALD does not carry out any leasing activities. Its primary role is to act as a holding company for the Group subsidiaries, to set the strategic direction of the Group, and to supervise the activities of the individual operating companies of the Group. ALD's central functions include notably the following key activities:

- subsidiaries supervision;
- management of relationships with Large Corporate Accounts and partners;
- central procurement activities to negotiate volume bonuses with manufacturers and other suppliers (such as tyres, short term rental, etc.);
- treasury coordination, including administering the Group's EMTN bond issues;
- finance;
- investor relations;
- communication;
- corporate and social responsibility;
- pricing;
- general secretary including legal, compliance, risks and internal control;
- IT support.



Relationship with Societe Generale and funding

Funding

As of 31 December 2020, Societe Generale funded approximately 68% of the Group's debt financing on an arm's length basis. The remaining 32% was made up of secured and unsecured funding obtained through local external banks or third parties. Societe Generale also provides guarantees to external funding providers on behalf of the Group.

Most of the funding provided by Societe Generale is granted through Societe Generale Luxembourg. Pursuant to a facility agreement (the "Treasury Facility Agreement") renewed on 15 June 2018, Societe Generale Luxembourg funds the ALD Group Central Treasury, which then grants loans in different currencies to the twenty Group subsidiaries (amongst the main subsidiaries), as well as the Group's holding companies. As at 31 December 2020, the total amount of loans granted to the Group Central Treasury by Societe Generale Luxembourg was EUR 8,272 million for an average remaining life of 1.9 years. The Group also benefits from an intra-group funding agreement applicable to entities of Societe Generale. This agreement provides for the terms and conditions of the loans which can be granted by Societe Generale or any of its subsidiaries to other Societe Generale entities. The agreement is of unlimited duration and cancellable by each party with one month's notice, with existing loans remaining subject to the agreement until repayment.

As at 31 December 2020, the total amount of loans granted to the Group by Societe Generale was EUR 11,970 million.

Societe Generale has committed to continue to provide the majority of the Group's funding following the listing of the ALD's shares on Euronext Paris, as long as the Group requests it. The Group intends to maintain its issuance program on the capital markets in the coming years. In the event of liquidity stress in the market, Societe Generale has committed to provide the Group with liquidity support in order to enable the Group to pursue its ongoing operations.

Other shared functions

The Group and its local subsidiaries have entered into agreements with Societe Generale for the provision of certain intra-group corporate services. These services are provided by various divisions of Societe Generale and include the central administration departments, as well as financial, legal, audit, credit risk management and compliance, tax, human resources, insurance and IT infrastructure services. For these services, Societe Generale charges ALD an intra-group corporate services fee, which ALD then re-charges to the relevant subsidiaries.

These intra-group services fees are determined on an arm's length basis, and the charge is distributed amongst the subsidiaries which benefit from the services using a formula for transfer prices. They cover the direct and indirect costs incurred in the provision of services, plus a margin reflecting normal market conditions. These tripartite agreements are concluded for an initial term of one year and automatically renewed from year to year unless terminated by either party with three months' notice.

A specific master agreement has also been concluded in 2013 between ALD and Societe Generale Global Solution Centre for the provision of IT services. This agreement is of unlimited duration and cancellable by each party with one month's notice. It is complemented by agreements entered into locally between Societe Generale and the Group's subsidiaries.

The Group's relationship with Societe Generale includes other administrative aspects. The Group shares premises with Societe Generale's business divisions in France, Germany, Ireland, India and Romania.

For more information, see 3.8 and 6.2, note 34 "Related parties" in the consolidated financial statements.

Subsidiaries

Material subsidiaries

The main direct or indirect subsidiaries of the Company are described below.

Temsys SA (France), a limited liability company *(société anonyme)*, is wholly-owned by the Company. Its primary corporate purpose is the acquisition, the sale and the long-term leasing of cars and insurance brokerage. Temsys SA indirectly holds 100% of Parcours SAS.

ALD Automotive Italia SRL (Italy), a limited liability company *(societa a responsabilita limitata)*, is indirectly wholly-owned by the Company. Its primary corporate purpose involves the short and long-term leasing of vehicles, the sale and purchase of road transport vehicles, the operation of garages and machine workshops, the maintenance and repair of road transport vehicles both directly and *via* third parties and the provision of ancillary services.

ALD Automotive Group PLC (UK), a limited liability company, is an indirect subsidiary wholly-owned by the Company. Its primary corporate purpose is the renting and leasing of cars and light motor vehicles.

ALD AutoLeasing D GmbH (Germany), a limited liability company, is an indirect subsidiary wholly-owned by the Company. Its primary corporate purpose is the short-, medium- and long-term leasing of all types of moveable goods, in particular German and foreign cars.

ALD Automotive SAU (Spain), a limited liability company *(sociedad anónima)*, is indirectly wholly-owned by the Company. Its primary corporate purpose is the study, coordination, planning, calculation of costs and management of the purchase and sale and non-financial leasing of vehicles and vehicle fleets for individuals and legal entities, public or privately-owned, and the administration, advising and optimisation of costs of these and related activities and the activities of insurance agent.

Axus SA (Belgium) is a limited liability company *(société anonyme)*. Its primary corporate purpose is industry, trade, operation, rental, including financial lease, of all matters relating directly or indirectly to motor vehicle equipment, equipment relating to other means of transport, mechanical engineering or other. Also the Company is able to offer all mobility services and solutions, both in terms of travel, workspaces and connections, and be an intermediary for companies providing mobility solutions.

ALD Re DAC (Ireland), a designated activity company limited by shares, is indirectly wholly-owned by the Company. Its primary corporate purpose is to carry on the business of reinsurance, to enter into contracts of retrocession of every kind and to pay or settle claims made against the Company in respect of any contract. It also provides services in the management and administration of reinsurance underwriting activities, insurance- and reinsurance-related consultancy and advisory services and claim processing.

Axus Luxembourg SA (Luxembourg), a limited liability company, indirectly wholly-owned by the Company. Its primary corporate purpose is the leasing of moveable assets of any kind and real property and to assist in the financing of companies in which it has an interest.

Axus Nederland BV (The Netherlands), a private limited liability company *(besloten vennootschap)*, is indirectly wholly-owned by the Company. Its primary corporate purpose is the sale, purchase, renting, leasing, import and export of trade goods, and in particular of motor vehicles, as well as the holding of companies. It also provides financial, managerial and administrative services to such companies.

For more details, see Section 6.2, note 37 of the consolidated financial statements. For more details on recent disposals and acquisitions, see Section 6.2, note 7 of the consolidated financial statements and note 6 “Historical investments”.

2.1 Analytical review of 2020 activity

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2.1.1 Key indicators

The following table presents the Group's key performance indicators (KPIs) for the financial years ended 31 December 2020, 2019 and 2018.

(in EUR million)	31 December 2020	31 December 2019	31 December 2018
Leasing contract margin	626.1	664.1	623.8
Services margin	630.3	632.3	616.7
Used car sales result	61.1	75.0	102.5
GROSS OPERATING INCOME	**1,317.5**	**1,371.4**	**1,343.0**
Total Operating Expenses	(633.7)	(635.0)	(617.6)
Cost/income ratio excl. Used car sales result (1)	*50.4%*	*49.0%*	*49.8%*
Cost of risk (Impairment charges on receivables)	(71.1)	(45.0)	(37.8)
Cost of risk as% of Average earning assets (in bps) (2)	*34*	*22*	*21*
OPERATING RESULT	**612.7**	**691.4**	**687.6**
Share of profit of associates and jointly controlled entities	1.9	1.8	1.5
PROFIT BEFORE TAX	**614.6**	**693.3**	**689.1**
Income tax expense	(108.9)	(122.2)	(126.8)
Result from discontinued operations	10.0		
Minority interests	5.8	6.8	6.6
NET INCOME GROUP SHARE	**509.8**	**564.2**	**555.6**
Other data *(in %)*			
Return on Average earning assets (3)	*2.4%*	*2.8%*	*3.1%*
Return on average equity (4)	*12.5%*	*14.8%*	*15.9%*
Total equity on total assets (5)	*16.7%*	*15.7%*	*15.8%*

(1) "Cost to income ratio" means Total Operating Expenses divided by Gross operating income. "Cost to income ratio excluding used car sales result" is defined as Total Operating Expenses divided by Gross operating income excluding used car sales result.

(2) "Cost of risk as% of Average earning assets" means for any period, the impairment charges on receivables divided by the arithmetic average of earning assets at the beginning and the end of the period.

(3) "Return on Average earning assets" means for any period, Net income for the financial period divided by the arithmetic Average earning assets at the beginning and the end of the period. Earning assets is defined in the table below.

(4) "Return on average equity" means for any period, Net income for the financial period divided by the arithmetic average of total equity before non-controlling interests at the beginning and end of the period.

(5) "Total equity to asset ratio" means for any period, total equity before non-controlling interests divided by total assets, as presented in the ALD consolidated financial statements. See Section 6.1.2 "Consolidated balance sheet".

(in EUR million)	31 December 2020	31 December 2019	31 December 2018
Total fleet *('000 vehicles)*	**1,758**	**1,765**	**1,663**
o/w Full Service Leasing activity	*1,372*	*1,389*	*1,299*
o/w off-balance sheet fleet	*386*	*376*	*365*
Acquisition cost (1)	27,749	27,563	25,063
Accumulated amortisation and impairment (1)	(7,672)	(7,227)	(6,639)
RENTAL FLEET (1)	**20,077**	**20,337**	**18,424**
o/w residual value	*14,039*	*13,917*	*12,359*
Amounts receivable under finance lease contracts	748	846	678
EARNING ASSETS (2)	**20,825**	**21,183**	**19,101**
Other data:			
• Average earning assets (3)	21,004	20,142	18,016

(1) "Rental fleet" (carrying amount of the rental fleet), "Acquisition cost" and "Cumulative amounts of depreciation, amortisation and impairment" are presented in note 14 "Rental fleet" of the consolidated financial statements of ALD. See Section 6.2.

(2) "Earning assets" corresponds to the net carrying amount of the rental fleet plus receivables on finance leases.

(3) "Average earning assets" means, for any period, the arithmetic average of earning assets at the beginning and the end of the period.

2.1.2 ALD Activity

2.1.2.1 Resilient business model in a pandemic context

Growth in 2020 was penalised by severe lockdown measures taken in Western Europe and a reduction in the fleet in Italy, where a number of low-margin short-term leases were not renewed. However, despite the adverse economic environment, Total Contracts remained virtually stable over 2020. This achievement illustrates the resilience of ALD's business model, underpinned by long-term customer and partner relationships. This crisis was the opportunity for ALD to show efficient support to long term corporate clients by reinforcing win-win relationships and designing tailor-made payment arrangements.

Over the year, the volume of cars sold reached a record level, illustrating the productivity of remarketing operations. Unit margins on used car sales averaged EUR 201 over the year, above the guidance range.

Proving its agility, in June 2020, ALD launched ALD Flex in 19 countries. This offer, particularly suited to the current uncertain environment, is now live in 25 countries.

As regards work organisation, flexible working arrangements are now fully operational and the #ReadyToShapeTomorrow program was launched.

Total Contracts are down just 0.4% *vs.* end December 2019. Full Service Leasing contracts reached 1,372 thousand units and Fleet Management 386 thousand units. In the corporate client segment, while deliveries and order taking slowed down significantly in Q2 due to multiple lockdowns and mobility restrictions globally, Q3 saw a recovery and order take accelerated in Q4. Contract duration extensions were negotiated with some clients (from 3 to 12 months), thereby providing them with short term cashflow support. Aversion to public transportation triggered by pandemics generated further interest to provide employees with cars and e-bikes within multimodal packaged mobility solutions.

Despite difficult conditions in principal markets, the Private lease fleet grew over the year, to reach around 164 thousand contracts at end 2020.

With EU-mandated CO_2 emissions targets coming into force, 2020 was a landmark year for green [(1)] powertrains. They represented 23% of ALD's passenger vehicles deliveries globally in 2020 *vs.* 13% in 2019, and 24% in the European Union + UK, Norway, Switzerland, well above the 20% target provided at the start of the year. The pandemic has accelerated the sustainability agenda for many corporates with strong demand for Electric Vehicles (EV) [(2)].

Rewarding ALD's CSR strategy, several top-ranked extra financial rating agencies have recognised ALD's strong commitment:

- CDP has assigned ALD a B rating, above the Europe regional average of C and higher than the rental & leasing sector average of C;
- Ecovadis, for the second year in a row, has given ALD a "Gold" rating at Group level, putting it in the top 3% of assessed companies;
- MSCI ESG ratings puts ALD in its top 3rd;
- Vigeo Eiris granted ALD with an Advanced level, within the top 3 in the Business Support Services category;
- Sustainalytics positioned ALD within the Top 8% in its global universe and Top 3% within Transportation;
- Gaïa Rating assessed ALD's performance at 79/100, 28 points above the average and within the top 15%;
- ALD is included in the FTSE4Good index.

2.1.2.2 Key strategic initiatives and operational developments AFR

Appointments to the Executive Committee and change in management

Executive Committee

ALD has announced the following appointments which reinforce the Company's Executive Committee:

On 1 June 2020, Miel HORSTEN was appointed Group Regional director. He is responsible for supervising the Nordic region (Denmark, Finland, Sweden and Norway), Ireland (including ALD RE, the Company's fully owned reinsurance company), and the Benelux region, which was already under his supervision, as well as the Group's procurement function.

At the same date, Pao-Leng DAMY was appointed Group Human Resources director. She is responsible for supervising ALD's human resources management, which plays an essential role in the Group's strategic development plans, for the Holding and the Group.

On 1 September 2020, Annie PIN was appointed Chief Commercial Officer. She is responsible for all of ALD's main commercial activities including strategic partnerships, developing existing and establishing new business with international key accounts and the development of international products and consulting offers.

Group Management

Following the departure from his position as Deputy Chief Executive Officer of Societe Generale on 4 August 2020, Philippe HEIM informed the Board of ALD of his decision to resign from his positions as Board member and Chairman of the Board of Directors, effective 27 August 2020.

Accepting Philippe HEIM'S decision, the Board has decided to co-opt as Board member Diony LEBOT, Deputy Chief Executive Officer of Societe Generale, for the remaining term of office of Philippe HEIM, *i.e.* until the General Shareholders' Meeting called to approve the 2022 financial statements. Diony LEBOT's appointment as Board member is to be ratified by the next General Assembly. The Board has also appointed Diony LEBOT as its Chair for the duration of her term of office as Board member.

(1) "Green" vehicles: electric vehicles, plug-in hybrids, hybrids

(2) Defined as BEV, PHEV and hydrogen fuel cell. BEV: battery electric vehicle, PHEV: plug-in hybrid electric vehicle.

Deployment of fully digital journeys

Following the agreement signed with Tesla early 2020, ALD is now offering digital journeys for customers in 14 countries.

Over 2020, ALD together with its partner Polestar, the new Swedish electric performance vehicle brand, also added Belgium to the list of countries where the fully digital online journey was available for BtoB customers. This platform, now live in 4 countries, provides a seamless customer journey between Polestar and ALD ecosystems, from configuration of the vehicle to credit assessment and e-signing of the contract.

Following the same model, ALD and Ford have deployed a fully digital solution for the Mach-e, first 100% electric SUV of the brand. This solution is operating in 4 countries.

These developments widen the range of electric vehicles offered under a full service lease and demonstrate both the relevance and the value of ALD's digital capabilities achieved through a permanent focus on delivering best-in-class leasing services to customers.

Using the same technology, ALD is now able to provide its private customers with fully digital journeys on its own websites in 5 countries.

Selected by Lynk&Co as preferred mobility membership partner in 7 countries

In 2020, ALD became Lynk&Co's preferred mobility membership partner in 7 European countries. This mark of confidence further strengthens ALD's ability to provide its clients with access to a broad range of electric vehicles. The launch of the fully digital journey is expected in Q2 2021.

Creation of Ford Fleet Management in Europe

On 16 July, Ford and ALD signed a shareholder agreement to create Ford Fleet Management, an integrated leasing and fleet management solution for European customers.

Ford Fleet Management leverages both parties' deep understanding of customers, mobility products and services, as well as an extensive dealer network, to provide best-in-class vehicle availability.

Ford Fleet Management began operations in the UK in the fourth quarter.

This initiative reinforces a long-standing relationship in which ALD Automotive has been providing Ford leasing services for over 15 years in Europe.

South-East Asian strategy

In the first half of 2020, ALD began implementing its South East Asia strategy by establishing a joint venture with Mitsubishi UFJ Lease and Finance Company Limited (MUL) to operate in Malaysia.

In addition, ALD signed partnership agreements with Mitsubishi Auto Leasing Corporation (MAL) to extend global coverage in Japan, and with Shouqi Car Rental & Leasing to provide full-service leasing solutions in China.

2.1.2.3 Rental fleet

The net carrying amount of the rental fleet changed from EUR 20,337 million as at 31 December 2019 to EUR 20,077 as at 31 December 2020. This change is mainly driven by the growth in funded fleet but also a number of other factors such as the evolution of the fleet mix, the geographical distribution of the fleet and the embedded parameters of the leasing contracts.

As at 31 December 2020 and 31 December 2019 there were no impairments on the "Rental fleet". ALD continues to retain substantially all of the risks and rewards of the lease receivables, as in all asset-backed securitisation programmes ALD has subscribed to the first class of notes, which will result in ALD bearing any realised losses. Therefore ALD continues to recognise the transferred lease receivables in their entirety for a present value of EUR 1,852 million and a net carrying amount of EUR 1,801 million at 31 December 2020. The transferred lease receivables cannot be sold.

For further details, see Chapter 6.2, Note 14.

2.1.3 Strong financial performance in line with guidance

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Leasing contract and Services margins proved their resilience in 2020, growing 1.5% year on year when excluding for excess depreciation charge.

Leasing contract margin reached EUR 626.1 million in 2020, down EUR 37.9 million *vs.* 2019. Leasing contract margin evolution embeds a EUR 59.4 million negative variation in excess depreciation between 2020 (EUR 39.0 million charge) and 2019 (EUR 20.4 million release) as a result of the fleet revaluation process.

Services margin reached EUR 630.3 million in 2020, down EUR 2.0 million *vs.* 2019. The Services margin benefits from lower accident and maintenance costs but is penalised by the decrease in volume discounts and lower excess mileage revenue.

ALD's Gross operating income reached EUR 1,317.5 million in 2020, down 3.9% *vs.* the previous year.

The contribution to Gross operating income from Used car sales result reached EUR 61.1 million in 2020, down from EUR 75.0 million in the previous year, but higher than expectations.

Average sales margin for the year on used vehicles came in at EUR 201 per unit, above the EUR -50 to 150 guidance and moderately down from EUR 254 in 2019. The Q4 20 average was EUR 481, up from EUR 333 recorded in the previous quarter, principally due to a strong recovery of used car markets over H2 and the reversal of EUR 15.2 million out of the EUR 18.6 million used car stock impairment provision recorded in H1 in light of the decreased stock level over H2.

The number of used cars sold[(1)] in Q4 20 was 89 thousand bringing the total for 2020 to 305 thousand, up 3.1% *vs.* 296 thousand in 2019 and a record volume. The efficiency of electronic platforms played an important role in this performance.

Total Operating expenses decreased by EUR 1.3 million to EUR 633.7 million, illustrating the strong cost control in ALD's operations. The continued investment in IT drove a EUR 4.1 million increase in depreciation and amortisation, offset by the reduction in staff and General & Administrative expenses.

Cost/Income (excluding Used car sales result) ratio reached 50.4% in 2020, significantly impacted by the excess depreciation charge recorded over 2020, but nevertheless inside the 50% to 51% guidance range. When excluding the effect of excess depreciation, Cost/Income (excluding Used car sales result) ratio continued its downward trend in 2020.

Impairment charges on receivables reached EUR 71.1 million in 2020, rising by EUR 26.2 million *vs.* 2019. A significant part of this increase was due to a EUR 15.4 million forward looking provision recorded in 2020 reflecting the expected increase in probability of customer default due the macroeconomic uncertainty. The reported Cost of risk[(2)] reached 34 bps in 2020, and 27 bps when excluding the forward-looking component. Customer receivables balance remains unaffected by the pandemic at end 2020. The payment plans implemented to support customer needs and to comply with national regulation, where applicable, proved successful. In order to monitor more precisely the evolution of receivables, ALD has increased its emphasis on invoiced payment collections.

Further to the closing of the disposal of ALD's stake in ALD Fortune Auto Leasing & Renting (China) on 28 February 2020, a EUR 10.0 million post-tax profit was recorded in Q1 2020.

Income tax expense was EUR 108.9 million in 2020, down slightly from EUR 122.2 million in 2019. The effective tax rate of 17.7% for 2020 continued to benefit from the favourable impact of the Italian Stability law, which amounted to EUR 37 million for the year. Driven by a successful contract duration extension campaign, the Italian Stability law has continued to weigh positively on the Group effective tax rate.

ALD recorded Net income (Group share) of EUR 509.8 million in 2020, down from EUR 564.2 million in the previous year, a drop principally due to excess depreciation and forward looking provisions.

Earning Assets decreased by 1.7% at the end of 2020 *vs.* the end of the previous year, reaching EUR 20.8 billion, reflecting the slight funded fleet decrease and the impact of contract extensions.

Equity reinvestments in long-term deposits decreased by EUR 82 million, as amortising deposits with Societe Generale continue to run off. Other assets decreased to EUR 3,068 million from EUR 3,164 million at end 2019.

Total funding at the end of 2020 stood at EUR 17.6 billion (down from EUR 18.4 billion at the end of 2019) of which 68% consisted of loans from Societe Generale. The Group benefits from strong long-term ratings from Fitch Ratings (BBB+) and S&P Global Ratings (BBB) with stable outlooks.

The Group's Total Equity to Total Assets ratio stood at 16.7% at the end of 2020, *vs.* 15.7% at the end of 2019, reflecting the Company's solid earnings generation in a year without fleet growth.

The Return on Average earning assets[(3)] in 2020 was 2.4% (*vs.* 2.8% in 2019), while ALD's ROE[(4)] came in at 12.5% (*vs.* 14.8% in the previous year).

Earnings Per Share[(5)] for 2020 amounts to EUR 1.26, *vs.* EUR 1.40 in 2019. The Board of Directors has decided to propose to the General Meeting of Shareholders to distribute a dividend of EUR 0.63 per share in respect of the 2020 financial year, unchanged from the previous year and corresponding to a payout ratio of 50% (up from 45% last year). Conditional on this approval, the dividend will be detached on 28 May 2021 and paid on 1 June 2021.

Other than the developments discussed above and in the financial statements in Chapter 6 of this document, there were no significant changes in the financial position of the Group during the year 2020.

(1) Management information.

(2) As a % of Average Earning Assets.

(3) Annualised ratio: Annual figure as the numerator. In the denominator, the arithmetic average of the earning assets at the beginning and end of the financial year.

(4) Annualised ratio: Annual figure as the numerator. In the denominator, the arithmetic average of the equity attributable to owners of the parent company at the beginning and end of the period.

(5) Diluted earnings per share, calculated according to IAS 33. Basic EPS for 2020 at EUR 1.27.

2.1.4 Investments

2.1.4.1 Historical Investments

The Group's investments in property, plant and equipment and intangible assets (other than acquisitions and investments in the fleet) during the financial years ended 31 December 2018, 2019 and 2020 totalled EUR 69.5 million, EUR 77.0 million and EUR 65.7 million, respectively. Acquisitions and investments in the fleet mainly relate to the acquisitions mentioned below and investments made by the Group in its fleet.

In May 2016, Temsys SA, the French subsidiary of ALD, acquired the Parcours Group, representing a total fleet of 63,700 vehicles (including 57,600 in France). Parcours was acquired in order to strengthen the Group's position with SMEs and very small businesses in France, Belgium, Luxembourg and Spain. Parcours' local maintenance, repair and consulting network, integrated into ALD's shared offering since February 2020 following the ALD Demain programme, is also used as part of the Group's mobility platform development. For further information about these changes, see Section 2.2.3.1. ALD expects this acquisition to generate cost savings for Parcours' activities relating to cost of funding and overhead optimisation.

In 2016, ALD Automotive Magyarorszag Kft, a subsidiary of ALD, acquired MKB-Eurolizing Autopark Zrt, a car operating lease player in Hungary, with a portfolio of 7,700 vehicles, and in Bulgaria through MKB-Autopark Eood, a fully-owned subsidiary with a portfolio of 1,700 vehicles.

In July 2017, ALD International Group Holdings GmbH, a subsidiary of ALD, acquired Merrion Fleet, the number two Full Service Leasing player in Ireland with a portfolio of approximately 5,500 vehicles. The acquisition further enhanced ALD's geographical reach.

In September 2017, ALD Automotive SAU (Spain), a subsidiary of ALD, acquired BBVA Autorenting, the Spanish Full Service Leasing subsidiary of BBVA. At the time, BBVA Autorenting was the seventh largest player in the Spanish market with a fleet of approximately 25,000 vehicles, most of which were previously managed by ALD Spain under a Fleet Management contract. An agency agreement was also reached with BBVA, which makes the Group's Full Service Leasing products available to corporate and private customers under a white label agreement.

In June 2018, ALD Automotive SAU (Spain), acquired Reflex Alquiler Flexible de Vehículos, SA, an independent company specialised in flexible rentals. This acquisition enabled ALD to expand its services offering to include flexible rentals, particularly adapted for SME customers.

In August 2018, within the context of the sale by Societe Generale of its Bulgarian subsidiary, Generale Express Bank AD, ALD acquired from the latter its 49% minority stake in ALD Automotive ODD in Bulgaria *via* its German subsidiary. ALD now holds all of the capital in its Bulgarian subsidiary.

In June 2019, ALD acquired SternLease B.V., the leasing subsidiary of the Stern Group with a fleet of around 13,000 vehicles leased to small and medium enterprises and individuals in the Netherlands. The subsidiary provides leasing services through direct distribution and the network of 85 local dealerships of the Stern Dealergroup. In addition to the acquisition agreement for SternLease B.V., a dedicated distribution agreement was signed to enable access to this network of local dealerships to exclusively distribute ALD leasing services for small and medium enterprises and individuals.

In June 2019, ALD acquired the BBVA Automercantil vehicle leasing subsidiary in Portugal. The transaction also includes an agency agreement in which BBVA makes available to its corporate and individual customers in Portugal a Full Service Leasing solution managed by ALD.

Following the 20 December 2019 announcement, ALD has completed the registration formalities with the Chinese government for the sale of its 50% stake in ALD Fortune Auto Leasing & Renting (Shanghai) Co. Ltd. in China, together with the 50% stake held by its joint venture partner, Hwabao Fortune Investment Company. The closing of the transaction was announced on 28 February 2020 with the receipt of payment *via* the Shanghai United Assets & Equity Exchange platform for a net post-tax impact of approximately EUR 10 million visible in the financial statements for the year.

On 23 March 2020, ALD and Mitsubishi UFJ Lease & Finance Company Limited ("MUL") signed an agreement to create a joint venture that will establish full service operating leasing and multi-brand Fleet Management activities with related mobility products for corporate customers in Malaysia.

All acquisitions made by the Group during this period were paid for in cash from its own internal cash resources. Investments in the fleet were funded by debt as discussed in Section 2.5 "Net cash flows from investing activities".

2.1.4.2 Ongoing Investments

During the financial year ended 31 December 2020, investments in property, plant and equipment and intangible assets remained in line with previous investments in the fleet and the Group's acquisition strategy (see Section 1.4 "Strategy").

At the date of this Universal Registration Document, there are no ongoing investments.

2.1.4.3 Future Investments

The Group plans to continue making appropriate investments for its business.

As of the date of this document, no future investments have been announced.

2.2 Trend information

2.2.1 Business trends

Detailed descriptions of the Group's results for the financial year ended 31 December 2020 and of the principal factors affecting the Group's operating income are contained in Chapters 2.1.2 and 2.1.3 of this Universal Registration Document.

2.2.2 Medium-term objectives

The individual elements of the medium-term objectives presented below do not constitute forecast data or profit estimates.

Objectives are based on data, assumptions and estimates that the Group considers reasonable as of the date of this Registration Document. These objectives are based on assumptions concerning economic conditions for the medium-term and the expected impact of the Group's successful implementation of its strategy. The data, assumptions and estimates on which the Group has based its objectives may change or be modified during the relevant period in particular as a result of changes in the economic, financial, competitive, tax or regulatory environment, market changes or other factors of which the Group is not aware as of the date of this management report. The occurrence of one or more of the risks described in Chapter 4 "Risk factors" could affect the Group's business, market situation, financial position, results or outlook and therefore its ability to achieve the objectives presented below.

The Group can give no assurances or provide any guarantee that the objectives set forth in this section will be met.

Private lease, ALD Flex and Used Car Lease are expected to be strong drivers of ALD's funded fleet growth, while growth in its "unfunded" business will see a shift towards its mobility service offering, ALD Move, and greater selectivity in its Fleet Management business.

As part of its Move 2025 strategic plan unveiled at the Capital Markets Day on 12 November 2020, ALD has set operational, financial and non-financial targets.

Move 2025 strategic operational and financial objectives

- The number of "Total Contracts" is expected to reach *circa* 2.3 million by 2025, including bolt-on acquisitions.
- Within Total Contracts, the share of Funded Fleet is expected to reach 80-85% by 2025.
- Leasing Contract & Services margins, together, will increase at least in line with Total Contracts over the period 2019-2025, thanks to increased services penetration and scale benefits.
- The Cost/Income (excl. Used Car Sales result) ratio will improve to between 46% and 48% by 2025, while absorbing EUR 66 million of additional digital investments during 2020-2025.
- The dividend pay-out ratio will be raised to between 50% and 60% for 2020-2025, maintaining the Total Equity to Total Assets ratio in line with its historical range thanks to strong capital generation.

Sustainability and extra-financial objectives for 2025

ALD has adopted a 4-dimensional sustainability approach to support its corporate social responsibility strategy and ensure that its business activities have a positive impact on society.

- Shaping the future of sustainable mobility:
  - 30% of new car deliveries to be EV[1]
  - a low emission fleet: -40% on CO_2 emissions[2] *vs.* 2019.
- Being a committed and responsible employer:
  - reaching an 80% employee engagement rate;
  - raising the share of women in management bodies to 35%.
- Implementing responsible business culture & practices:
  - ESG criteria embedded in 100% of policies, processes, controls with external stakeholders;
  - raising client net promotion score (NPS)>40%.
- Reducing the Company's internal environmental footprint by 30% *vs.* 2019.

2.2.3 Outlook for 2021

The objectives below were published on 10 February 2021 taking into account the potential effects of the COVID-19 epidemic, to the extent of the information available at that date. The ALD Group reserves the right to adjust them if the situation changes significantly.

2.2.3.1 Strategic developments in 2021

As of the date of this Universal Registration Document, there were no significant strategic developments.

(1) EV defined as BEV and PHEV and Hydrogen Fuel Cell. BEV: Battery Electric Vehicle, PHEV: Plug-in Hybrid Electric Vehicle. Target set on new passenger car deliveries for EU + Norway + UK + Switzerland

(2) Average emissions on new passenger car deliveries for EU + Norway + UK + Switzerland (CO2 in g/km (NEDC norm))

2.2.3.2 Total contracts growth

In view of the current uncertainty related to the pandemic, ALD is providing an outlook for 2021 that is explicitly linked to a central assumption about the operating environment during the year:

If the impact of the COVID-19 pandemic gradually fades in the course of the year and economic conditions improve thanks to strong macroeconomic policy stimulus by governments, ALD's core business, grouped together as Funded Fleet is expected to renew with positive growth, after a lackluster 2020. At the same time, the number of Fleet Management contracts is expected to drop in 2021, following the non-renewal of the commercial relationship with one large partner (80 thousand contracts) on account of its low profitability. The launch and continued roll-out of ALD Move is expected to partly offset this loss in volume in 2021, at higher contractual margins.

2.2.3.3 Used Car Sales result

Used car sales are expected to provide a positive contribution to Gross operating income with demand for used vehicles remaining strong, on the condition that strict lockdowns are avoided.

An increase in unitary income from the sale of used vehicles is therefore expected.

2.2.3.4 Cost/income ratio

The cost/income ratio (excluding income from used car sales) is expected to resume its improving trend in 2021.

2.3 Subsequent events

There are no events after the reporting period for the year ending 31 December 2020.

2.4 Research and development, patents and licences

2.4.1 Research and development

The Group is committed to innovating and offering value added solutions. Indeed, it continues to strive to develop new products and new expertise. An Innovation Committee was created to share, prioritise and accelerate innovation initiatives.

As a pioneer in mobility solutions, the Group regularly reviews its product offer and innovates to be able to provide the best products to its customers, to support fleet managers in their daily work and provide drivers with the solutions that best fit their needs.

The Group's innovation portfolio includes the development of a private rental offer, a global telematics solution for all countries, an ALD fuel card and digital environments built by ALD France. It is also planning to upgrade its current rental platform with a view to transforming it into an e-commerce platform.

2.4.2 Intellectual property rights, licences, user rights and other intangible assets

The Group's intellectual property rights essentially comprise the following:

- rights to trademarks and other distinctive signs used by the Group in the ordinary course of business.

  Further to the listing of shares of ALD on Euronext Paris, a trademark assignment agreement and a trademark licence agreement were concluded between ALD and Societe Generale so as to regulate ALD's use of these trademarks. The trademark assignment agreement aimed at transferring to ALD the ownership of the trademarks which do not contain any elements of the Societe Generale's brand and previously owned by Societe Generale, in the countries where they are registered.

  Consequently, under the terms of the agreement, ALD may register any trademark that does not include an element of Societe Generale's visual identity, including, in particular, the abbreviation ALD. In addition, following the listing of ALD shares on Euronext Paris, Societe Generale is still the owner of several trademarks that are used by the group and which include certain elements of the Societe Generale brand or are used by other entities of the Societe Generale. However, Societe Generale has awarded ALD a licence to use these trademarks, under a trademark licence agreement, concluded for a term of 99 years and permitting for such trademarks to be sub-licensed. The trademark licence agreement provides for Societe Generale's right to terminate the agreement in the event of a reduction of its holding in ALD below 50% and of insolvency, winding-up or dissolution of ALD. In case of such termination, the proposed agreement provides for an additional period of 18 months post-termination for the use of the licenced trademarks.

  The Group has registered domain names for its website in the countries where it operates. The Group centrally registers its ownership of various domain names (including ALDAutomotive, ALDCar, ALDCarmarket, ALDMobile and ALDNet), mostly through the external company CSC;
- rights relating to information systems, data protection and software licences that the Group uses in connection with its business.

  The Group has developed information systems it uses on a daily basis in connection with its business, notably relating to data protection and security. It has developed some policies related to improving the classification and protection of sensitive information and reinforcing its general security guidelines. For more information on the Group's security policy and related information systems.

  The Group and its subsidiaries hold licences for the main software it uses in conducting its business.

2.5 Cash flow

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(in EUR million)	31 December 2020	31 December 2019	31 December 2018
CASH FLOWS FROM OPERATING ACTIVITIES			
PROFIT BEFORE TAX EXCLUDING DISCONTINUED OPERATIONS	**614.6**	**693.2**	**689.1**
PROFIT BEFORE TAX FROM DISCONTINUED OPERATIONS	**10.1**	**-**	**-**
PROFIT BEFORE TAX EXCLUDING DISCONTINUED OPERATIONS	**624.7**	**693.2**	**689.1**
Adjustments for:			
• rental fleet	3,824.3	3,686.1	3,430.1
• other property, plant and equipment	51.4	49.3	21.4
• intangible assets	16.0	12.9	9.7
• regulated provisions, contingency and expenses provisions	1.7	3.1	3.7
Depreciation and amortisation	**3,893.4**	**3,751.3**	**3,464.9**
(Gains)/Losses on disposal of plant, property and equipment	18.9	25.5	17.8
(Profit)/Loss on disposal of intangible assets	2.5	-	
(Gains)/Losses on disposal of discontinued operations	(10.1)		
Profit and losses on disposal of assets	**11.4**	**25.6**	**17.8**
Fair value of derivative financial instruments	(3.5)	14.7	(6.2)
Interest charges	*179.5*	*210.8*	*234.1*
Interest revenue	*(835.5)*	*(834.7)*	*(824.0)*
Net interest income	**(656.0)**	**(623.9)**	**(589.9)**
Other	1.1	0.9	0.7
Amounts received for disposal of rental fleet	3,231.9	3,044.4	2,583.7
Amounts paid for acquisition of rental fleet	(7,195.6)	(8,328.3)	(8,233.3)
Change in working capital	292.9	(266.5)	(44.2)
Interest paid	*(265.3)*	*(310.6)*	*(284.7)*
Interest received	*868.9*	*952.6*	*853.7*
Net interest income	**603.6**	**641.9**	**569.0**
Income taxes paid	**(62.5)**	**(34.0)**	**(104.4)**
CASH GENERATED FROM OPERATIONS	**741.4**	**(1,080.7)**	**(1,652.7)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of other property and equipment	-	-	-
Acquisition of other property and equipment	(51.7)	(62.5)	(51.8)
Divestments of intangible assets	-	-	-
Acquisition of intangible assets	(14.0)	(16.2)	(17.7)
Proceeds from sale of financial assets	-	0.1	-
Acquisition of financial assets (non-consolidated securities)	(4.7)	-	-
Effect of change in Group structure	0.1	(93.2)	(9.2)
Proceeds from the sale of discontinued operations, net of liquid assets sold	14.1		
Dividends received	0.0	-	-
Long-term investment	79.7	133.3	227.9
Loans and receivables from related parties	(1.1)	54.6	(64.8)
Other financial investment	(25.2)	20.6	(28.6)
CASH FLOWS FROM INVESTING ACTIVITIES (CONTINUING ACTIVITIES)	**(2.7)**	**36.6**	**73.7**
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	**(2.7)**	**36.6**	**73.7**
CASH FLOWS FROM FINANCING ACTIVITIES			

(in EUR million)	31 December 2020	31 December 2019	31 December 2018
Increase in borrowings from financial institutions	4,519.6	7,283.3	10,152.0
Repayment of borrowings from financial institutions	(4,918.0)	(5,915.7)	(10,011.3)
Proceeds from issued bonds	350.7	501.2	2,726.0
Repayment of issued bonds	(400.1)	(620.8)	(1,086.2)
Payment of lease liabilities	(27.2)	(25.7)	-
Dividends paid to Company's shareholders	(253.9)	(234.0)	(222.3)
Dividends paid to minority interest	(4.9)	(5.1)	(4.6)
Capital increase	-	-	-
Increase/decrease in shareholders' capital	(4.1)	(3.2)	(5.8)
Other	-	-	-
CASH FLOWS FROM FINANCING ACTIVITIES (CONTINUING ACTIVITIES)	**(737.9)**	**980.0**	**1,547.9**
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	**(737.9)**	**980.0**	**1,547.9**
EXCHANGE GAINS/(LOSSES) ON CASH AND CASH EQUIVALENTS	**(6.8)**	**0.2**	**(8.7)**
EFFECT OF CHANGE IN ACCOUNTING POLICIES	**-**	**-**	**-**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(6.1)**	**(63.9)**	**(57.6)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**(114.9)**	**(50.9)**	**6.7**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**(121.0)**	**(114.9)**	**(50.9)**

The format of the consolidated statement of cash flow changed for the period ended 31 December 2020 due to implementation of a new standard. See Section 6.2 note 2.1.
The consolidated statement of cash flow for the twelve-month period ended 2019 has been restated due to the reclassification of EUR 84 million between interest charged and interest income. The impact of this reclassification on net interest income is zero. Details of this restatement are presented in note 8 "Revenue and cost of revenue".

2.5.1 Net cash flows related to operating activities

Amounts received for disposal of rental fleet

Amounts received for disposal of the rental fleet increased to EUR 3,231.9 million during the financial year ended 31 December 2020 compared to EUR 3,044.4 million during the financial year ended 31 December 2019, primarily as a result of a higher number of cars being disposed of in 2020 compared to 2019.

Amounts paid for acquisition of rental fleet

The amounts paid for the acquisition of the leased vehicle fleet were EUR 7,195.6 million during the financial year ended 31 December 2020 compared to EUR 8,328.3 million during the financial year ended 31 December 2019, due to the slowdown in fleet growth following the health crisis.

Change in working capital

Working capital (comprising short-term assets and liabilities) changes resulted in a net positive contribution to the cash generated from operating activities of EUR 292.9 million during the financial year ended 31 December 2020 compared to a net contribution to decrease the cash generated from operating activities of EUR 266.5 million during the financial year ended 31 December 2019. This decrease in working capital is linked to the slowdown in growth and improved management of receivables.

Net interest paid

Net interest paid on financing increased to EUR 603.6 million during the financial year ended 31 December 2020, compared to EUR 641.9 million during the financial year ended 31 December 2019. This change is the result of an improvement in interest rate conditions across all debt compartments, with an increase in securitisations (issued in particular in Germany during 2020) at lower interest rates.

2.5.2 Net cash flows related to investment activities

Effect of change in Group structure

Net cash inflows related to the scope effect amounted to EUR 0.1 million during the financial year ended 31 December 2020, compared to EUR 93.2 million in net outflows during the financial year ended 31 December 2019. This change is due to the absence of acquisitions in 2020.

Long-term investment

Net cash inflows from long-term investment amounted to EUR 79.7 million during the financial year ended 31 December 2020 compared to a net cash inflow of EUR 133.3 million during the financial year ended 31 December 2019, up primarily as a result of the fact that the Group is no longer renewing its long-term deposits.

2.5.3 Net cash flows related to financing activities

Proceeds of borrowings from financial institutions

Proceeds of borrowings from financial institutions decreased to EUR 4,519.6 million during the financial year ended 31 December 2020 compared to EUR 7,283.3 million during the financial year ended 31 December 2019, related to lower fleet growth in 2020 due to the health crisis.

Repayment of borrowings from financial institutions

There were lower repayments of borrowings from financial institutions of EUR 4,918.0 million during the financial year ended 31 December 2020 compared to EUR 5,915.7 million repaid during the financial year ended 31 December 2019, linked to lower volumes of maturing loans.

Proceeds from issued bonds

Proceeds from bond issues decreased to EUR 350.7 million during the financial year ended 31 December 2020 compared to EUR 2,501.2 million during the financial year ended 31 December 2019, primarily as a result of fewer bond issues during 2020.

Repayment of issued bonds

Repayment of issued bonds decreased to EUR 400.1 million during the financial year ended 31 December 2020 compared to EUR 620.8 million during the financial year ended 31 December 2019, primarily as a result of fewer bonds maturing.

(in EUR million)	2020	2019	2018
Bank borrowings	7,763.5	8,607.9	7,955.8
NON-CURRENT BORROWINGS FROM FINANCIAL INSTITUTIONS	**7,763.5**	**8,607.9**	**7,955.8**
Bank overdrafts	315.7	272.2	209.8
Bank borrowings	4,655.0	4,528.0	3,751.3
CURRENT BORROWINGS FROM FINANCIAL INSTITUTIONS	**4,970.6**	**4,800.2**	**3,961.2**
TOTAL BORROWINGS FROM FINANCIAL INSTITUTIONS	**12,734.1**	**13,408.1**	**11,917.0**
Bonds and notes-originated from securitisation transactions	1,267.8	993.9	1,058.1
Bonds and notes-originated from EMTN programme	2,200.0	2,900.0	3,404.2
Other non-current bonds issued	-	-	-
NON-CURRENT BONDS AND NOTES ISSUED	**3,467.8**	**3,893.9**	**4,462.4**
Bonds and notes-originated from securitisation transactions	138.7	88.0	251.9
Bonds and notes-originated from EMTN programme	1,305.2	1,004.9	200.0
Other current bonds issued	-	-	-
CURRENT BONDS AND NOTES ISSUED	**1,443.9**	**1,092.9**	**451.9**
TOTAL BONDS AND NOTES ISSUED	**4,911.6**	**4,986.8**	**4,914.3**
TOTAL BORROWINGS FROM FINANCIAL INSTITUTIONS AND BONDS	**17,645.7**	**18,394.9**	**16,831.3**

As part of its strategy to diversify its financing, the Group called on the bond market in October 2020, for a EUR 600 million three-year senior bond issue. This issue is part of the EUR 6 billion programme in place.

In addition, ALD was also active during the 2020 financial year in terms of securitisation. A private securitisation transaction in Belgium for an amount of EUR 300 million, renewed and increased by EUR 60 million in June 2018, was renewed and extended for two additional years in June 2020. The private securitisation transaction set up in December 2013 in the Netherlands was renewed for EUR 236 million in December 2020 for an additional six months. A public securitisation agreement was set up in Germany in October 2020 for an amount of EUR 350 million with a renewal period of one year.

Information on the Group’s liabilities is provided in Section 6.2, Note 27 “Borrowings from financial institutions, bonds and notes issued” of this Universal Registration Document.

2.6 Risks and control

Chapter 4 presents ALD's risk factors and policy concerning their management.

2.7 Share capital and shareholder structure

2.7.1 History of the Company's share capital over the past three years

The table below presents changes in the Company's share capital over the past three years:

Date	Type of operation	Capital before operation *(in EUR)*	Number of shares before the operation	Number of shares after the operation	Nominal value	Capital after operation *(in EUR)*
3 April 2017	Reduction in the nominal value of the shares	606,155,460	40,410,364	404,103,640	1.5	606,155,460
16 June 2017	Introduction of ALD shares on Euronext Paris	606,155,460	40,410,364	404,103,640	1.5	606,155,460

2.7.2 Shares held by or on behalf of the Company

As of 16 April 2021, the Company holds 791,881 treasury shares and no shares of the Company are held by any of its subsidiaries or by any third party on its behalf.

The Combined Shareholders' Meeting held on 20 May 2020 authorised the Board of Directors, for a period of 18 months from the date of this Shareholders' Meeting, with the ability to subdelegate as provided by law, in accordance with Articles L. 225-209 *et seq.* of the French Commercial Code *(Code de commerce)*, the General Regulations of the French Financial Markets Authority and Regulation (EU) No. 596/2014 of the Parliament and of the Council of 16 April 2014, to purchase shares of the Company in order to carry out the following transactions:

- cancelling shares as part of a capital reduction carried out in accordance with the authorisation given for that purpose by the Extraordinary Shareholders' Meeting;
- allocating, covering and honouring any free shares or employee savings plans and any type of allocation for the benefit of employees or corporate officers of the Company or affiliated companies under the terms and conditions stipulated or permitted by French or foreign law, particularly in the context of participation in the results of the expansion of the Company, the granting of free shares, any employee shareholding plans as well as completing any related transactions to cover the aforementioned employee shareholding plans;
- providing shares upon the exercise of rights attached to securities giving access to the share capital of the Company;
- market-making activities under a liquidity contract signed with an investment services provider, in compliance with the market practices permitted by the AMF;
- retaining and later tendering as part of the Group's external growth transactions;
- implementing any market practice that may become recognised by law or by the AMF.

Acquisitions, disposals, exchanges or transfers of these shares may be made, on one or more occasion, by any means, on markets (regulated or unregulated), multilateral trading facilities (MTF), *via* systematic internalisers or over the counter, including the disposal of blocks of shares, within the limits and according to the methods defined by the laws and regulations in effect. The portion of the buyback program that may take place through block trades may equal the entirety of the program.

These transactions may be completed at any time, in compliance with regulations in effect at the date of the planned transactions. Nevertheless, in the event a third party were to file a public offering targeting all of the Company's securities, the Board of Directors shall not, during the offering period, decide to implement this resolution unless it has received the prior authorization of the General Shareholders' Meeting.

In the event of a capital increase through the incorporation of premiums, reserves and profits, resulting in either an increase in the nominal value or the creation and granting of free shares, as well as in the event of a split or reverse stock split or any transaction pertaining to the share capital, the Board of Directors may adjust the aforementioned purchase price to take into account the impact of these transactions on the share value.

The Board of Directors has all powers, with the ability to delegate, to implement this authorisation, and particularly to place all orders on all stock markets or to perform any transactions off the market, to enter into all agreements for the purpose of keeping records of share purchases and sales, to allocate or re-allocate acquired shares to different objectives in compliance with the legal and regulatory conditions in effect, to prepare any documents, particularly the description of the share buyback programme, to complete any formalities and disclosures to the AMF and any other bodies, to, where appropriate, make adjustments related to any future transactions on the Company's share capital and, generally, to do all that is necessary for the application of this authorisation.

Shares purchased by the Company may not exceed 5% of the share capital at the date of the purchase, it being specified that the number of shares held following these purchases may not at any time exceed 10% of the share capital. Nevertheless, the total amount allocated to the share buyback programme shall not be greater than EUR 600,000,000.

The maximum purchase price for a share is set at EUR 28.60 (excluding fees).

Under the liquidity agreement implemented in 2017, ALD acquired 393,378 shares for a value of EUR 4,157,855 in 2020 and sold 351,464 shares for a value of EUR 3,684,932. At 31 December 2020, 129,600 shares were held in the liquidity contract.

In order to cover its long-term free shares incentive plan, ALD bought back 383,314 of its own shares in 2020 for a total amount of EUR 3,624,290, excluding the liquidity contract.

During 2020, 12,907 shares were definitively acquired (vested) by the beneficiaries of the free share plan and are therefore no longer held by ALD.

Between 1 January 2021 and 16 April 2021, excluding the liquidity contract, ALD bought back none of its own shares on the market. At 16 April 2021, 120,186 shares were included in the liquidity contract.

2.7.3 Transactions of managers or members of the Board of Directors

See Chapter 3 "Corporate Governance".

2.7.4 Dividends distributed for the 3 previous years

In accordance with the provisions of Article 243 *bis* of the French General Tax Code, we remind you that the amounts of dividends distributed for the last three financial years are as follows:

	2017	2018	2019
Net dividend per share *(in EUR)* (1) (2) (3) (4)	0.55	0.58	0.63
TOTAL AMOUNT DISTRIBUTED *(IN EUR THOUSAND)*	**222,255**	**234,003**	**254,585**

(1) The dividend assigned to individual shareholders was not eligible for the deduction of 40% pursuant to Article 158-3 of the French General Tax Code.

(2) The dividend distributed in 2018 in respect of 2017 was EUR 222,257,002. The number of treasury shares held under the ALD SA liquidity contract was 2,680 at the time of the distribution, which resulted in the reintegration of EUR 1,573 as retained earnings.

(3) The dividend distributed in 2019 in respect of 2018 was EUR 234,380,111.20. The number of treasury shares held under the ALD SA liquidity contract and the free share plans for Group employees was 649,347 at the time of distribution, which resulted in the reintegration of EUR 376,621.26 as retained earnings.

(4) The dividend distributed in 2020 in respect of 2019 was EUR 254,585,293.20. The number of treasury shares held under the ALD SA liquidity contract and the free share plans for Group employees was 935,555 at the time of distribution, which resulted in the reintegration of EUR 685,742.40 as retained earnings.

2.7.5 Shareholders

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2.7.5.1 Shareholders holding more than 5% of the share capital

31 December 2020(1 - 2 - 3 - 4)

Shareholders	Number of shares	% of share capital	Number of theoretical voting rights	Percentage of theoretical voting rights
Societe Generale	322,542,912	79.82%	322,542,912	80.03%
Various shareholders	80,497,823	19.92%	80,497,823	19.97%
Treasury shares	1,062,905	0.26%	-	-
TOTAL	**404,103,640**	**100.00%**	**403,040,735**	**100.0%**

(1) Number of theoretical voting rights is equal to number of exercisable voting rights in 2020.
(2) A liquidity agreement was signed between Kepler Chevreux and ALD SA on 1 December 2017, which was terminated on 13 January 2021. From 14 January 2021, and for a period of one year renewable by tacit agreement, ALD entrusted Exane BNP Paribas with the implementation of a liquidity contract covering ALD shares (ISIN code FR0013258662) admitted to trading on Euronext Paris, in compliance with the Code of Ethics published by AMAFI on 8 March 2011 and approved by the AMF on 21 March of the same year.
(3) The General Shareholder Meeting of 20 May 2020 authorised a share buyback programme for a duration of 18 months.
In accordance with Article 223-11 of the AMF's General Regulation, the calculation of the total voting rights includes voting rights associated with share buybacks and treasury shares; however, these shares do not give the right to vote at Shareholders' Meetings.
(4) During 2020, 12,907 shares were definitively acquired (vested) by the beneficiaries of the free share plan and are therefore no longer held by ALD.

31 December 2019(1 - 2 - 3)

Shareholders	Number of shares	% of share capital	Number of theoretical voting rights	Percentage of theoretical voting rights
Societe Generale	322,542,912	79.82%	322,542,912	79.95%
Various shareholders	81,560,728	20.02%	81,560,728	20.05%
Treasury shares	650,584	0.16%	-	-
TOTAL	**404,103,640**	**100.00%**	**403,453,056**	**100.00%**

(1) Number of theoretical voting rights is equal to number of exercisable voting rights in 2019.
(2) A liquidity contract was entered into between Kepler Cheuvreux and ALD SA on 1 December 2017.
(3) The General Shareholder Meeting of 20 May 2020 authorised a share buyback programme for a duration of 18 months.
In accordance with Article 223-11 of the AMF's General Regulation, the calculation of the total voting rights includes voting rights associated with share buybacks and treasury shares; however, these shares do not give the right to vote at Shareholders' Meetings.

31 December 2018(1 - 2)

Shareholders	Number of shares	% of share capital	Number of theoretical voting rights	Percentage of theoretical voting rights
Societe Generale	322,542,852	79.82%	322,542,852	79.89%
Societe Generale Participations	50	-	50	-
Societe Generale Financial services	10	-	10	-
Various shareholders	81,171,675	20.09%	81,171,675	20.11%
Treasury shares	389,053	0.10%	-	-
TOTAL	**404,103,640**	**100.00%**	**403,714,587**	**100.0%**

(1) Number of theoretical voting rights is equal to number of exercisable voting rights in 2018.
(2) A liquidity contract was entered into between Kepler Cheuvreux and ALD SA on 1 December 2017. At 31 December 2017, ALD SA held no treasury shares.

To the Company's knowledge, at 31 December 2020, no shareholders held, directly or indirectly, 5% or more of the share capital or voting rights of the Company, other than:

- Societe Generale held, directly or indirectly, 322,542,912 shares, representing 79.82% of the capital and 80.03% of voting rights of the Company.

As of the date of this Registration Document, the Company is controlled by Societe Generale.

In accordance with the recommendations of the AFEP-MEDEF Code, at least one-third of the members of the Board of Directors are independent directors (see Chapter 3 "Corporate Governance"). Its committees have a high proportion of independent directors in order to protect the interests of minority shareholders.

The management and Board of the ALD Group is entirely dedicated to the interests of the Group and to the fulfilment of the corporate purpose. The absence of unbalanced agreements between ALD and Societe Generale, the presence of independent directors and the separation of the functions of the Chairperson of the Board and Chief Executive Officer allow us to state that the *de jure* control exercised by Societe Generale is not likely to lead to an undue use of majority powers.

Following the entry into force of new provisions from the "PACTE" law, agreements between ALD and Societe Generale, considered to be a related party, are analysed using a specific procedure described in section 3.8.1 of this Universal Registration Document.

2.7.5.2 Crossing of legal and regulatory thresholds

From 1 January to 31 December 2020, the following declarations of legal and regulatory threshold crossings had been declared to the Company:

- BlackRock Inc. exceeded the threshold of 1.50% of the share capital on 27 May 2020, holding at that date 7,861,093 shares;
- BlackRock Inc. fell below the threshold of 1.50% of the share capital on 7 August 2020, holding at that date 6,039,489 shares;
- BlackRock Inc. exceeded the threshold of 1.50% of the share capital on 7 September 2020, holding at that date 6,064,446 shares;
- BlackRock Inc. fell below the threshold of 1.50% of the share capital on 10 September 2020, holding at that date 6,058,605 shares;
- BlackRock Inc. exceeded the threshold of 1.50% of the share capital on 11 September 2020, holding at that date 6,164,142 shares;
- BlackRock Inc. exceeded the threshold of 2.00% of the share capital on 26 October 2020, holding at that date 8,168,416 shares.

2.7.6 Rights, privileges and restrictions attached to shares (Articles 8, 11 and 12 of the Bylaws)

Voting rights (Article 8)

Each share gives entitlement to a share in the ownership of the Company, a share in the profits and in the liquidation surplus, in proportion to the number of existing shares, taking into account, if applicable, amortised and non-amortised capital, paid-up or otherwise, the nominal amount of shares and rights attached to the different classes of shares. In addition, each share entitles its holder to vote and to be represented at Shareholders' Meetings, in accordance with legal provisions and with the Bylaws.

Each share entitles to one voting right in Shareholders' Meetings, it being specified that the double voting right provided for under Article L. 225-123 of the French Commercial Code *(Code de commerce)* is expressly excluded.

Every time it is necessary to possess several shares to exercise any right, the shares of a lower number than that required give no rights to their owners against the Company, with the shareholders being responsible, in this case, for grouping together the necessary number of shares.

Shareholder Identification Process (Article 11)

The Company may at any time seek the benefit of legal and regulatory provisions providing for the identification of the holders of securities granting a voting right to Shareholders' Meetings, whether immediately or in the future.

Threshold crossings (Article 12)

Any shareholder, acting alone or in concert, coming to hold, directly or indirectly, at least 1.5% of the share capital or voting rights of the Company, is required to inform the Company thereof within five (5) trading days from the date at which such threshold has been crossed and to also indicate in the same statement the number of securities granting access to the share capital it holds. Investment fund management companies are required to inform the Company of all the Company's shares held by the funds they manage. Beyond 1.5%, each additional crossing of 0.50% of the share capital or voting rights must also be declared to the Company in accordance with the terms above.

Any shareholder, acting alone or in concert, is also required to inform the Company within five (5) trading days when the percentage of the share capital or voting rights it holds becomes lower than any of the thresholds indicated in the present article.

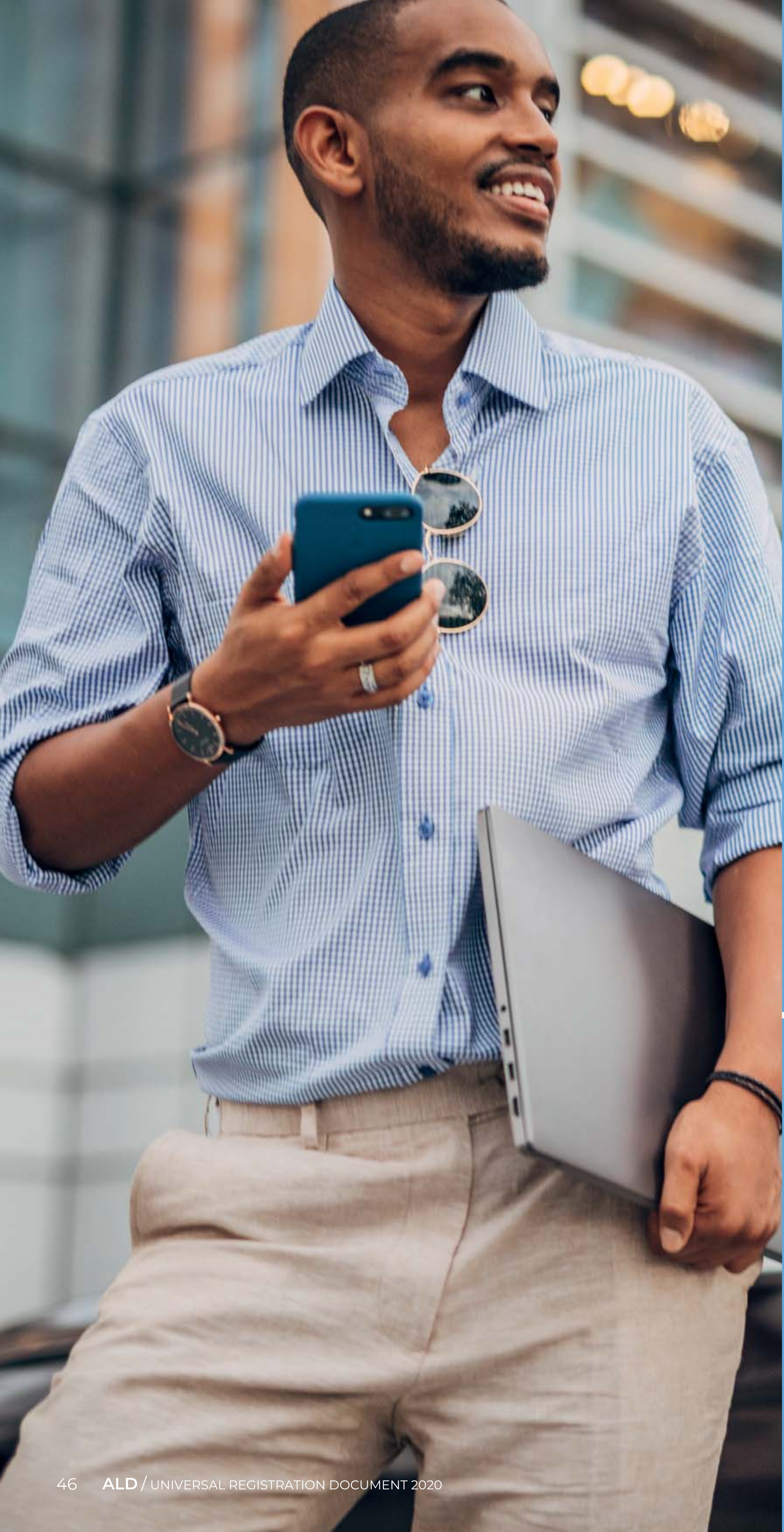
The calculation of the share capital and voting rights thresholds notified in accordance with the present article shall take into account the shares and voting rights held but also the shares and voting rights assimilated thereto for the purpose of legal threshold crossings, in accordance with applicable legal and regulatory provisions. The notifier shall also specify its identity together with the identity of the individuals or entities acting in concert with it, the total number of shares or voting rights it directly or indirectly holds, alone or in concert, the date and the origin of the threshold crossing and, as the case may be, all information referred to in the third paragraph of Article L. 233-7 I of the French Commercial Code *(Code de commerce)*.

Failure to comply with such provisions shall be penalised in accordance with applicable legal and regulatory provisions at the request of one or several shareholders holding at least 5% of the share capital or voting rights of the Company, recorded in the minutes of the Shareholders' Meeting.

Modification of the rights of shareholders

The rights of the shareholders may be modified in accordance with applicable laws and regulations.

The Bylaws do not contain any particular provisions with respect to modification of the rights of the shareholders that are more stringent than the law.



3 Corporate governance

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A governance to serve strategy

Make-up of the Board of Directors

- Compensation Committee (COREM)
- Audit, Internal Control and Risk Committee (CACIR)
- ✪ Chairperson of the committee

50% Women

40% Independence rate

56 years Average age

98% Average attendance rate

* *Mr. Michael MASTERSON stepped down as CEO on 26 March 2021. The co-optation of Mr. Tim ALBERTSEN as his replacement is proposed to the next General Assembly.*

Mapping of expertise of 10 directors

LEASING MOBILITY 5

INTERNATIONAL 9

FINANCE 10

OTHER BUSINESS 10

3

Nomination and Compensation Committee (COREM)

3 Members

Patricia LACOSTE *
Christophe PERILLAT *
Bernardo SANCHEZ-INCERA

5 Meetings

66% Independence rate

100% Average attendance rate

Audit, Internal Control and Risk Committee (CACIR)

3 Members

Xavier DURAND *
Anik CHAUMARTIN *
Karine DESTRE-BOHN

7 Meetings

66% Independence rate

100% Average attendance rate

* *Independents*

The Executive Committee

5 Nationalities

9 Members

The role of the Executive Committee of the Group (the "Executive Committee") is to define, implement and develop the Group's strategy, driving future growth and improved profitability for the benefit of its clients, shareholders and employees. The Executive Committee is also responsible for supervising and driving cooperation among the Group's entities and geographic markets. The Executive Committee was expanded on 24 April 2020 with the appointment of Pao-Leng Damy, Group Human Resources Director, Annie Pin Group Commercial Director and Miel Horsten, Group Regional Director.

Tim ALBERTSEN
Chief Executive Officer

Gilles MOMPER
Chief Financial Officer

Annie PIN
Chief Commercial Officer

Gilles BELLEMERE
Deputy Chief Executive Officer

Hans VAN BEECK
Chief Administrative Officer

Pao-Leng DAMY
Group Human Resources Director

John SAFFRETT
Deputy Chief Executive Officer

Guillaume De LEOBARDY
Group Regional Director

Miel HORSTEN
Group Regional Director

3.1 Administrative, Management and supervisory bodies and General Management

AFR

The Company is a limited liability company *(société anonyme)* with a Board of Directors. A description of the main provisions of the Bylaws (the "Bylaws"), relating to the functioning and powers of the Board of Directors of the Company (the "Board of Directors"), as well as a summary of the main provisions of the internal regulations of the Board of Directors and of the committees of the are included in Section 3.3 "Rules Applicable to Corporate Bodies and Management Committees" and Chapter 7 of this Universal Registration Document.

3.1.1 Board of Directors

The table below shows the members of the Board of Directors:

	Personal information				Experience	Position within the Board				
Identity of directors	**Age**	**Gender**	**Nationality**	**Number of shares**	**Number of mandates in listed companies**	**Indepen-dence**	**Initial date of appointments /co-option**	**Term of the mandate**	**Seniority on the Board (in years)**	**Participation in the Board's committees**
Diony LEBOT (Chairperson of the Board of Directors)	58	F	French	0	1	No	27/08/20	31/12/22	0	_
Michael MASTERSON	60	M	British	24,000	0	No	28/02/06	31/12/22	14	_
Karine DESTRE-BOHN	50	F	French	250	0	No	15/11/11	31/12/22	9	Audit, Internal Control and Risk Committee
Xavier DURAND	56	M	French	1,100	1	Yes	16/06/17	31/12/20	3	Audit, Internal Control and Risk Committee (Chairperson)
Bernardo SANCHEZ-INCERA	61	M	Spanish	0	2	No	01/08/18	31/12/20	2	Compensation Committee
Patricia LACOSTE	59	F	French	3,000	0	Yes	16/06/17	31/12/22	3	Compensation Committee (Chairperson)
Anik CHAUMARTIN	59	F	French	0	0	Yes	20/06/20	31/12/23	0	Audit, Internal Control and Risk Committee
Didier HAUGUEL	61	M	French	2,250	1	No	30/06/09	31/12/20	11	_
Christophe PERILLAT	55	M	French	1,000	0	Yes	16/06/17	31/12/23	3	Compensation Committee
Delphine GARCIN-MEUNIER	44	F	French	0	0	No	05/11/19	31/12/20	1	_

Note 1: the subsidiaries of ALD are not mentioned in the data below and companies followed by (*) belong to Societe Generale.

Note 2: the number of ALD shares held by each director is up current as of 31 December 2020.

DIONY LEBOT

SKILLS →

DIRECTOR, CHAIRPERSON OF THE BOARD OF DIRECTORS
DEPUTY CHIEF EXECUTIVE OFFICER OF SOCIETE GENERALE

DATE OF BIRTH:
15 July 1962
FIRST APPOINTMENT:
Cooptation on 27 August 2020
TERM OF THE MANDATE:
Shareholders' Meeting approving the 2022 financial statements in 2023
HOLDS:
0 ALD shares
PROFESSIONAL ADDRESS:
Tours Societe Generale
75886 Paris Cedex 18

Diony Lebot has been Deputy Chief Executive Officer of Societe Generale since May 2018. She has developed more than 30 years of solid experience in several corporate and investment banking roles in France and abroad before joining the Group's Risk Department in 2015.

Diony joined Societe Generale in 1986. She held several positions in structured finance activities there, the Financial Engineering Department and then as Director of Asset Financing, before joining the Corporate Client Relations Department in 2004 as Commercial Director for Europe in the Large Corporates and Financial Institutions division. In 2007, she was appointed Chief Executive Officer of Societe Generale Americas and joined the Group's Executive Committee. In 2012, she became Deputy Director of the Client Relations and Investment Banking division and Head of the Western Europe region of Corporate Banking and Investor Solutions. In March 2015, Diony Lebot was appointed Deputy Head of Risks and then Head of Risks for Societe Generale in July 2016.

Diony Lebot holds a DESS in Finance and Taxation from the University of Paris I.

OTHER OFFICES HELD CURRENTLY:

FRENCH AND FOREIGN UNLISTED COMPANIES:

- Sogecap* (France), Chairperson since 08/2020
- EQT AB (Sweden) since 06/2020

OTHER OFFICES AND POSITIONS HELD IN OTHER COMPANIES IN THE LAST FIVE YEARS:

- Sogecap* (France) (from 2016 to 2018)
- Societe Generale Factoring* (France) (from 2013 to 2016)
- SG Americas Securities Holding LLC* (United States) (2016)
- Societe Generale Bank & Trust* (Luxembourg) (from 2014 to 2015).

* *Societe Generale*

MICHAEL MASTERSON

SKILLS →

DIRECTOR

DATE OF BIRTH:
17 December 1960
FIRST APPOINTMENT:
28 February 2006
TERM OF THE MANDATE:
Shareholders' Meeting approving the 2022 financial statements in 2023
HOLDS:
24,000 ALD shares
PROFESSIONAL ADDRESS:
South Lawns, Barton Road, Welford-upon-Avon, Warwickshire CV37 8EY England

Michael Masterson was Chief Executive Officer of ALD and member of the Executive Committee of Societe Generale from 2011 to 2020. He was Chief Financial Officer of ALD from 2003 until 2011 and, from 1988, active at Hertz Lease Group (which was acquired by ALD in 2003). Michael Masterson was Chief Financial and IT Officer at Hertz Lease from 1997 to 2003, having worked as Financial Controller from 1995 to 1997. He began his career as Senior Auditor, Business Analyst, Finance and Administration Manager for Hertz Europe from 1988 to 1995. Michael Masterson holds an Upper Second Class Degree in Economics from Nottingham University and has been a Chartered Accountant since 1988.

OTHER OFFICES HELD CURRENTLY:

None.

OTHER OFFICES AND POSITIONS HELD IN OTHER COMPANIES IN THE LAST FIVE YEARS:

None.

LEASING MOBILITY | FINANCE | INTERNATIONAL | OTHER BUSINESS

KARINE DESTRE-BOHN

SKILLS

DIRECTOR, MEMBER OF THE AUDIT, INTERNAL CONTROL AND RISK COMMITTEE
HEAD OF CLIENT RELATIONSHIP TRANSFORMATION, SOCIETE GENERALE ASSURANCES

DATE OF BIRTH:
20 January 1971

FIRST APPOINTMENT:
15 November 2011

TERM OF THE MANDATE:
Shareholders' Meeting approving the 2022 financial statements in 2023

HOLDS:
250 ALD shares

PROFESSIONAL ADDRESS:
Tours Societe Generale
75886 Paris Cedex 18

Karine Destre-Bohn has been Head of Client Relationship Transformation within Societe Generale Assurances since 1 January 2018. From 2010 to 2017 Karine Destre-Bohn was Corporate Secretary of the International Banking and Financial Services Division of Societe Generale (which supervises around 80 entities in 65 countries), after having served as Corporate Secretary of ALD (2008-2010). Prior to that, Karine Destre-Bohn served as Chief Financial Officer of ALD France (2003-2008) and Chief Financial Officer of Hertz Lease France (1996-2003). She began her career as an auditor at Deloitte & Touche (1993-1996). Karine Destre-Bohn holds a degree from Amiens Business School and a Bachelor's degree in Accounting & Finance.

OTHER OFFICES HELD CURRENTLY:

None.

OTHER OFFICES AND POSITIONS HELD IN OTHER COMPANIES IN THE LAST FIVE YEARS:

- SFS Holding Hellas * – Greece – Chairperson and Director
- SFS Hellasfinance *Société Anonyme* of Car Lease and Trade * – Greece – Chairperson and Director
- SFS Hellasfinance Consumer Société Anonyme for Granting Credit * – Greece – Chairperson and Director
- LLC Rusfinance * – Russia – Director
- Rusfinance SAS * - Russia - Director
- SKB Banka – Slovenia – Director
- Mobiasbanca * – Moldova – Vice Chairperson and Director

ANIK CHAUMARTIN

SKILLS

INDEPENDENT DIRECTOR, MEMBER OF THE AUDIT, INTERNAL CONTROL AND RISK COMMITTEE
PWC PARTNER

DATE OF BIRTH:
19 June 1961

FIRST APPOINTMENT:
20 May 2020

TERM OF THE MANDATE:
Shareholders' Meeting approving the 2023 financial statements in 2024

HOLDS:
0 ALD shares

PROFESSIONAL ADDRESS:
21 Avenue de la Criolla,
92150, Suresnes,
France

Anik Chaumartin is a chartered accountant, statutory auditor and Global Relationship Partner at PwC. She has 37 years of experience in consulting and auditing, particularly in the financial services and consumer goods sector. For more than 15 years, she also held various managerial responsibilities within PwC, in France or internationally, as COO of PwC Audit France (2005-2008), Human Capital Leader of PwC France (2008-2013), Head of the Audit functions in France (2011-2013) and Global Assurance Leader -member of the Executive Committee for Global Audit Activities (2013-2018). She is a member of the management team of PwC Financial services in France and Chairperson of the Banking Commission of the *Compagnie Nationale des Commissaires aux Comptes*. Anik Chaumartin is a graduate of the *École Supérieure de Commerce de Paris.*

OTHER OFFICES HELD CURRENTLY:

- Chairperson of the CNCC Banking Commission
- Member of the Leadership Team PwC Financial Services France

OTHER OFFICES AND POSITIONS HELD IN OTHER COMPANIES IN THE LAST FIVE YEARS:

- Global Assurance Markets Leader, PwC Global Network (2013-2018)

LEASING MOBILITY | FINANCE | INTERNATIONAL | OTHER BUSINESS

XAVIER DURAND

SKILLS →

**INDEPENDENT DIRECTOR, CHAIRPERSON OF THE AUDIT, INTERNAL CONTROL AND RISK COMMITTEE
CHIEF EXECUTIVE OFFICER OF THE INSURANCE GROUP COFACE**

DATE OF BIRTH:

27 April 1964

FIRST APPOINTMENT:

16 June 2017

TERM OF THE MANDATE:

Shareholders' Meeting approving the 2020 financial statements in 2021

HOLDS:

1,100 ALD shares

PROFESSIONAL ADDRESS:

Place Costes et Bellonte

92270 Bois-Colombes

Xavier Durand has been Chief Executive Officer of the Insurance group Coface since February 2016. Previously, Xavier Durand had an extensive international career within the financial activities of the General Electric Company where, prior to being Head of Strategy & Growth for GE Capital International based in London (2013-2015), he was Chief Executive Officer of GE Capital Asia Pacific (2011-2013) based in Tokyo, Chief Executive Officer of the Europe and Russia banking activities of GE Capital (2005-2011), Chairperson and Chief Executive Officer of GE Money France (2000-2005) and Head of Strategy and New Partnerships of GE Capital Auto Financial Services based in Chicago (1996-2000). Earlier, Xavier Durand was Chief Operating Officer of Banque Sovac Immobilier in France from 1994 to 1996. Engineer of *Ponts et Chaussées* corps, Xavier Durand graduated from the *Ecole Polytechnique* and the *Ecole des Ponts ParisTech.* He started his career in 1987 in consulting (Gemini Group), strategy and project management (GMF, 1991-1993).

OTHER OFFICES HELD CURRENTLY:

WITHIN COFACE - FRENCH AND FOREIGN UNLISTED COMPANY:

- Coface North America Holding Company – Chairperson

FRENCH LISTED COMPANY:

- Compagnie Française d'Assurance pour le Commerce Extérieur (Coface) – Chairperson and Chief Executive Officer (listed company)

OTHER OFFICES AND POSITIONS HELD IN OTHER COMPANIES IN THE LAST FIVE YEARS:

FRENCH AND FOREIGN UNLISTED COMPANIES:

- AXA France Vie (France) – Director
- AXA France Iard (France) – Director
- Wizink Bank (Banco Popular et Varde) – Spain – Independent Director
- GE Capital International – UK – Head of Strategy and Development

DELPHINE GARCIN-MEUNIER

EXPERTISES →

DIRECTOR, STRATEGY DIRECTOR OF SOCIETE GENERALE

DATE OF BIRTH:

30 June 1976

FIRST APPOINTMENT:

5 November 2019

TERM OF THE MANDATE:

Shareholders' Meeting approving the 2020 financial statements in 2021

HOLDS:

0 ALD share

PROFESSIONAL ADDRESS:

Tours Societe Generale

75886 Paris Cedex 18

Since November 2020, Delphine Garcin-Meunier has been Director of Strategy for Societe Generale, where she was previously Head of Investor Relations and Financial Communication. Having joined SG in 2001, Ms Garcin-Meunier took part in various operations within the Strategy Department from 2015 to 2017 (in particular the IPO of ALD and Amundi), having previously been in charge of origination and execution of transactions on the Primary Equity Markets from 2001 to 2014 as Managing Director. Previously, she was an analyst in the Equity Capital Markets Department of ABN Amro Rothschild from 2000 to 2001. Delphine Garcin-Meunier is a graduate of *HEC* and the *Université de la Sorbonne.*

OTHER OFFICES HELD CURRENTLY:

N/A.

OTHER OFFICES AND POSITIONS HELD IN OTHER COMPANIES IN THE LAST FIVE YEARS:

N/A.

LEASING MOBILITY   FINANCE   INTERNATIONAL   OTHER BUSINESS

DIDIER HAUGUEL

SKILLS →

DIRECTOR

DATE OF BIRTH:
14 December 1959
FIRST APPOINTMENT:
30 June 2009
TERM OF THE MANDATE:
Shareholders' Meeting approving the 2020 financial statements in 2021
HOLDS:
2,250 ALD shares
PROFESSIONAL ADDRESS:
43 rue Copernic
75116 Paris

Didier Hauguel has been a member of the Board of Directors of ALD since 2009. Chairperson of the Board from 2009 to 2011 and then again from March 2017 to May 2019. Member of Societe Generale Management Committee from 2000 to 2019, he was Country Officer for Russia from 2012 to 2019. Member of the Societe Generale Executive Committee from 2007 to 2017, he had been Co-Head of International Banking and Financial Services from 2013 to 2017 and held several positions in Societe Generale as Head of Specialised Financial Services and Insurance from 2009 to 2013 and Chief Risk Officer from 2000 until 2009. After having been Head of Central Risk Control at Societe Generale from 1991 to 1995, he was appointed Chief Operating Officer of Societe Generale in New York (USA) from 1995 to 1998, then Director of Resources and Risk for the Americas Regional Division from 1998 to 2000. He joined the General Inspection Department of Societe Generale in 1984. Didier Hauguel has graduated from the Institut d'études politiques de Paris (Sciences Po) and holds a Bachelor's degree in Public law.

OTHER OFFICES HELD CURRENTLY:

FOREIGN UNLISTED COMPANIES:

- GEFA Bank GmbH * – Germany – Chairperson and Director
- Riverbank - Luxembourg - Director

FOREIGN LISTED COMPANY:

- PJSC Rosbank * – Russia – Director

OTHER OFFICES AND POSITIONS HELD IN OTHER COMPANIES IN THE LAST FIVE YEARS:

FRENCH UNLISTED COMPANIES:

- Sogessur * – Director
- SG Consumer Finance * – Chairperson and Director
- Compagnie Générale de Location d'Equipements * – Director
- La Banque Postale Financement * – Vice Chairperson and Member of Supervisory Board
- Franfinance * – Director
- Sogecap * – Chairperson and Director
- SGEF SA * – Chairperson and Director

FOREIGN UNLISTED COMPANIES:

- Banco Cacique SA – Brazil – Director
- SG Equipment Finance Czech Republic SRO – Czech Republic – Chairperson and Director
- Gefa Leasing GmbH * – Germany – Chairperson and Director
- SG Equipment Finance USA Corp. * – Director
- Fiditalia Spa * – Italy – Director
- Eqdom * – Morocco – Director
- Euro Bank * – Poland – Vice Chairperson and Director
- CB DeltaCredit * – Russia – Chairperson and Director
- LLC Rusfinance * – Russia – Chairperson and Director

FOREIGN LISTED COMPANY:

- PJSC Rosbank - Russia - Chairperson (Foreign listed company)

LEASING MOBILITY FINANCE INTERNATIONAL OTHER BUSINESS

PATRICIA LACOSTE

SKILLS →

INDEPENDENT DIRECTOR, CHAIRPERSON OF THE NOMINATION AND COMPENSATION COMMITTEE CHAIRPERSON AND CHIEF EXECUTIVE OFFICER OF THE INSURACE GROUP PRÉVOIR

DATE OF BIRTH:
5 December 1961

FIRST APPOINTMENT:
16 June 2017

TERM OF THE MANDATE:
Shareholders' Meeting approving the 2022 financial statements in 2023

HOLDS:
3,000 ALD shares

PROFESSIONAL ADDRESS:
19 rue d'Aumale
75009 Paris

Patricia Lacoste has been Chairperson and Chief Executive Officer of the Insurance group Prévoir since 2012. Previously, Patricia Lacoste spent some twenty years in SNCF (French Railways National Company), where she held several executive positions, notably Director in charge of managing Top Executives within the HR Division (2008-2010), Director of the Eastern Paris Region, in charge of preparing the launch of the East Europe high speed train TGV (2005-2008), and Director of Sales to individuals (1995-2004). Patricia Lacoste has graduated from l'École Nationale de la Statistique et de l'Administration Economique (ENSAE), and she holds a Master in Econometrics. She started her career as study engineer in the consulting firm Coref (1985-1992).

OTHER OFFICES HELD CURRENTLY:

WITHIN PRÉVOIR - FRENCH AND FOREIGN UNLISTED COMPANIES:

- Société Centrale PRÉVOIR – Chairperson and Chief Executive Officer
- PRÉVOIR-Vie – Chairperson and Chief Executive Officer
- Société de Gestion PRÉVOIR – Legal representative of Société Centrale PRÉVOIR – Director
- MIRAE ASSET PRÉVOIR LIFE Vietnam – Legal representative of PRÉVOIR-Vie – Director ASSURONE - Member of the Supervisory Board
- UTWIN - Member of the Supervisory Board
- SARGEP – Director
- Fondation PRÉVOIR – Director

OUTSIDE PRÉVOIR – FRENCH AND FOREIGN UNLISTED COMPANIES:

- Lloyd Vie Tunisia - Legal representative of Prévoir Vie, Director
- Fédération Française d'Assurance - Member of the Executive Board

OTHER OFFICES AND POSITIONS HELD IN OTHER COMPANIES IN THE LAST FIVE YEARS:

OTHER OFFICES AND POSITIONS HELD IN OTHER COMPANIES DURING THE LAST FIVE YEARS FRENCH AND FOREIGN UNLISTED COMPANIES :

- SNCF Réseau - Director
- PREVOIR Risques Divers - Chairperson and CEO
- PKMI (PREVOIR Kampuchea Micro Life Insurance) - Legal representative of PREVOIR-Vie - Director

LEASING MOBILITY   FINANCE   INTERNATIONAL   OTHER BUSINESS

CHRISTOPHE PERILLAT

SKILLS

INDEPENDENT DIRECTOR, MEMBER OF THE NOMINATION AND COMPENSATION COMMITTEE
DEPUTY CEO OF VALEO

DATE OF BIRTH:
12 September 1965

FIRST APPOINTMENT:
16 June 2017

TERM OF THE MANDATE:
Shareholders' Meeting approving the 2019 financial statements in 2020

HOLDS:
1,000 ALD shares

PROFESSIONAL ADDRESS:
43 rue Bayen
75848 Paris Cedex 17

Christophe Périllat has been Deputy General Manager of Valeo since October 2020, and will be appointed Deputy Chief Executive Officer in May 2021 and then Chief Executive Officer from January 2022. It will also be proposed to the May 2021 Shareholders' Meeting to vote on his appointment as a director of Valeo. Previously, Christophe Périllat occupied several managerial positions in Valeo, notably Head of Operations from March 2011 to October 2020, Head of the "Comfort and Driving Assistance Systems" business group from 2009 to 2011, Head of the "Switches and Detection Systems" branch from 2003 to 2009, and Head of a Division of the "Electronics and Connective Systems" branch from 2001 to 2002. Prior to that, Christophe Périllat worked in the aerospace industry for Labinal, as Head of Labinal Aero & Defense North America from 1996 to 2000 and Head of a production site in Toulouse from 1993 to 1995. Christophe Périllat is a graduate of the *Ecole Polytechnique and Ecole des Mines.*

OTHER OFFICES HELD CURRENTLY:

FRENCH UNLISTED COMPANY:
- Valeo Service – Chairperson

FOREIGN UNLISTED COMPANIES:
- Valeo Service Espana SAU – Spain – Director
- Valeo North America, Inc – USA – Chairperson and Director
- Valeo (UK) Limited – UK – Chairperson and Director
- Valeo SpA. – Italy – Chairperson and Director

OTHER OFFICES AND POSITIONS HELD IN OTHER COMPANIES IN THE LAST FIVE YEARS:

None.

LEASING MOBILITY
FINANCE
INTERNATIONAL
OTHER BUSINESS

BERNARDO SANCHEZ-INCERA

SKILLS

DIRECTOR, MEMBER OF THE NOMINATION AND COMPENSATION COMMITTEE

DATE OF BIRTH:
9 March 1960

FIRST APPOINTMENT:
1 August 2018

TERM OF THE MANDATE:
Shareholders' Meeting approving the 2020 financial statements in 2021

HOLDS:
0 ALD share

PROFESSIONAL ADDRESS:
9, avenue Franco-Russe
75007 Paris

A Spanish national, Bernardo Sanchez-Incera joined Societe Generale in 2009 and held the position of Deputy Chief Executive Officer of Societe Generale from January 2010 to May 2018. Previously, he was Chief Executive Officer of Monoprix from 2004 to 2009, Chief Executive Officer of Vivarte from 2003 to 2004, Chairperson of LVMH Mode et Maroquinerie Europe between 2001 and 2003 and International Director of Inditex from 1999 to 2001. He was previously Managing Director of Banca Jover Spain from 1994 to 1996 and Director and Board member of Crédit Lyonnais in Belgium from 1992 to 1994. Deputy Director of the La Défense business centre at Crédit Lyonnais in Paris from 1984 to 1992.

Holder of an MBA from INSEAD, Bernardo SANCHEZ-INCERA is a graduate of the Institut d'études politiques de Paris (Sciences Po) and has a master's degree and a DESS in Economics.

3

OTHER OFFICES HELD CURRENTLY:

LISTED FRENCH COMPANY:
- Coface - Chairperson of the Board of Directors (as of 02/2021)

FRENCH UNLISTED COMPANIES:
- Boursorama * – Director
- Compagnie Financière Richelieu – Director
- Banque Richelieu France – Member of the Supervisory Board

FOREIGN LISTED COMPANY:
- PJSC Rosbank * – Russia – Member of the Supervisory Board

OTHER OFFICES AND POSITIONS HELD IN OTHER COMPANIES IN THE LAST FIVE YEARS:

FRENCH LISTED COMPANY:
- Societe Generale – France – Deputy CEO *

FRENCH UNLISTED COMPANIES:
- Credit du Nord * – Chairperson of the Board of Directors
- Boursorama * – Chairperson of the Board of Directors
- Franfinance * – Director (from 2010 to 2014)

COMPAGNIE GÉNÉRALE DE LOCATION D'EQUIPEMENTS * – DIRECTOR
- Sogecap * – Director
- Foreign listed companies:

KOMERCNI BANKA * – CZECH REPUBLIC – MEMBER OF THE SUPERVISORY BOARD
- BRD * – Romania – Director
- Foreign unlisted companies:
- SGMB * – Morocco – Member of the Supervisory Board
- SGBS * – Senegal – Director
- SGBC * – Cameroon – Director
- SGBCI * – Ivory Coast – Director

LEASING MOBILITY FINANCE INTERNATIONAL OTHER BUSINESS

3.1.1.1 Independence of directors

Four independent directors sit on the Board of Directors. Their independence was assessed by taking into account the criteria set out in Article 8.5 of the AFEP-MEDEF Code, and in particular information relating to their professional careers, past and current mandates, and the business relationships of their employers with Societe Generale.

The table below summarises the evaluation of the independence of directors pursuant to such criteria: according to the following criteria. ✓ represents a satisfied independence criterion and × represents an unsatisfied independence criterion.

Criteria	Didier HAUGUEL	Michael MASTERSON	Karine DESTRE-BOHN	Xavier DURAND	Bernardo SANCHEZ-INCERA	Patricia LACOSTE	Anik CHAUMARTIN	Diony LEBOT	Christophe PERILLAT	Delphine GARCIN-MEUNIER
Salaried corporate officer during the previous 5 years [(1)]	×	×	×	✓	×	✓	✓	×	✓	×
Cross-directorships [(2)]	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Significant business relationships [(3)]	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Family connection [(4)]	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Statutory Auditor [(5)]	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Term of office greater than 12 years [(6)]	✓	×	✓	✓	✓	✓	✓	✓	✓	✓
Status of Non-Executive Corporate Officer [(7)]	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Status of significant shareholder [(8)]	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

(1) Not being or not having been, during the previous five years:
- *salaried employee or Executive Corporate Officer of the Company;*
- *salaried employee, Executive Corporate Officer or director of a company consolidated by the Company;*
- *salaried employee, Executive Corporate Officer or director of the Company's parent company or a company consolidated by this parent company.*

(2) Not being an Executive Corporate Officer of a company in which the Company directly or indirectly holds a directorship or in which an employee designated as such or an Executive Corporate Officer of the Company (current or having been one within the past five years) holds a directorship.

(3) Not being a customer, supplier, investment banker, commercial banker or consultant:
- *significant for the Company or its group;*
- *or for which the Company or its group represents a significant share of business.*

Assessment of whether or not the relationship with the Company or its group is significant is debated by the Board and the qualitative and quantitative criteria leading to this assessment (continuity, economic dependency, exclusivity, etc.) are explained in the annual report.

(4) Not having family ties with a corporate officer.

(5) Not having been a Statutory Auditor of the Company during the previous 5 years.

(6) Not having been a director of the Company for more than 12 years. The loss of capacity of director.

(7) A Non-Executive Corporate Officer cannot be considered as independent if he/she receives variable remuneration in cash or in securities or any remuneration related to the performance of the Company or the Group.

(8) Directors representing large shareholders of the Company or its parent company may be considered as independent as long as these shareholders do not take part in the control of the Company. However, beyond a threshold of 10% in capital or voting rights, the Board, after a report from the Nomination Committee, always queries the qualification of independent, taking into account the composition of the capital of the Company and the existence of a potential conflict of interest.

Changes in the composition of the Board of Directors in 2020

	Departure		Appointment		
Director	**Board of Directors**	**Committees**	**Board of Directors**	**Committees**	**Renewal of term of office**
Nathalie LEBOUCHER	End of her term as director effective from the Shareholders' Meeting on 20 May 2020.				
Philippe HEIM	Resignation on 27 August 2020 from his directorship and position of Chairperson of the Board of Directors.				
Christophe PERILLAT				Appointment within COREM	Renewal of his term of office as director during the Shareholders' Meeting on 20 May 2020
Anik CHAUMARTIN			Appointment by the Shareholders' Meeting on 20 May 2020 to replace Nathalie LEBOUCHER	Appointment within CACIR	
Delphine GARCIN-MEUNIER			Approval by the Shareholders' Meeting on 20 May 2020 to be co-opted to replace Laura CARRERE, who resigned for the remainder of her term of office		
Diony LEBOT			Co-optation by the Board of Directors on 27 August 2020 as director to replace Philippe HEIM for the remainder of his term of office and appointment as Chairperson of the Board of Directors.		

3.1.1.2 Balance of the composition of the Board of Directors

There are five women and five men on the Board of Directors, providing a balanced representation of men and women, in accordance with applicable legal requirements and the recommendations of the AFEP-MEDEF Code.

As shown by the tables in 3.1.1 and 3.1.1.3, the composition of the Board of Directors is currently diverse in terms of the age, gender, nationality, qualifications and professional experience of the directors. The Board of Directors discussed its composition and deemed it balanced and appropriate in view of the diversity of the profiles and skills.

3.1.1.3 Expertise of directors

The table below summarises the directors' main area of expertise and skills.

Director	Leasing, mobility	Finance	Other activities	International	Sector
Didier HAUGUEL	✓	✓	✓	✓	International Banking and Financial Services Risk
Michael MASTERSON	✓	✓	✓	✓	Leasing
Diony LEBOT	✓	✓	✓	✓	International Banking and Financial Services Risk
Delphine GARCIN-MEUNIER		✓	✓		Finance
Bernardo SANCHEZ-INCERA		✓	✓	✓	International Banking and Financial Services Retail
Karine DESTRE-BOHN	✓	✓	✓	✓	International Banking and Financial Services Insurance Leasing
Xavier DURAND	✓	✓	✓	✓	Insurance
Anik CHAUMARTIN	✓	✓	✓	✓	Audit, insurance
Patricia LACOSTE	✓	✓	✓	✓	Insurance
Christophe PERILLAT	✓	✓	✓	✓	Automotive and aerospace industry

3.1.1.4 Due diligence of directors

In 2020, Philippe HEIM chaired all the meetings of the Board of Directors during the period during which he held this position. Diony LEBOT then chaired all Board meetings from the time she took over as Chairperson of the Board. Attendance rates at Board and Committee meetings are high.

	Board of Directors			Audit, Internal Control and Risk Committee		Compensation Committee	
Presence over the period of the 2018 financial year	**Total number of meetings**	**Attendance**	**Average attendance rate** *(in %)*	**Nb of meetings**	**Average attendance rate** *(in %)*	**Nb of meetings**	**Average attendance rate** *(in %)*
Didier HAUGUEL	6	6	100%				
Michael MASTERSON	6	5	83%				
Karine DESTRE-BOHN	6	6	100%	7	100%		
Xavier DURAND	6	6	100%	7	100%		
Bernardo SANCHEZ-INCERA	6	6	100%			5	100%
Patricia LACOSTE	6	6	100%			5	100%
Anik CHAUMARTIN	3	3	100%	5	100%		
Philippe HEIM	5	5	100%				
Christophe PERILLAT	6	6	100%			5	100%
Delphine GARCIN-MEUNIER	6	6	100%				
Diony LEBOT	2	2	100%				

3.1.2 Executive Corporate Officers

Diony LEBOT succeeded Philippe HEIM as Chairperson of the Board of Directors (the **Chairperson**) following the Board of Directors' Meeting held on 27 August 2020. Following the resignation of Michael MASTERSON, Tim ALBERTSEN were appointed Chief Executive Officer on 27 March 2020. Gilles BELLEMERE and John SAFFRETT were reappointed at this time as Deputy CEOs (each a **Deputy CEO** of the Company, and, together with the Chairperson and the **Chief Executive Officer**, **the Executive Corporate Officers**).

When Diony LEBOT was appointed, it was reiterated that the General Management is segregated from the chairpersonship of the Board of Directors. Thanks to this separation, specialised skills needed in each of these functions benefit the Company, while the Board has more independence when it comes to control of the executive body.

3.1.3 The Chairperson

The Chairperson of the Board, through direct supervision of the Secretary, plays a decisive role in planning and organising the works of the Board, and of the specialised committees.

He/she chairs every Board Meeting, and attends the meetings of the specialised committees.

Following the legal indications given by the Secretary, he/she pays attention that all directors can adequately express their opinions, as well as the Statutory Auditors and the Chairperson of the specialised committees.

He/she also pays attention that all the debates are correctly reported in the minutes.

With the help of the Chief Executive Officers, meetings have also been organised with the directors aside of the Board Meetings themselves, to favour informal exchanges among directors and to make the directors more familiar with the activity of the Company.

3.1.4 The Executive Committee

The role of the Executive Committee of the Group (the "**Executive Committee**") is to define, implement and develop the Group's strategy, driving future growth and profitability improvement for the benefit of its clients, shareholders and employees. The Executive Committee is also responsible for supervising and driving cooperation among the Group's entities and geographic markets.

After having been expanded on 28 March 2019 with the appointment of Guillaume de LEOBARDY and Hans van BEECK, the Executive Committee of ALD was further expanded on 24 April 2020 with the appointment of Pao-Leng DAMY (Group Head of Human Resources), Annie PIN (Group Chief Commercial Officer) and Miel HORSTEN (Group Regional director).

The Group's Executive Committee comprises the Group's main operational and functional executives presented below:

TIM ALBERTSEN

DEPUTY CEO (CHIEF EXECUTIVE OFFICER AS OF 27 MARCH 2020)

TIM ALBERTSEN HAS BEEN DEPUTY CEO SINCE 2011. HE HAS 28 YEARS OF SECTOR EXPERIENCE.

DATE OF BIRTH:
9 February 1963
NATIONALITY:
Danish
HOLDS:
19,160 ALD shares

Tim Albertsen has served as CEO of the ALD Group since 27 March 2020 and as Deputy CEO of the Company since 2011. He has been active with the Group since 1997, the year he joined Hertz Lease (which was acquired by the Group in 2003). He was Chief Operating Officer from 2008 until 2011 and Senior Vice Chairperson for the Group from 2005 until 2008. Prior to that, he was Regional Director for the Group in the Nordic & Baltic Countries and Chief Executive Officer at Hertz Lease Denmark from 1997 until 2003. Previously to the Group, he was Chief Executive Officer at Avis Leasing from 1995 until 1997 and Operations Manager at Avis Rent a Car from 1992 until 1995. Tim Albertsen holds an Economics Bachelor degree in Business Administration from the University of South Denmark. He also holds a Graduate Diploma in Business Administration from the Copenhagen Business School.

OTHER OFFICES HELD CURRENTLY:

FOREIGN UNLISTED COMPANY:

- LeaseEurope, Non-executive Director (since December 2020)

OTHER OFFICES AND POSITIONS HELD IN OTHER COMPANIES DURING THE LAST FIVE YEARS:

UNLISTED FOREIGN COMPANIES:

- CarTime Technologies - Denmark - Director
- Mil-tekUS - USA - Director

GILLES BELLEMERE

DEPUTY CEO

GILLES BELLEMERE HAS BEEN DEPUTY CEO SINCE MARCH 2017 AND CHIEF EXECUTIVE OFFICER OF ALD FRANCE SINCE JUNE 2019. HE HAS 16 YEARS OF SECTOR EXPERIENCE.

DATE OF BIRTH:
23 February 1965
NATIONALITY:
French
HOLDS:
4,540 ALD shares

Gilles Bellemere has been Deputy CEO since 2017 and Chief Executive Officer of ALD France since June 2019. Between 2001 and 2013, he was Operations Director (until 2006) of ALD France before becoming Deputy CEO of this entity. From 2013 to March 2017, Gilles Bellemere was Regional Director within the Retail Banking network of Societe Generale. He held various positions within Societe Generale Retail Banking between 1987 and 2000. Gilles Bellemere holds a Master degree *(Maîtrise)* in Management from Paris Dauphine University and a Postgraduate degree *(DESS)* in Foreign Trade from Paris Panthéon-Sorbonne University.

OTHER OFFICES HELD CURRENTLY:

None.

OTHER OFFICES AND POSITIONS HELD IN OTHER COMPANIES IN THE LAST FIVE YEARS:

None.

JOHN SAFFRETT

DEPUTY CHIEF EXECUTIVE OFFICER

JOHN SAFFRETT HAS BEEN DEPUTY CHIEF EXECUTIVE OFFICER SINCE 2019. HE HAS 14 YEARS OF SECTOR EXPERIENCE.

DATE OF BIRTH:
3 June 1972
NATIONALITY:
British
HOLDS:
7,400 ALD shares

John Saffrett has been Deputy Chief Executive Officer since April 2019. Previously, he worked as ALD's Chief Operating Officer since 2017. He has also been active within the Group between 1997 and 2006, first as Sales Account Manager and Manager of eCommerce (until 2002) of the Group UK and then as IT Director UK from 2002 to 2006. He was Managing Director, Program Director of Fimat/Newedge UK from 2011 to 2015 and Europe CIO/Global Head of Corporate Services IT for Fimat/Newedge UK from 2006 to 2011. He was also Administrative Director of the Company from 2015 to 2017. John Saffrett holds a Bachelor's degree in IT from Hertfordshire University and an MBA in Automotive from Nottingham Trent University.

OTHER OFFICES HELD CURRENTLY:
None.

OTHER OFFICES AND POSITIONS HELD IN OTHER COMPANIES IN THE LAST FIVE YEARS:
None.

GILLES MOMPER

CHIEF FINANCIAL OFFICE

GILLES MOMPER HAS BEEN CHIEF FINANCIAL OFFICER SINCE 2012. HE HAS 25 YEARS OF AUTOMOTIVE AND CAR RENTAL EXPERIENCE.

DATE OF BIRTH:
25 December 1972
NATIONALITY:
French
HOLDS:
4,746 ALD shares

Gilles Momper has served as CFO of the Company since 2012. He has been active at the Group since 2007. He was Group Financial Controller from 2010 until 2012 and Holding Financial Controller of ALD from 2007 until 2009. Prior to that, Gilles Momper was Financial Controller for Europe at Renault Retail Group before being appointed Financial Controller for the Renault Commercial Network from 2004 until 2007. He also worked within the Finance Department (Internal Auditor, Business Planning Manager and Deputy Accounting Director) of Hertz France and Hertz Germany from 1995 until 2001. Gilles Momper holds a degree from the French Business School ESC Dijon.

OTHER OFFICES HELD CURRENTLY:
None.

OTHER OFFICES AND POSITIONS HELD IN OTHER COMPANIES IN THE LAST FIVE YEARS:
None.

HANS VAN BEECK

ADMINISTRATIVE DIRECTOR

HANS VAN BEECK IS CHIEF ADMINISTRATIVE DIRECTOR AND HAS BEEN A MEMBER OF THE EXECUTIVE COMMITTEE OF ALD SINCE 2019. HE HAS OVER 31 YEARS OF EXPERIENCE IN FINANCE AND INVESTOR RELATIONS.

DATE OF BIRTH:
5 January 1964
NATIONALITY:
Dutch
HOLDS:
13,444 ALD shares

Since 2019, Hans van Beeck has been Chief Administrative Director responsible for overseeing ALD's General Secretary, CSR, Communication, Investor Relations and Pricing departments. He joined the ALD Group in 2017 where he was Director of Investor Relations until 2019. Previously, he held various positions within the Societe Generale Group, including Chief Country Officer in Belgium and then Japan between 2005 and 2010, Head of Societe Generale Investor Relations and Head of Financial Institutions Relations in London from 2010 to 2017. Between 1988 and 2005, he held various managerial positions in the field of finance, mainly within the Societe Generale Group. Hans van Beeck holds a Ph.D. in Economics and Finance from the University of Pennsylvania and an M.A. from the University of Cambridge.

OTHER OFFICES HELD CURRENTLY:

None.

OTHER OFFICES AND POSITIONS HELD IN OTHER COMPANIES IN THE LAST FIVE YEARS:

None.

GUILLAUME DE LEOBARDY

GROUP REGIONAL DIRECTOR

GUILLAUME DE LEOBARDY IS THE GROUP REGIONAL DIRECTOR AND HAS BEEN ON THE EXECUTIVE COMMITTEE SINCE 2019. HE HAS MORE THAN 21 YEARS OF EXPERIENCE IN THE LEASING SECTOR.

DATE OF BIRTH:
14 October 1972
NATIONALITY:
French
HOLDS:
4,270 ALD shares

Guillaume de Léobardy has been a member of the ALD Executive Committee since 2019 and is Group Regional Director supervising more than 25 subsidiaries in the 43 countries where the Group operates. He was responsible for managing the ALD Group's Nordic subsidiaries from 2014 to 2019. Between 2009 and 2014, he was Chief Executive Officer of ALD Portugal. Guillaume de LEOBARDY joined the ALD Group in 2004 by creating the Russian subsidiary and managing it until 2009. He held various managerial positions in the IT asset management sector from 1998 to 2004. Guillaume de LEOBARDY holds an engineering degree in industrial management from AgroParisTech as well as a DEA from *Ecole Centrale Paris* in industrial systems engineering – logistics and transport.

OTHER OFFICES HELD CURRENTLY:

None.

OTHER OFFICES AND POSITIONS HELD IN OTHER COMPANIES IN THE LAST FIVE YEARS:

None.

PAO-LENG DAMY

GROUP HUMAN RESOURCES DIRECTOR

PAO-LENG DAMY HAS BEEN GROUP HUMAN RESOURCES DIRECTOR SINCE 2015 AND HAS BEEN A MEMBER OF ALD'S EXECUTIVE COMMITTEE SINCE 2020. SHE HAS MORE THAN 20 YEARS OF EXPERIENCE IN INTERNATIONAL HUMAN RESOURCES MANAGEMENT.

DATE OF BIRTH:
1 September 1968
NATIONALITY:
French
HOLDS:
0 ALD shares

Pao-Leng Damy has been a member of ALD's Executive Committee since 2020, in parallel with her duties as Group Human Resources Director, a position she has held since she joined the ALD Group in 2015. Previously, Pao-Leng was Diversity Director between 2012 and 2014 at Societe Generale, after having successively held the positions of tax law consultant from 2001 to 2003, then Head of Compensation and Benefits at the investment bank from 2004 to 2007, and Head of Compensation and International Mobility for specialised financial services from 2007 to 2011. She began her career as a tax law consultant for the law firms Arthur Andersen International from 1996 to 2001 and Mazars & Associés from 1994 to 1995. Pao-Leng Damy holds a DEA in tax law from the *Université Panthéon-Assas* (Paris) and a DESS in Human Resources Management from the *Université Panthéon-Sorbonne* (Paris).

OTHER OFFICES HELD CURRENTLY:

None.

OTHER OFFICES AND POSITIONS HELD IN OTHER COMPANIES IN THE LAST FIVE YEARS:

None.

ANNIE PIN

CHIEF COMMERCIAL OFFICER

ANNIE PIN HAS BEEN THE GROUP'S COMMERCIAL OFFICER AND HAS BEEN A MEMBER OF ALD'S EXECUTIVE COMMITTEE SINCE 2020. SHE HAS SOLID EXPERTISE IN BUSINESS STRATEGY MANAGEMENT, CHANGE MANAGEMENT AND ELECTRICAL MOBILITY.

DATE OF BIRTH:
25 June 1980
NATIONALITY:
French
HOLDS:
0 ALD shares

Annie Pin has been a member of the Executive Committee of ALD since 2020 and serves as Group Commercial Officer. She was previously Chief Executive Officer of ALD Norway from 2016 to 2020. Annie joined the Group in 2010 as Regional Risk & Project Director. Prior to that, in 2008 Annie was appointed Head of the Super Yacht Financing operations of Societe Generale (CGI), where she began her career as a member of the General Inspection in 2004. Annie Pin holds an MBA in strategy from ESSEC and a master's degree in business law from *Sciences Po*.

OTHER OFFICES HELD CURRENTLY:

None.

OTHER OFFICES AND POSITIONS HELD IN OTHER COMPANIES IN THE LAST FIVE YEARS:

None.

MIEL HORSTEN

GROUP REGIONAL DIRECTOR

MIEL HORSTEN SERVES AS GROUP REGIONAL DIRECTOR AND HAS BEEN A MEMBER OF ALD'S EXECUTIVE COMMITTEE SINCE 2020. HE HAS MORE THAN 20 YEARS OF EXPERIENCE IN THE AUTOMOTIVE LEASING SECTOR.

DATE OF BIRTH:
29 December 1973
NATIONALITY:
Belgian
HOLDS:
0 ALD shares

Miel Horsten has been a member of ALD's Executive Committee since 2020, and serves as Group Regional Director. He was previously General Manager of ALD Automotive in Belgium since 2012, while overseeing Benelux as Regional Director from 2019. Between 2003, the year he joined the Group, and 2012, Miel successively held the positions of International Insurance Manager at the holding company until 2006, then Chief Executive Officer of the Group's American subsidiary until 2010, before joining the holding company to head up Products and Services. Miel began his career at Michelin in 1997, before moving to Hertz Lease where he held various positions of responsibility between 1998 and 2002. Miel Horsten holds a first master's degree in economics and finance as well as a second master's degree in corporate finance and financial accounting, both from the Economische Hogeschool Sint-Aloysius in Brussels.

OTHER OFFICES HELD CURRENTLY:

None.

OTHER OFFICES AND POSITIONS HELD IN OTHER COMPANIES IN THE LAST FIVE YEARS:

- Chairperson of RENTA, the federation of long and short-term rental companies in Belgium, from 2016 to 2020.

3.1.5 Statements regarding Directors and Executive Corporate Officers

As of the date of this report, to the Board of Directors' knowledge, there are no family relationships among the members of the directors and Executive Corporate Officers.

To the directors' knowledge, during the past five years: (i) none of the aforementioned persons has been convicted of fraud; (ii) none of the aforementioned persons has been associated with a bankruptcy, receivership or compulsory liquidation; (iii) no official public charges or sanctions have been pronounced against the aforementioned persons by public or supervisory authorities (including the competent professional bodies); (iv) and none of the aforementioned persons has been prohibited by a court from acting as a member of the administrative, management or supervisory body of a company, nor from participating in the management or exercise of the activities of any company, whatsoever.

3.2 Conflicts of interest

As of the date of this report and to the director's knowledge, there are no potential conflicts of interest between the duties of the members of the Board of Directors and Executive Corporate Officers of the Company and their private interests.

There is no service contract between the members of the Board of Directors, the Executive Committee of the Company and a subsidiary.

In line with Article 13.5 of the Board's internal regulations (https://www.aldautomotive.com/), each year the Secretary of the Board has also individually solicited all the directors and Executive Corporate Officers, who have explicitly declared the absence of conflict of interest with the Company for the exercise of their mandate/function.

3.3 Rules applicable to the Company and Management Bodies

3.3.1 Terms of office of the members of the Company and Management Bodies

The terms of office of the each director and Executive Corporate Officer can be found in section 3.1 "Composition of Management and Control Bodies" of this Universal Registration Document.

In accordance with Article 13.3 of the Company's Bylaws, the directors' term of office was set at four-years as of the Shareholders' Meeting on 20 April 2017, without modifying the terms of ongoing mandates at that date. By way of exception, the Shareholders' Meeting of 20 April 2017 appointed four new independent directors for terms of two, three and four years, to enable the staggered renewal of directors' terms.

The term of office of co-opted directors is equivalent to the remainder of their predecessor's term of office.

3.3.2 Information on service contracts between members of the administrative and Management Bodies and the Company or one of its subsidiaries

To the Company's knowledge, there are no service contracts between directors of the Company and the Company or any of its subsidiaries providing for the granting of benefits.

Likewise, according to information at the Company's disposal, other than the benefits conferred by the Company as described in the section related to the compensation and benefits of corporate officers, no contracts were concluded between the Officers of the Company and the Company or any of its subsidiaries for the purposes of granting benefits.

3.3.3 Internal regulations of the Board of Directors

The purpose of the internal regulations of the Board of Directors (the "Internal Regulations") is to define and specify the conditions of the Board's organisation and functioning, as well as the rights and obligations of its members in addition to the applicable law and the Bylaws.

The Internal Regulations contain the principal provisions described below.

The Internal Regulations are available on the Company's website https://www.aldautomotive.com/

3.3.3.1 Participation in meetings of the Board of Directors, videoconference and telecommunication

Directors who cannot physically attend the meetings of the Board of Directors can inform the Chairperson of their intent to participate in the meeting by means of videoconference or any other means of telecommunication, provided that such means satisfies technical requirements ensuring the effective participation of each director in the Board of Directors' Meeting. These provisions are not applicable in instances where the law excludes the possibility of participating in Board of Directors' Meetings *via* videoconferencing or other means of communication (notably for Board Meetings convened to approve the annual financial statements and management report). In the Covid-19 crisis context, pursuant to the exceptional legislations, the financial statements of year ended 2019 in 2020 have been approved via teleconference. Such resources shall transmit at least the participants' voices, and provide technical features allowing a continuous and simultaneous transmission.

Directors participating in a meeting by means of videoconference or other means of telecommunication will be deemed present for purposes of calculating the quorum and majority.

3.3.3.2 Decisions requiring the prior approval of the Board of Directors

As defined in the Internal Regulations, the Chief Executive Officer may take the following decisions only with the prior approval of the Board of Directors:

- any organic growth transactions of an amount over EUR 30 million in equity or overheads and not yet approved as part of the annual budget or strategic plan;
- all external growth transactions of a unit amount greater than 3% of the Group's consolidated equity at carrying amount, or greater than 1.50% of the Group's consolidated accountable equity, in the event these transactions are not among the growth priorities approved in the strategic plan;
- any sales transaction of an amount over 1.50% of the Group's consolidated accountable equity;
- all partnership transactions entailing a balancing adjustment of an amount over 1.50% of the Group's consolidated accountable equity.

3.3.3.3 Activities and assessment of the work accomplished by the Board of Directors

During 2020, the Board of Directors met 6 times:

- on 5 February 2020, to review the 2019 results, to assess Management's achievements *(ex post)*, and decide on changes in governance following the announcement of the upcoming departure of Mr. MASTERSON;
- on 27 March 2020, to approve the financial statements, the dividend and all the documents relating to financial year 2019, to formalise the appointment of Mr. ALBERTSEN as Chief Executive Officer, to convene the Shareholders' Meeting and approve the various resolutions to be submitted to it (including proposals for appointment/renewal of directors), and endorse the details of Management's 2020 targets (*ex ante* outlook);
- on 5 May 2020, to approve the financial statements of the first quarter of 2020 and discuss the impacts of COVID and the adaptation plan;
- on 31 July 2020, to approve the Group's interim financial statements and report;
- on 27 August 2020, to co-opt Ms LEBOT as the new Chairperson of the Board following the resignation of Mr. HEIM;
- on 4 November 2020, to approve the financial statements of the 3rd quarter 2020 and approve the new ALD Move 2025 strategic plan and related communication and financial sequence (including the 2021 budget).

Meetings of the Board of Directors carried out under the responsibility of its Chairperson and in accordance with the Internal Regulations, are also the occasion to:

- present the work of the Audit, Internal Control and Risk Committee ("CACIR"), which systematically reviews the different risks inherent to the Group's business, as well as the latest available information in terms of Internal Control;
- present the work carried out by the Compensation Committee ("COREM") and approve the principal HR aspects (in particular the co-option of new directors and the granting of long-term Company share-based incentive plans);
- present and approve some specific powers that are given to the executive officers (regarding bond issuance, the delivery of guarantees to third parties, etc.).

Some *ad hoc* issues were also addressed in the course of the year:

- a review of the situation concerning the shareholding structure and share price performance;
- validation of the risk assessment framework mechanism put in place to ensure Company risk monitoring and governance in accordance with the plan required by the Banking Supervision applicable to Societe Generale;
- presentation of a sector benchmark;
- presentation of the Company's risks and actions in terms of Corporate Social Responsibility;
- exchanges on strengthening the governance of control functions in the entities;
- exchanges on several external growth projects;
- teaching the assessment procedure of the Board and its committees

Statutory Auditors systematically attend the Board Meetings held to approve the interim and annual financial statements and provide independent opinion on the accounts.

Opinions from Audit, Internal Control and Risk Committee and the Nomination and Compensation Committee Chairpersons are consistently solicited prior to any Risk or HR decision.

A process including presentation and discussion meetings was put in place to involve the Board of Directors in the Company's strategy (a particularly important aspect this year with the management of the Covid-19 crisis and the definition of the new ALD Move 2025 strategic plan).

The representative of the Workers' Council - DUP (Délégation Unique du Personnel) is invited to all meetings of the Board of Directors.

Due to the Covid-19 crisis, many sessions were held by video conference, in a very agile manner from an operational standpoint.

Finally, in line with the recommendations of Article 10.2 of the AFEP-MEDEF Code, ALD carried out an assessment of its Board at the end of 2020 with the support of a specialised firm. The evaluation revealed good general operations, with committed and active directors, a mature mode of operation, transparent and constructive exchanges with General Management, and a smooth succession process for the latter. Among the areas for improvement identified, the aim is to better structure the induction process for new directors, to reduce the turnover of non-independent directors, and to better prepare the content of strategic seminars in advance. These points are naturally included in the action plan for 2021.

3.4 Committees of the Board of Directors

AFR

Pursuant to Article 10 of the Internal Regulations and the recommendations of the AFEP-MEDEF Code, the Board of Directors has two committees charged with examining questions submitted to them by the Board of Directors or its Chairperson, the CACIR and the COREM.

For more details about the committees, see Section 3.1 “Composition of Management and Control Bodies”.

3.4.1 Audit, Internal Control and Risk Committee (CACIR)

3.4.1.1 Composition and meetings

The Audit, Internal Control and Risk Committee is comprised of 3 members, two-thirds (66.7%) of whom are independent directors, and none of whom hold Management positions in the Group. The members of the Audit, Internal Control and Risk Committee have appropriate accounting and financial skills.

The composition of the Audit, Internal Control and Risk Committee is as follows: Xavier DURAND (independent director), Anik CHAUMARTIN (independent director) and Karine DESTRE-BOHN.

The Audit, Internal Control and Risk Committee may hear, in addition to the directors, the Statutory Auditors as well as the executives in charge of internal control and risk management, and compliance.

3.4.1.2 Duties

The Audit, Internal Control and Risk Committee, acting under the responsibility of the Board of Directors, has notably the following duties:

- to review the financial statements prior to their submission to the Board of Directors and to ensure the relevance and consistency of the accounting principles and methods applied to establish consolidated financial statements;
- to monitor the process for the preparation of the financial information, and in particular its quality and reliability, to make any proposal for its improvement and to ensure that any corrective actions have been implemented in the event of malfunction in the process;
- to issue a recommendation regarding the Statutory Auditors to be appointed by the Shareholders’ Meeting; to issue recommendations to the Board of Directors for the reappointment of the Statutory Auditors, as well as for their fees;
- to review the working program of the Company’s Statutory Auditors, and more generally, to supervise the legal audit of the statutory and consolidated financial statements by the Company’s Statutory Auditors;
- to ensure compliance by the Statutory Auditors with the conditions of independence provided by the French Commercial Code *(Code de commerce)*, and in particular through the review of their fees granted by the Group as well as any network to which they may belong and by the prior approval of any duty which does not strictly fall within the statutory audit of the financial statements;
- to monitor the effectiveness and consistency of the internal control and risk management systems, and if necessary suggest complementary actions;
- to report to the Board of Directors.

3.4.1.3 Activities carried out during 2020

The Audit, Internal Control and Risk Committee met seven times in 2020. All its members were present at each meeting, so the overall attendance rate was 100%.

The Chairperson of the Board of Directors sometimes attends meetings of the Audit, Internal Control and Risk Committee, and the Statutory Auditors always attend the meetings. The Statutory Auditors also have contact with the members of the Audit, Internal Control and Risk Committee outside the presence of the members of the Management, in particular before the closing of the annual financial statements.

Within the context of its work plan, the Audit, Internal Control and Risk Committee systematically:

- reviews the financial statements of each period, at the financial level, ensuring that they are consistent with the Group's draft communications to the market;
- in terms of risks, analyses the various risks inherent to the activity of the Company, as well as the way in which they are understood (risks related to residual value management, credit risks, operational risks, structural financial risks, compliance and reputation risks, risks related to IT Security);
- regarding the internal control analysis of the Permanent Control and Periodic Control systems (organisation, resources, methodologies, etc.), and the regular review of the progress of the Audit Plan, the results of the assignments and the stock of recommendations and exchanges with the Societe Generale teams responsible for Periodic Control, including the decision on which structure and assignments should be retained for the next Audit Plan.

In addition to these regular activities, in 2020 the Audit, Internal Control and Risk Committee reviewed the plan to strengthen the governance of control functions in the entities, checked the currency and normal terms of the agreements signed with related entities (in particular SG), reviewed the Private Lease activity (in terms of its risk and profitability), and decided on the annual adjustment of the Company's Risk Appetite monitoring and governance mechanism the Company set up as part of the banking supervision of Societe Generale.

These in-depth working sessions enable the Audit, Internal Control and Risk Committee to guide Board discussions on technical aspects relating to accounts, risks, or Internal Control.

3.4.2 Compensation Committee (COREM)

3.4.2.1 Composition and meetings

The Compensation Committee is comprised of 3 members, two-thirds (66.7%) of whom are independent members, and none of whom hold Management positions.

The Compensation Committee comprises the following members: Patricia LACOSTE (independent director), Christophe PERILLAT (independent director) and Bernardo SANCHEZ-INCERA.

3.4.2.2 Duties

The Compensation Committee is a specialised committee of the Board of Directors whose principal duty is to help the Board of Directors in the composition of the Management bodies of the Company and the Group and in determining and regularly evaluating the compensation and benefits of the executives of the Group (including all deferred benefits and/or compensation for voluntary or involuntary departures from the Group).

In this context and in accordance with AFEP-MEDEF Code, the Nomination and Compensation Committee, under the responsibility of the Board of Directors has the following duties, among others:

- to identify and to make proposals to the Board of Directors in relation to the appointment of members of the directors;
- to suggest nominations to the Board of Directors with a defined objective to ensure balanced representation of men and women within the Board of Directors, and to draft a policy for achieving that objective;
- to periodically perform an evaluation of the structure, size, and composition of the Board and the effectiveness of the Board's work;
- to prepare the proposals and opinions on compensation to be sent to the Board of Directors, and in particular, regarding the compensation granted to the executive directors and to perform an annual evaluation of the principles of the compensation and benefit policy.

3.4.2.3 Activities carried out during 2020

In 2020, the Compensation Committee met five times; all its members were present at each meeting, so the overall attendance rate was 100%.

The Chairperson of the Board of Directors attends the Compensation Committee Meetings, as well as ALD's Chief Executive Officer (who, however, leaves the session whenever his personal situation is discussed) and representatives of ALD and Societe Generale Human Resources function (to provide notably the data needed by the Committee – such as remuneration benchmarks, etc.).

The Committee reviews the following issues:

- the compensation of the Company's Chief Executive Officers, as well as the detailed objectives and corresponding regulatory reports;
- the methods and criteria for allocating the various performance share plans for the various categories of employees (incentive schemes and long-term talent retention);
- the situation regarding gender balance for ALD Group, as well as the actions in progress to track and promote access of female staff to executive positions;
- the implementation and lessons of the Board's self-assessment.

The Compensation Committee also examined the applications for changes within the Board of Directors (1 renewal of term of office, 2 new appointments, appointment of a new Chairperson) and the Management (appointment of a new Chief Executive Officer, renewal of the terms of office of Deputy CEOs).

It also examined the financial terms related to the departure of the previous Chief Executive Officer.

Succession plans, used for transitions within the General Management were also reviewed by the Compensation Committee at the end of the financial year.

3.5 Statement relating to corporate governance

AFR

Since the listing of the Company's shares on Euronext Paris, the Company has followed the recommendations of the AFEP-MEDEF Code, which is regularly amended. The table below lists the recommendations of the AFEP-MEDEF Code for which the Company considers it important to provide explanations regarding its compliance.

The AFEP-MEDEF Code to which the Company follows may be consulted on the Internet at the following address: http://www.afep.com

Recommendations of AFEP-MEDEF	Company's position and justification
Recommendation relating to the meetings of the Board of Directors (Article 11.3): *"It is recommended that a meeting be set up each year without the Executive Corporate Officers in attendance".*	Directors have the option of meeting without the Chairperson & Chief Executive Officer's attendance both during and outside Board of Directors and Committee Meetings A number of executive meetings (not including management) will be held in 2021.
Recommendation relating to training sessions for the directors (Article 13)	Strategic discussion sessions were organized in 2019 (on 23 January and 22 May). In 2020, the discussion sessions focused on the development of the Move 2025 strategic plan. 2021 will be an opportunity to extend the in-depth training of directors on various mobility topics (connected vehicles, car-sharing, EV, etc.), on which they already receive regular market information.
Recommendation relating to the holding of ALD shares by the directors who come from the Societe Generale (Article 20)	This recommendation only applies to independent directors.
Recommendations relating to the presence of a director representing employees on the Compensation Committee (Article 18.1): *"It is recommended […] that an employee-director be a member of it".*	Societe Generale, the parent company, applies this recommendation. Pursuant to Article L. 225-27-1 of the French Commercial Code *(Code de commerce)*, the Company is exempted from having a director representing employees on the Board, insofar as the parent company, Societe Generale, has such directors on its own Board. The Board of Directors took account of this decision on 7 November 2018 (Ninth resolution).

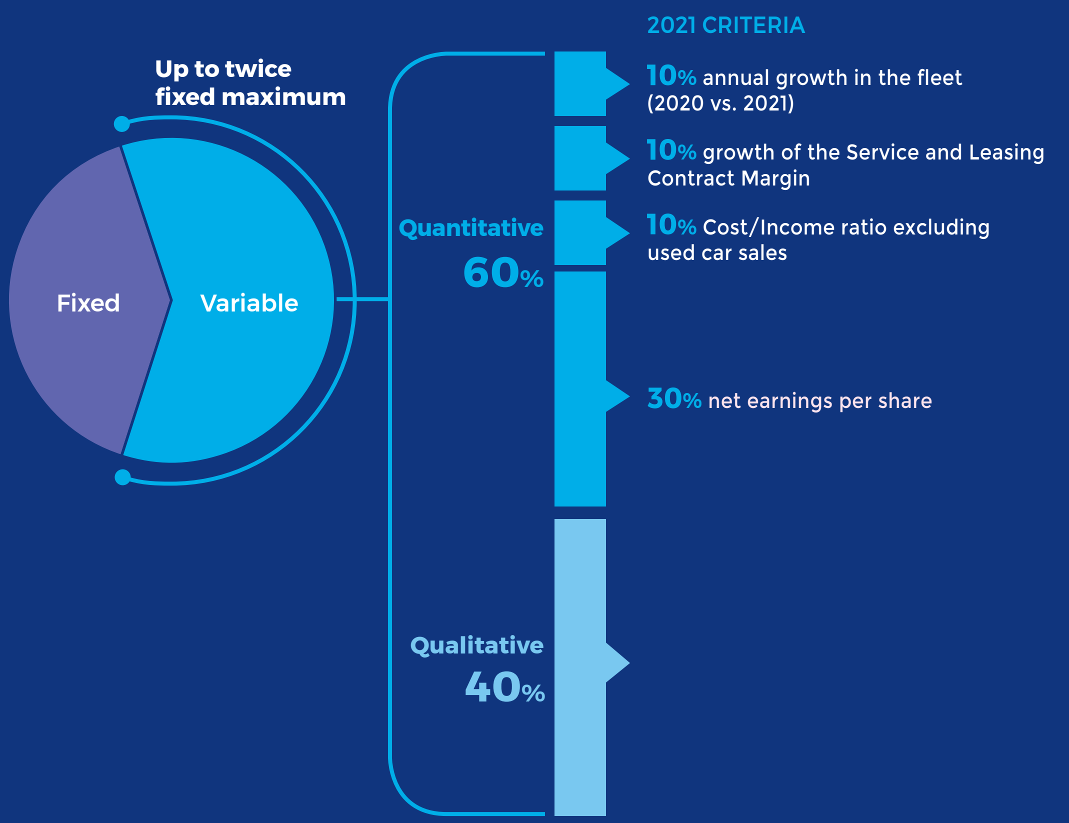
3.6 Internal control

AFR

The internal control systems implemented by the Group are described in detail in section 4.4 "Operational risks" and in section 3.4.1 "Audit, Internal Control and Risk Committee" of this Universal Registration Document.

3.7 Compensation and benefits

Compensation structure



Vesting procedure for global variable compensation.

In accordance with the CRD5 Directive, the Board of Directors has defined the following terms of acquisition and compensation in respect of total variable compensation:

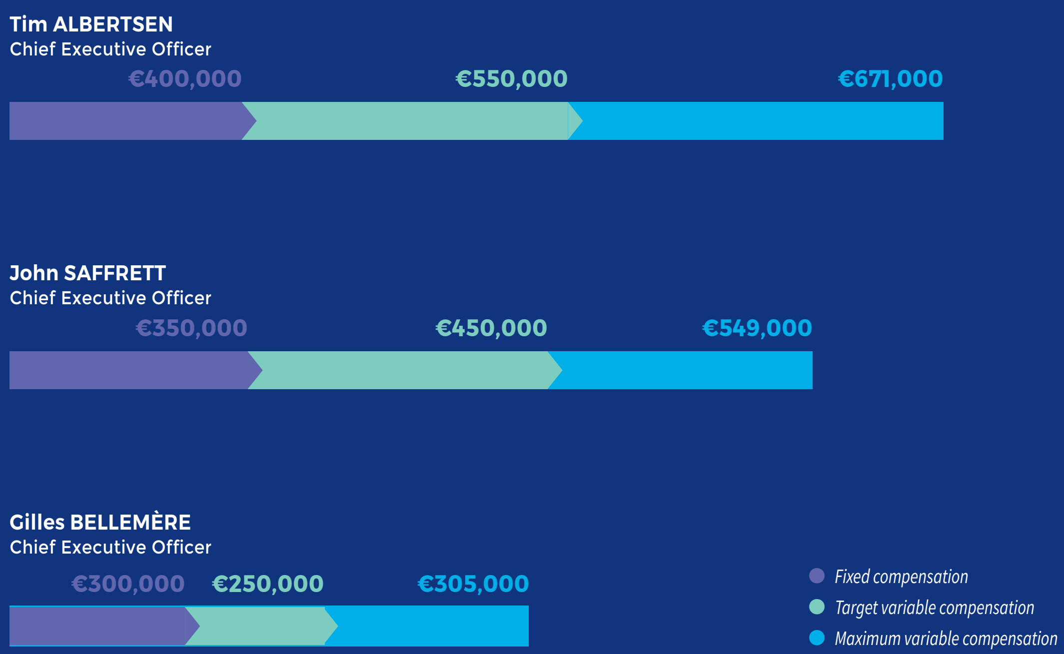
- a deferred portion subject to a condition of presence in the Company and a performance condition, vesting in equal tranches of one-fifth over a five-year period with a minimum deferral rate of 40%;
- at least 50% is indexed to the ALD share price (share equivalents), resulting in 50% of the vested 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 rectors 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 defined as the positive net income for the period of ALD (based on an arithmetical 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.

2021 compensation



Equity ratio - Average compensation

3.7.1 Compensation and benefits of corporate officers

Further to the listing of the Company's shares on Euronext Paris, the Company follows the AFEP-MEDEF Code.

The tables below summarise the compensation and benefits of all kinds paid to Corporate Officers and directors by the Company or any company included in the scope of consolidation within the meaning of Article L. 233-16 of the French Commercial Code *(Code de commerce)* applicable in France, for their term of office within ALD. The CEO and the Deputy CEOs were previously employees of Societe Generale. Their employment contracts with Societe Generale were suspended after the listing of the Company's shares on Euronext Paris or their appointment where this took place at a later date.

In addition, the compensation of the Corporate Officers complies with:

- the European CRD4 and CRD5 Directive, the purpose of which is to require that credit institutions have compensation policies and practices compatible with effective risk management. The directive applies to ALD as a Material Business Unit of Societe Generale;
- the provisions of the French Commercial Code *(Code de commerce)*.

In accordance with the French Commercial Code *(Code de commerce)*, no variable, annual or exceptional compensation shall be paid to the Corporate Officers without the prior approval of the shareholders (say on pay, *ex post* vote).

3.7.1.1 2020 compensation policy principles

The 2020 Corporate Officers' compensation policy was approved by the meeting of the Board of Directors on 27 March 2020 and by the Shareholders' Meeting of 20 May 2020 (*ex ante* vote).

The compensation policy is in line with the Company's corporate 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 managers 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 (phantom shares) 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 Corporate Officers' compensation policy is defined by the Board of Directors of ALD on the recommendation of the Compensation Committee. Corporate Officers do not participate in the discussions and deliberations of the Board and the Compensation Committee concerning their own compensation. 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 Corporate Officers are subject to an annual independent assessment by Societe Generale 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.

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 specialised committees. In both cases, Chairpersons of specialised committees receive 50% more than Committee members because of the greater level of personal investment required.

Compensation of the Chairperson

Philippe HEIM was Chairperson of the Board of Directors until 27 August 2020, when he was replaced by Diony LEBOT.

Philippe HEIM and Diony LEBOT did not receive any compensation for their office as Chairperson of the Board of Directors of ALD. They are directly paid by Societe Generale in their capacity as Deputy CEO of Societe Generale.

Compensation of executive officers

For 2020, the compensation of the CEO and the Deputy CEOs is broken down into the following components:

- fixed compensation, which recognises the experience and responsibilities exercised, and takes into account the market practices;
- annual variable compensation, which depends on performance for the year and the contribution of the Corporate Officers to the success of ALD.

Fixed compensation

The annual fixed compensation amounts at the end of the 2020 financial year are the following:

- Tim ALBERTSEN, Chief Executive Officer: EUR 400,000;
- Gilles BELLEMERE, Deputy CEO: EUR 300,000;
- John SAFFRETT, Deputy CEO: EUR 350,000.

Michael MASTERSON'S term as Chief Executive Officer ended on 27 March 2020 following his resignation. The amount of his annual fixed compensation was EUR 400,000.

Each annual fixed compensation amount has been approved as part of the ALD compensation policy.

Tim ALBERTSEN saw his fixed compensation increase when he was appointed Chief Executive Officer at the end of March 2020.

Gilles BELLEMERE and John SAFFRETT then saw their scope of supervision and responsibility expanded following the departure of Michael MASTERSON and the transition of the Company's management from four to three Corporate Officers. As a result, their respective fixed compensation was also reviewed to take into account this expanded responsibility.

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.

Variable compensation

Main principles

On 27 March 2020, the Board of Directors defined the components of variable compensation for 2020, which were approved by 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.

The table below shows the target and maximum amounts of approved variable compensation for the 2020 performance.

(in EUR)	**2020 target variable compensation**	***O/w quantitative portion***	***O/w qualitative portion***	**Maximum variable compensation 2020**	***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

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

Quantitative portion

The quantitative portion (60%) for 2020 is assessed on the basis of the following four indicators:

- annual growth in the fleet (2020 *vs.* 2019);
- the growth in the Services margin and Leasing contract margin. (corresponding to NBI excluding used vehicles);
- the cost/income ratio excluding used vehicle sales;
- earnings per share (EPS).

In 2020, the achievement rate for the quantitative portion was 46.43% (an achievement rate of 77.38% on a base of 100), as indicated below:

Indicators	**Weight**	**Achievement rate**
Annual growth in the fleet (2020 *vs.* 2019)	10%	7.68%
Growth of the service and Leasing contract margin	10%	7.00%
Cost/income ratio excluding used vehicle sales	10%	7.75%
Earnings per share	30%	24.00%
TOTAL	**60%**	**46.43%**

The target amounts and the level of achievement 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. In this respect, the collective and individual objectives have been set with an equivalent weighting. 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 Corporate Officers are divided among the following themes:

- operational efficiency, including targets related to the roll-out of programs to harmonise and automate tools group-wide;
- customer satisfaction through satisfaction surveys (Net Promoter Score), the deployment of dedicated customer satisfaction programs and projects carried out in collaboration with customers;
- innovation, in particular through objectives related to digitisation of customer tools and the implementation of new mobility products and solutions;
- the achievement of CSR objectives with, in particular, the roll-out of the development programme 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 management of residual value risk and the management of used vehicles;
- the compliance and the internal control system with the strengthening of controls, deployment and compliance with Societe Generale's Code of Conduct;
- the employment conditions for Group employees by taking the results of the Employer Survey into account.

The individual objectives of the Corporate Officers include:

- the managerial development with, in particular, quantified objectives designed to promote gender equality in the workplace and implementation of succession plans;
- the measurement of the success of the commercial strategy through several numerical indicators;
- the investor relations management;
- the implementation of structures and strategic plans specific to their scopes of supervision.

Based on the 2020 financial year evaluation, the achievement rate of the qualitative portion was 40% (an achievement rate of 100% on a base of 100) for Tim ALBERTSEN, Gilles BELLEMERE and John SAFFRETT, and 20% (an achievement rate of 50% on a base of 100) for Michael MASTERSON.

Qualitative criteria have been pre-established and precisely defined by the Compensation Committee and validated by the Board of Directors, but are not published for reasons of confidentiality.

Amounts in respect of 2020

According to the assessment of the quantitative and qualitative criteria (overall achievement rate of 86.43% for Tim ALBERTSEN, Gilles BELLEMERE and John SAFFRETT and 66.43% for Michael MASTERSON), the amounts of variable compensation are as follows:

- Michael MASTERSON: EUR 36,573 (calculated on a *pro rata* basis for the effective presence period in 2020);
- Tim ALBERTSEN: EUR 454,825 (including EUR 92,453 corresponding to the period as Deputy CEO and EUR 362,372 for the period as Chief Executive Officer);
- Gilles BELLEMERE: EUR 216,077;
- John SAFFRETT: EUR 388,939.

These amounts are subject to the final validation of the Shareholders' Meeting on 19 May 2021. No payment will be made early.

Vesting procedure for global variable compensation

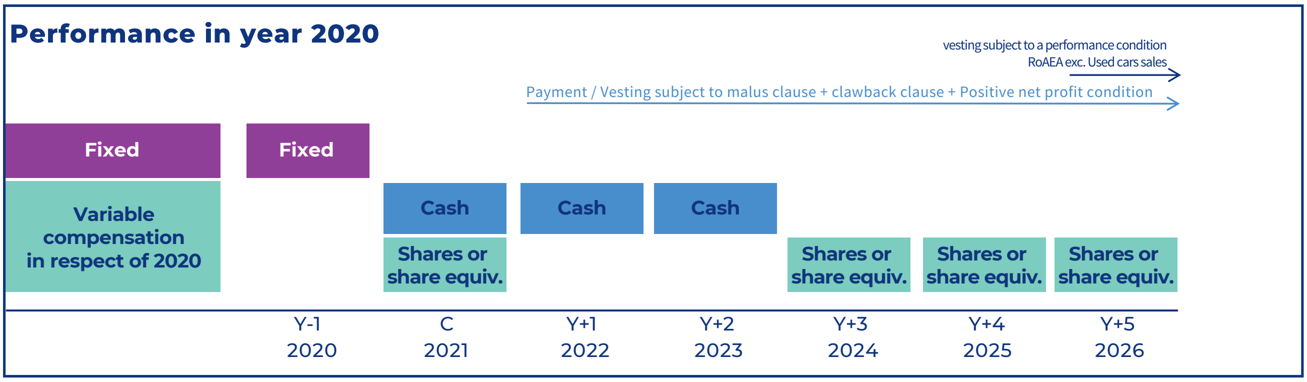
In compliance with the CRD4 Directive, the Board of Directors defined the following vesting and compensation conditions for the annual variable compensation:

- a deferred portion subject to a condition of continued 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;
- 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 condition of continued presence. The exceptions to the latter are retirement, death, disability with incapacity to perform one's functions or a decision of the Board of rectors 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 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 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 vehicle sales (RoAEA excluding used vehicle 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 covered by managerial decisions or operational management of activities.

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

Exceptional variable compensation

It is not ALD's practice to grant exceptional variable compensation to its 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 current regulations, the variable portion (*i.e.* the annual variable compensation and, as applicable, any exceptional variable compensation) may not exceed twice the annual fixed compensation.

No exceptional variable compensation will be awarded to Corporate Officers for the 2020 financial year.

Other benefits

Each Executive Corporate Officer receives a Company car as well as a health 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 relocate to different locations. 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. As such, Tim ALBERTSEN and John SAFFRETT benefit from housing benefits, as did Michael MASTERSON during his term of office.

Equity ratio and changes in compensation versus performance

The tables below show the ratios between the total compensation due for the financial year for each of the Chief Executive Officers and the average and median compensation of the other employees of ALD SA (holding) and then of the ALD Group in France (ALD SA and ALD France (Temsys), corresponding to the enlarged scope), including employees of Société Générale working within either of these companies under secondment contracts.

This information is presented for the four most recent financial years since Company's shares were admitted to trading on Euronext Paris and the methodology and tables used are those set out in the February 2021 publication of the Afep guidelines on compensation ratios.

The information concerning the compensation of the Chief Executive Officers concerns the position of the executive officer and not the person. It should be noted that the Chairperson does not receive any compensation for his/her position as Chairperson of the Board of Directors of ALD, as he/she is compensated by Société Générale for his/her duties within the Company.

For the 2020 financial year, the denominator was calculated of the basis of an estimation, since the final data was not available at the time of publication.

The compensation and benefits of the Chief Executive Officers taken into account for the calculation of the ratios are exhaustive and correspond to those detailed in the standardized table 2 of the Afep-Medef Code. The compensation is taken into account on a gross basis (excluding employer social contributions).

TABLE OF RATIOS FOR I. 6 AND 7 OF ARTICLE L. 22-10-9 OF THE FRENCH COMMERCIAL CODE *(CODE DE COMMERCE)*

	Mike MASTERSON 2017 financial year	Mike MASTERSON 2018 financial year	Mike MASTERSON 2019 financial year	Mike MASTERSON Until 27/03/20 Tim ALBERTSEN Since the 27/03/20 2020 financial year
% change in the CEO's compensation	N/A	-15%	11%	-28%
Information about the scope of the listed company				
% change in the average compensation of the employees	N/A	5%	0%	1%
Ratio compared to the average compensation of the employees	13.4	10.9	12.2	8.8
% change compared to the previous year	N/A	-19%	12%	-28%
Ratio compared to the median compensation of the employees	16.8	13.7	15.0	10.9
% change compared to the previous year	N/A	-18%	9%	-28%
Additional information about the enlarged scope				
% change in the average compensation of the employees	N/A	-2%	1%	-2%
Ratio compared to the average compensation of the employees	23.3	20.4	22.5	16.5
% change compared to the previous year	N/A	-13%	11%	-27%
Ratio compared to the median compensation of the employees	28.9	25.4	28.2	21.0
% change compared to the previous year	N/A	-12%	11%	-26%
Company performance				
Financial criterion - Net income, Group share	567.6	555.6	564.2	509.8
% change compared to the previous year	N/A	-2%	2%	-10%

As Tim Albertsen was appointed to replace Mike Masterson in March 2020, the ratio for the financial year 2020 also takes into account the latter's remuneration for the period from 27 March 2020 to 31 December 2020.

	Tim ALBERTSEN 2017 financial year	Tim ALBERTSEN 2018 financial year	Tim ALBERTSEN 2019 financial year	Tim ALBERTSEN Until 27/03/20 2020 financial year
% change in the Deputy CEO's compensation	N/A	-6%	15%	-6%
Information about the scope of the listed company				
% change in the average compensation of the employees	N/A	5%	0%	1%
Ratio compared to the average compensation of the employees	7.8	6.9	8.0	7.5
% change compared to the previous year	N/A	-11%	15%	-6%
Ratio compared to the median compensation of the employees	9.8	8.8	9.9	9.3
% change compared to the previous year	N/A	-10%	13%	-6%
Additional information about the enlarged scope				
% change in the average compensation of the employees	N/A	-2%	1%	-2%
Ratio compared to the average compensation of the employees	13.5	13.0	14.8	14.1
% change compared to the previous year	N/A	-4%	14%	-4%
Ratio compared to the median compensation of the employees	16.7	16.2	18.5	17.9
% change compared to the previous year	N/A	-3%	15%	-3%

As Tim Albertsen was appointed CEO in March 2020, and has not been replaced in his role as deputy CEO, his remuneration for the period as deputy CEO has been annualised for the calculation of the ratio for the financial year 2020, in accordance with the Afep guidelines.

	Pascal SERRE Gilles BELLEMERE 2017 financial year	Gilles BELLEMERE 2018 financial year	Gilles BELLEMERE 2019 financial year	Gilles BELLEMERE 2020 financial year
% change in the Deputy CEO's compensation	N/A	-2%	18%	9%
Information about the scope of the listed company				
% change in the average compensation of the employees	N/A	5%	0%	1%
Ratio compared to the average compensation of the employees	4.3	4.0	4.7	5.1
% change compared to the previous year	N/A	-7%	18%	8%
Ratio compared to the median compensation of the employees	5.4	5.1	5.9	6.4
% change compared to the previous year	N/A	-6%	16%	9%
Additional information about the enlarged scope				
% change in the average compensation of employees	N/A	-2%	1%	-2%
Ratio compared to the average compensation of the employees	7.5	7.5	8.8	9.7
% change compared to the previous year	N/A	0%	17%	10%
Ratio compared to the median compensation of the employees	9.3	9.3	11.0	12.3
% change compared to the previous year	N/A	1%	18%	12%

As Gilles Bellemère was appointed to replace Pascal Serres in March 2017, the ratio for the 2017 financial year also takes into account the latter's remuneration for the period from 1 January to 15 March 2017.

	2017 financial year	2018 financial year	John SAFFRETT Since 01/04/19 2019 financial year	John SAFFRETT 2020 financial year
% change in the Deputy CEO's compensation	N/A	N/A	N/A	-6%
Information about the scope of the listed company				
% change in the average compensation of the employees	N/A	5%	0%	1%
Ratio compared to the average compensation of the employees	N/A	N/A	8.4	7.8
% change compared to the previous year	N/A	N/A	N/A	-7%
Ratio compared to the median compensation of the employees	N/A	N/A	10.3	9.7
% change compared to the previous year	N/A	N/A	N/A	-6%
Additional information about the enlarged scope				
% change in the average compensation of employees	N/A	-2%	1%	-2%
Ratio compared to the average compensation of the employees	N/A	N/A	15.5	14.8
% change compared to the previous year	N/A	N/A	N/A	-5%
Ratio compared to the median compensation of the employees	N/A	N/A	19.4	18.7
% change compared to the previous year	N/A	N/A	N/A	-4%

John Saffrett was appointed as the third deputy CEO on 1 April 2019. As this is not a replacement, his remuneration has been annualised for the purposes of calculating the equity ratio.

Recognition of performance conditions applicable to deferred compensation

The Board of Directors recognised the achievement of the performance conditions applicable to deferred compensation payable in 2021.

Furthermore, with regard to the performance assessments performed by the Board of Directors and the independent assessments performed by Societe Generale's Risk and Compliance Departments, there was no need to make use of malus or clawback clauses.

In addition, with regard to the departure of Michael MASTERSON, the Board of Directors, considering the reason for his departure and the level of achievement of both quantitative and qualitative objectives since the initial public offering of the ALD Group, decided to lift the condition of presence applicable to the vesting of deferred variable compensation in respect of 2020 and prior years, the other conditions remaining applicable.

Recording of the performance condition for the acquisition of pension rights

Michael MASTERSON, Tim ALBERTSEN, Gilles BELLEMERE and John SAFFRETT benefit from the pension schemes described below. The schemes were applicable to them as employees until the suspension of their employment contracts:

- supplementary retirement benefit scheme for senior Societe Generale management (this plan was closed and no more rights have been granted after 31 December 2019);

- Institution de Prévoyance Valmy Plan for Societe Generale employees.

In addition, since 1 January 2019, Michael MASTERSON has benefited from a new supplementary pension scheme set up for the members of the Societe Generale Management Committee. Tim ALBERTSEN and John SAFFRETT have also benefited from the latter since their respective appointments to the Societe Generale Management Committee on 10 February 2020.

In accordance with the law, the annual increase in additional pension rights is subject to the following performance condition: potential pension rights for a year will only be acquired if at least 50% of the performance conditions for variable compensation for that year are met. For lower performance, no additional pension rights will be acquired.

As this performance condition is met, the supplementary pension rights in respect of 2020 are vested for Michael MASTERSON, Tim ALBERTSEN, and John SAFFRETT.

3.7.1.2 Compensation principles for the 2021 financial year

The Corporate Officers' compensation policy was approved by the meeting of the Board of Directors on 26 March 2021 and will be submitted for approval at the Shareholders' Meeting of 19 May 2021 (*ex ante* vote).

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 (phantom shares) 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 Corporate Officers' compensation policy is defined by the Board of Directors of ALD on the recommendation of the Compensation Committee. 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 Corporate Officers are subject to an annual independent assessment by Societe Generale 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 to the compensation policy for 2020 and the proposed policy for the 2021 financial year. Fixed compensation and target variable compensation remain unchanged compared to 2020. However, it is proposed to cap the portion of variable compensation assessed on the basis of qualitative criteria at 110% instead of 100% previously. In addition, the Board of Directors, on the recommendation of the Compensation Committee, strengthened the measurability of the qualitative component by prioritising quantifiable objectives.

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 specialised committees. In both cases, Chairpersons of specialised committees receive 50% more than Committee members because of the greater level of personal investment required.

Compensation of the Chairperson

Diony LEBOT does not receive any compensation for her functions as Chairperson of the Board of Directors but is directly compensated by Societe Generale for her duties as Deputy CEO of Societe Generale.

Compensation of executive officers

For 2021, the compensation of the CEO and the Deputy CEOs is broken down into two components:

- fixed compensation, which rewards experience and responsibilities and takes into account market practices;
- annual variable compensation, which depends on performance for the year and the contribution of the Corporate Officers to the success of ALD.

Fixed compensation

The annual fixed compensation proposed for 2021 for the approval of the Shareholder's Meeting of 19 May 2021 is as follows:

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

Variable compensation

Main principles

On 26 March 2021, the Board of Directors defined the components of variable compensation for 2021, which were submitted to the Shareholders' Meeting on 19 May 2021. 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 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 19 May 2021, the table below indicates the target and maximum amounts of variable compensation for 2021 performance:

(in EUR)	**2021 target variable compensation**	***O/w quantitative portion***	***O/w qualitative portion***	**Maximum variable compensation 2021**	***O/w quantitative portion***	***O/w qualitative portion***
Tim ALBERTSEN	550,000	330,000	220,000	671,000	429,000	242,000
Gilles BELLEMERE	250,000	150,000	100,000	305,000	195,000	110,000
John SAFFRETT	450,000	270,000	180,000	549,000	351,000	198,000

Quantitative portion

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

- the annual growth of the fleet (2021 *vs.* 2020) – Weight: 10%;
- the growth in the services and Leasing contract margin (corresponding to NBI excluding used vehicles) – Weight: 10%;
- the cost/income ratio excluding used vehicle sales – Weight: 10%;
- 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. 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 covered by 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. In this respect, the collective and individual objectives have been set with an equivalent weighting. 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 the 2021 financial year are linked to the implementation of the Move 2025 strategic plan.

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 Corporate Officers are divided among the following themes:

- innovation and digitisation, notably through the deployment of the platform of connected cars and related products;
- 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 with 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 Promotor Score);
- compliance and the internal control system with the strengthening of controls, compliance with Societe Generale Code of Conduct, the deployment of mandatory training, the implementation of a new Group governance for support and control functions;
- the employment conditions of the Group's employees with quantitative objectives intended to promote gender equality, the deployment of a programme dedicated to the transformation of our working environment and culture.

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.

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 accordance with the CRD5 Directive, the Board of Directors has defined the following terms of acquisition and compensation in respect of total variable compensation:

- a deferred portion subject to a condition of continued 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;
- 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 condition of continued presence. The exceptions to the latter are retirement, death, disability with incapacity to perform one's functions or a decision of the Board of rectors 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 income of ALD (arithmetic average) over the vesting period.

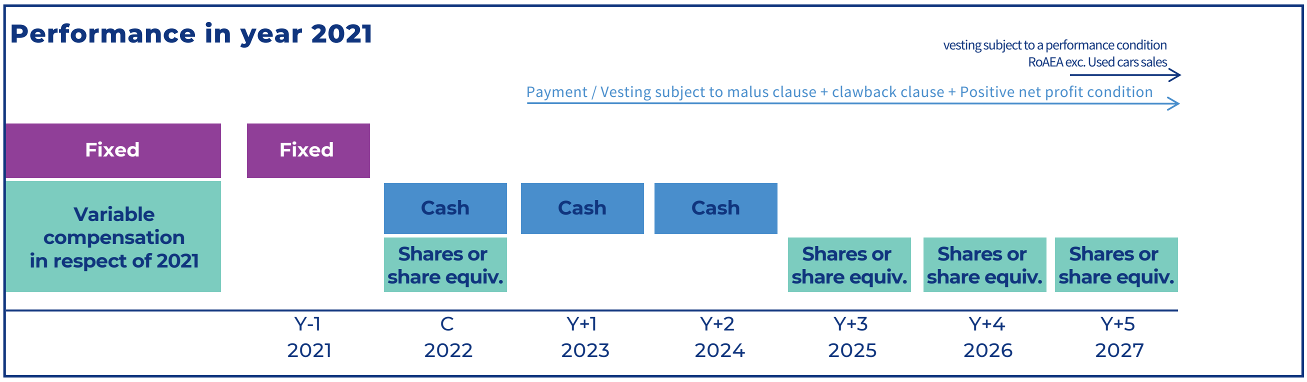
The deferred portion is also subject to a clawback clause valid for five years, which can be activated in the event of acts or behaviour deemed rash in terms of risk-taking, subject to applicability within the relevant legal and regulatory framework.

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 vehicle sales (RoAEA excluding used vehicle 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 CEOs 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 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 current regulations, the variable portion (*i.e.* the annual variable compensation and, as applicable, any exceptional variable compensation) may not exceed twice the annual fixed compensation.

Other benefits

Each Executive Corporate Officer receives a Company car as well as a health 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 relocate to different locations. 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 allowances.

3.7.1.3 Presentation of the draft resolutions relating to the principles and criteria for determining, and allocating the fixed, variable and exceptional components of the total compensation and benefits of any nature, attributable to the Chairperson, Chief Executive Officers or Deputy CEOs, by virtue of their office

Ex-post resolutions on the 2020 compensation of corporate officers

Eleventh resolution (Approval of the report on compensation of corporate officers in accordance with Article L. 22-10-34 I of the French Commercial Code (Code de commerce))

The Shareholders' Meeting, acting in accordance with the quorum and majority conditions required for Ordinary Shareholders' Meetings, having read the Board of Directors' report, in application of Article L. 22-10-34 I of the French Commercial Code *(Code de commerce)*, approves the report on the compensation of corporate officers including the information mentioned in paragraph I of Article L. 22-10-9 as presented in the report on corporate governance prepared in accordance with Article L. 225-37 of the French Commercial Code *(Code de commerce)*.

Twelfth resolution (Approval of the components of the total compensation and benefits of any kind paid or awarded in respect of the 2020 financial year to Michael MASTERSON, Chief Executive Officer, pursuant to Article L. 22-10-34 II of the French Commercial Code [Code de commerce])

The Shareholders' Meeting, acting in accordance with the quorum and majority conditions required for Ordinary Shareholders' Meetings, having read the Board of Directors' report, in application of Article L. 22-10-34 II of the French Commercial Code *(Code de commerce)*, approves the elements making up the total compensation and benefits in kind during the 2020 financial year or allocated in respect of the same financial year to Michael MASTERSON, Chief Executive Officer, as presented in the report on corporate governance prepared in accordance with Article L. 225-37 of the French Commercial Code *(Code de commerce)*.

Thirteenth resolution (Approval of the components of the total compensation and benefits of any kind paid in respect of the share price or for the 2020 financial year to Tim ALBERTSEN, Deputy CEO and then Chief Executive Officer as from 27 March 2020, pursuant to Article L. 22-10-34 II of the French Commercial Code [Code de commerce])

The Shareholders' Meeting, acting in accordance with the quorum and majority conditions required for Ordinary Shareholders' Meetings, having read the Board of Directors' report, in application of Article L. 22-10-34 II of the French Commercial Code *(Code de commerce)*, approves the components of the total compensation and benefits in kind paid or attributed to Tim ALBERTSEN, Deputy CEO, in respect of the 2020 financial year, as presented in the report on corporate governance prepared in application of Article L. 225-37 of the French Commercial Code *(Code de commerce)*.

Fourteenth resolution (Approval of the components of the total compensation and benefits of any kind paid during the year or awarded in respect of the 2020 financial year to Gilles BELLEMERE, Deputy CEO, in application of Article L. 22-10-34 II of the French Commercial Code [Code de commerce])

The Shareholder's Meeting, acting in accordance with the quorum and majority conditions required for Ordinary Shareholders' Meetings, having read the Board of Directors' report, in application of Article L. 22-10-34 II of the French Commercial Code *(Code de commerce)*, approves the components of the total compensation and benefits in kind paid or attributed to Gilles BELLEMERE Deputy CEO, in respect of the 2020 financial year, as presented in the report on corporate governance prepared in application of Article L. 225-37 of the French Commercial Code *(Code de commerce)*.

Fifteenth resolution (Approval of the components of the total compensation and benefits of any kind paid in respect of the share price or for the financial year 2020 to John SAFFRETT, Deputy CEO, pursuant to Article L. 22-10-34 II of the French Commercial Code [Code de commerce])

The Shareholder's Meeting, acting in accordance with the quorum and majority conditions required for Ordinary Shareholders' Meetings, having read the Board of Directors' report, in application of Article L. 22-10-34 II of the French Commercial Code *(Code de commerce)*, approves the components of the total compensation and benefits in kind paid or attributed to John SAFFRETT, Deputy CEO, in respect of the 2020 financial year, as presented in the report on corporate governance prepared in application of Article L. 225-37 of the French Commercial Code *(Code de commerce)*.

Ex ante resolutions on the 2021 compensation of corporate officers

Sixteenth resolution (Approval of the policy the compensation of the Chief Executive Officer and the Deputy CEOs, pursuant to Article L. 22-10-8 II of the French Commercial Code [Code de commerce])

The Shareholders' Meeting, acting in accordance with the quorum and majority conditions required for Ordinary Shareholders' Meetings, having read the Board of Directors' report, in application of Article L. 22-10-8 II of the French Commercial Code *(Code de commerce)*, approves the compensation policy of the Chief Executive Officer and Deputy CEOs, as presented in section 3.7.1.2 of the report on corporate governance prepared in application of Article L. 22-10-8 I of the French Commercial Code *(Code de commerce)*.

Seventeenth resolution (Approval of the compensation policy for the chairperson and the directors, pursuant to Article L. 22-10-8 II of the French Commercial Code [Code de commerce])

The Shareholders' Meeting, acting in accordance with the quorum and majority conditions required for Ordinary Shareholders' Meetings, having read the Board of Directors' report, in application of Article L. 22-10-8 II of the French Commercial Code *(Code de commerce)*, approves the compensation policy of the chairperson directors, as presented in section 3.7.1.2 of the report on corporate governance prepared in application of Article L. 22-10-8 I of the French Commercial Code *(Code de commerce)*.

3.7.1.4 Summary table of compensation, options and performance shares (in EUR) awarded to each executive corporate officer for the financial years ended 31 December 2019 and 2020 (Table 1, AFEP-MEDEF Code)

Philippe HEIM and Diony LEBOT do not receive any compensation for their mandates as Chairperson of the Board of Directors of ALD. They are directly compensated by Societe Generale in respect of their functions within the latter.

Tim ALBERTSEN (Chief Executive Officer since 27 March 2020)	2019	2020
Compensation due for the financial year	769,400	867,137
Valuation of options granted during the financial year	-	-
Valuation of performance shares granted during the financial year	-	-
TOTAL	**769,400**	**867,137**

Gilles BELLEMERE (Deputy CEO)	2019	2020
Compensation due for the financial year	456,484	496,400
Valuation of options granted during the financial year	-	-
Valuation of performance shares granted during the financial year	-	-
TOTAL	**456,484**	**496,400**

John SAFFRETT (Deputy CEO since 1 April 2019)	2019 (1)	2020
Compensation due for the financial year	805,921	756,673
Valuation of options granted during the financial year	-	-
Valuation of performance shares granted during the financial year	-	-
TOTAL	**805,921**	**756,673**

(1) The term of office of J. SAFFRETT started 1 April 2019. The amount carried forward includes the share of the compensation awarded to J. SAFFRETT in respect of his previous duties as an employee for the period of 1 January to 31 March 2019.

Michael MASTERSON (Chief Executive Officer until 26 March 2020, director) (1)	2019	2020
Compensation due for the financial year	1,171,606	151,753
Valuation of options granted during the financial year	-	-
Valuation of performance shares granted during the financial year	-	-
TOTAL	**1,171,606**	**151,753**

(1) Michael MASTERSON's term of office as Chief Executive Officer ended on 26 March 2020 following his resignation.

3.7.1.5 Compensation (in EUR) received by Corporate Officers (AFEP-MEDEF Code Table 2)

The table below sets forth a breakdown of the fixed, variable and other compensation paid and due to each Executive Corporate Officer.

Philippe HEIM and Diony LEBOT do not receive any compensation for their mandates as Chairperson of the Board of Directors of ALD.

	2019		2020	
Tim ALBERTSEN (Chief Executive Officer since 27 March 2020)	**Amounts due in respect of 2019**	**Amounts paid in 2019**	**Amounts due in respect of 2020[(1)]**	**Amounts paid in 2020[(3)]**
Fixed compensation	292,111	292,111	376,111	376,111
Annual variable compensation	441,434	275,816	454,825	335,114
o/w:				
Deferred variable compensation	323,147	170,223	333,860	216,828
Non-deferred variable compensation	118,287	105,593	120,965	118,286
Exceptional compensation	-	-	-	-
Compensation for directorship	-	-	-	-
Benefits in kind[(2)]	35,855	35,855	36,201	36,201
TOTAL	**769,400**	**603,782**	**867,137**	**747,426**

(1) Variable compensation for 2020 is subject to approval by the Shareholders' Meeting of 19 May 2021.
(2) This amount corresponds to car and housing benefits.
(3) The vesting of shares granted while employed in a previous function are shown in Table 7.

	2019		2020	
Gilles BELLEMERE (Deputy CEO)	**Amounts due in respect of 2019**	**Amounts paid in 2019**	**Amounts due in respect of 2020[(1)]**	**Amounts paid in 2020**
Fixed compensation	232,111	232,111	276,667	276,667
Annual variable compensation	220,717	133,154	216,077	172,254
o/w:				
Deferred variable compensation	154,502	79,443	151,254	106,039
Non-deferred variable compensation	66,215	53,711	64,823	66,215
Exceptional compensation	-	-	-	-
Compensation for directorship	-	-	-	-
Benefits in kind[(2)]	3,656	3,656	3,656	3,656
TOTAL	**456,484**	**368,921**	**496,400**	**452,577**

(1) Variable compensation for 2020 is subject to approval by the Shareholders' Meeting of 19 May 2021.
(2) This amount corresponds to car benefits.

John SAFFRETT (Deputy CEO since 1 April 2019)	2019 [1] Amounts due in respect of 2019	Amounts paid in 2019	2020 Amounts due in respect of 2020[2]	Amounts paid in 2020[5]
Fixed compensation	225,000	225,000	330,556	330,556
Annual variable compensation	331,075		388,939	282,360
o/w:				
Deferred variable compensation	242,254	103,196	281,151	164,488
Non-deferred variable compensation	88,821		107,788	117,872
Other compensation[4]	178,030	224,975		
Exceptional compensation				
Compensation for directorship	-	-	-	-
Benefits in kind[3]	71,816	71,816	37,178	37,178
TOTAL	**805,921**	**624,987**	**756,673**	**650,094**

(1) Compensation for the period beginning 1 April 2019.
(2) Variable compensation for 2020 is subject to approval by the Shareholders' Meeting of 19 May 2021.
(3) This amount corresponds to car and housing benefits.
(4) The term of office of John SAFFRETT as Deputy CEO started on 1 April 2019. The amounts reported under "other compensation" correspond to fixed and variable compensation components allocated in respect of his previous salaried duties.
(5) The vesting of shares granted while employed in a previous function are shown in Table 7.

Michael MASTERSON (Chief Executive Officer until 26 March 2020, director) [1]	2019 Amounts due in respect of 2019	Amounts paid in 2019	2020 Amounts due in respect of 2020	Amounts paid in 2020
Fixed compensation	390,139	390,139	95,556	95,556
Annual variable compensation	717,330	538,196	36,573	563,857
o/w:				
Deferred variable compensation	565,597	393,544	18,287	412,124
Non-deferred variable compensation	151,733	144,652	18,287	151,733
Valuation of multi-year variable compensation granted in the course of the financial year	-	-	-	-
Exceptional compensation	-	-	-	-
Compensation for directorship	-	-	-	-
Benefits in kind[2]	64,137	64,137	19,624	19,624
TOTAL	**1,171,606**	**992,472**	**151,753**	**679,037**

(1) Michael MASTERSON'S term as Chief Executive Officer began on 11 May 2011 and ended on 27 March 2020 following his resignation.
(2) This amount corresponds to car and housing benefits.

3.7.1.6 Directors' compensation (in EUR) received by members of the Board of Directors (AFEP-MEDEF Code Table 3)

The table below shows directors' fees and other types of compensation received by the members of the Board of Directors. In accordance with the Internal Regulations of the ALD Board of Directors, only independent directors receive compensation for their terms of office as director of ALD.

	2019		2020	
	Amounts due in respect of 2019	Amounts paid in 2019	Amounts due in respect of 2020	Amounts paid in 2020
Philippe HEIM (Chairperson of the Board of Directors until 26 August 2020, director)				
Compensation (fixed, variable)	-	-	-	-
Other compensation	-	-	-	-
Diony LEBOT (Chairperson of the Board of Directors since 27 August 2020, director)				
Compensation (fixed, variable)	-	-	-	-
Other compensation	-	-	-	-
Karine DESTRE-BOHN (director)				
Compensation (fixed, variable)	-	-	-	-
Other compensation	-	-	-	-
Bernardo SANCHEZ-INCERA (director)				
Compensation (fixed, variable)	-	-	-	-
Other compensation	-	-	-	-
Delphine GARCIN-MEUNIER (director since 5 November 2019)				
Compensation (fixed, variable)	-	-	-	-
Other compensation	-	-	-	-
Xavier DURAND (director)				
Compensation (fixed, variable)	72,000	72,000	63,000	63,000
Other compensation	-	-	-	
Christophe PERILLAT (director)				
Compensation (fixed, variable)	40,000	42,000	38,000	36,000
Other compensation	-	-	-	-
Nathalie LEBOUCHER (director)				
Compensation (fixed, variable)	48,000	48,000	18,650	38,650
Other compensation	-	-	-	-
Patricia LACOSTE (director)				
Compensation (fixed, variable)	60,000	63,000	57,000	54,000
Other compensation	-	-	-	-
Anik CHAUMARTIN (director since 20 May 2020)				
Compensation (fixed, variable)	-	-	23,350	3,350
Other compensation	-	-	-	-

3.7.1.7 Stock subscription, option plans and performance share allocation plans proposed by the Company or by any Group company

For the 2017 and previous financial years, the long-term incentive plans indicated below involve the allocation of Societe Generale shares.

From 2018 onwards, performance share plans for employees working in the ALD Group have involved the allocation of ALD shares.

Stock subscription or purchase options allocated during the financial year to each executive corporate officer by the issuer or by any group company (see AFEP-MEDEF Code table 4)

In the 2020 financial year, no stock subscription or purchase options were allocated.

Stock subscription or purchase options exercised during the financial year by each executive corporate officer (see AFEP-MEDEF Code table 5)

In the 2020 financial year, no stock subscription or purchase options were exercisable.

Performance shares allocated during the financial year by each executive corporate officer (see AFEP-MEDEF Code table 6)

Tim ALBERTSEN, Gilles BELLEMERE and John SAFFRETT were not eligible for the ALD performance share plan in 2020.

	Date allocation	Total number shares awarded during financial year	Valuation of shares according to method used for accounts consolidated	Date of acquisition of shares	Date available of the performance	Conditions of shares
Tim ALBERTSEN	None	None	None	None	None	None
Gilles BELLEMERE	None	None	None	None	None	None
John SAFFRETT	None	None	None	None	None	None

Philippe HEIM and Diony LEBOT did not qualify for the ALD performance share plan and do not benefit from share grants as a result of their directorships within ALD.

Performance shares received during the financial year by each executive corporate officer (see AFEP-MEDEF Code table 7)

ALD performance shares that became available during the financial year

	Date of allocation	Number of shares that became available during the financial year
Tim ALBERTSEN	None	None
Gilles BELLEMERE	None	None
John SAFFRETT	29/03/18	4,610
Michael MASTERSON [(1)]	None	None

Societe Generale performance shares that became available during the financial year

	Date of allocation	Number of shares that became available during the financial year
Tim ALBERTSEN	15/03/17	862
Gilles BELLEMERE	15/03/17	589
John SAFFRETT	15/03/17	1,247
Michael MASTERSON [(1)]	None	None

(1) Michael MASTERSON's term as Chief Executive Officer ended on 26 March 2020 following his resignation.

History of allocation of stock subscription or purchase options – information on the stock subscription or purchase options (see AFEP-MEDEF Code table 8)

ALD has never allocated stock subscription or purchase options.

The last option plan allocated by Societe Generale expired in the 2017 financial year.

Stock subscription or purchase options allocated to the top ten non-Corporate Officers employees and options exercised by such employees (Table 9 of Position-Recommendation No. 2009-16 of the AMF)

In the 2020 financial year, no stock subscription or purchase options were allocated. In the 2020 financial year, no stock subscription or purchase options were exercisable.

Record of performance shares allocated (see AFEP-MEDEF Code table 10)

The characteristics of the performance share plans proposed by ALD to key employees of the Group (plans 1 and 3) and employees whose variable compensation is determined in accordance with the CRD4 regulation (plans 2 and 4) have the following characteristics:

	Plan 6 – 2020	Plan 5 – 2020	Plan 4 – 2019	Plan 3 – 2019	Plan 2 – 2018	Plan 1 – 2018
Date of Shareholders' Meeting	22 May 2018	22 May 2018	22 May 2018	22 May 2018	20 April 2017	20 April 2017
Date of Board Meeting	27 March 2020	27 March 2020	28 March 2019	28 March 2019	29 March 2018	29 March 2018
Total number of ALD shares allocated	**34,635**	**353,281**	**33,231**	**235,475**	**25,814**	**276,980**
Of which number of shares allocated to Corporate Officers	-	-	-	-	-	-
John SAFFRETT [(1)]	-	-	6,870	-	9,220	-
Total number of beneficiaries	5	264	6	229	4	195
Vesting date	31/03/22 (1st tranche) 31/03/23 (2nd tranche)	31/03/23	31/03/21 (1st tranche) 31/03/22 (2nd tranche)	31/03/22	31/03/20 (1st tranche) 31/03/21 (2nd tranche)	31/03/21
Holding period end date	30/09/22 (1st tranche) 30/09/23 (2nd tranche)	N/A	30/09/21 (1st tranche) 30/09/22 (2nd tranche)	N/A	30/09/20 (1st tranche) 30/09/21 (2nd tranche)	N/A
Performance conditions[(2)]	Yes	Yes	Yes	Yes	Yes	Yes
Fair value *(in EUR)*	7.25	7.25	10.16	10.16	11.31	11.31
Number of shares vested at 31 December 2020	-	-	-	-	12,907	-
Total number of cancelled or lapsed shares	10,135	9,747	8,961	9,432	-	36,671
Performance shares outstanding at year-end	24,500	343,534	24,270	226,043	12,907	240,309

(1) Grants of shares as an employee prior to his date of appointment as a Corporate Officer.

(2) The performance condition is the average positive ALD Group Net income (arithmetic mean), excluding own debt, measured over the three financial years (two for the first tranche of Plans 2 and 6) prior to the vesting date.

Previous Societe Generale performance share allocations

Philippe HEIM and Diony LEBOT do not receive any share allocations for their offices within ALD.

	2020 Plan	2019 Plan	2018 Plan	2017 Plan	2016 Plan
Date of Shareholders' Meeting	23 May 2018	23 May 2018	18 May 2016	18 May 2016	18 May 2016
Date of Board Meeting	12 March 2020	13 March 2019	14 March 2018	15 March 2017	18 May 2016
Total number of Societe Generale shares allocated (1)				**31,327**	**35,962**
Of which number of shares allocated to executive officers					
Gilles BELLEMERE	-	-	-	589	-
Tim ALBERTSEN	-	-	-	1,723	2,186
John SAFFRETT	-	-	-	1,247	911
Michael MASTERSON(2)	-	-	-	-	-
Vesting date	-	-	-	See table below	See table below
Holding period end date	-	-	-	See table below	See table below
Number of shares vested at 31 December 2019	-	-	-	26,694	33,122
Total number of cancelled or lapsed shares	-	-	-	4,633	2,840
Remaining performance shares at year-end	-	-	-	-	-

(1) *Information on past powers has been restated to only include the amounts received in respect of the duties or terms of office within ALD, thus excluding the amounts granted to the Chairperson in respect of the duties or terms of office within Societe Generale in accordance with Article L. 225-37-3 of the French Commercial Code (Code de commerce) as amended by decree No. 2019-1234 of 27 November 2019.*

(2) *Michael MASTERSON's term as Chief Executive Officer ended on 26 March 2020 following his resignation.*

Performance shares allocated in 2017

Date of Shareholders' Meeting	18 May 2016			
Date of the Board of Directors Meeting	15 March 2017			
Total number of Societe Generale shares allocated	**31,327**			
Of which number of shares allocated to executive officers				
Gilles BELLEMERE	-	589	-	-
Tim ALBERTSEN	1,723	-	-	-
John SAFFRETT	-	1,247	-	-
Michael MASTERSON	-	-	-	-
Vesting date	29/03/19 (1st tranche) 31/03/20 (2nd tranche)	31/03/20	31/03/21 (1st tranche) 31/03/23 (2nd tranche)	31/03/22
Holding period end date	30/09/19 02/10/20	N/A	01/04/22 01/04/24	02/10/22

Performance shares allocated in 2016

Date of Shareholders' Meeting	**18 May 2016**			
Date of the Board of Directors Meeting	18 May 2016			
Total number of Societe Generale shares allocated	**35,962**			
Of which number of shares allocated to executive officers				
Tim ALBERTSEN	2,186	-	-	-
Gilles BELLEMERE	-	-	-	-
John SAFFRETT		911		
Michael MASTERSON	-	-	-	-
Vesting date	29/03/18 (1st tranche) 29/03/19 (2nd tranche)	29/03/19	31/03/20 31/03/22 (2nd tranche)	31/03/21
Holding period end date	30/09/18 30/09/19	N/A	01/04/21 01/04/23	02/10/21

3.7.2 Employment contracts, supplementary pension schemes and departure compensation of Corporate Officers

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 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;
- the rate equal to the number of years of professional service at Societe Generale divided by 60, corresponding to an acquisition of potential rights of 1.67% a year, provided that the years of service taken into account may not exceed 42.

The AGIRC pension was deducted from this overall pension. "Tranche C" acquired in respect of their activity within Societe Generale. The supplementary amount covered by Societe Generale 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 Societe Generale.

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 Societe Generale, 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 pensions 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 Societe Generale.

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.

Supplemental pension plan of Societe Generale's Management Committee (Article 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 Societe Generale Management Committee members, including Michael MASTERSON, Tim ALBERTSEN and John SAFFRETT. This plan provides for the payment of an annual contribution of the Company into an individual retirement account Art. 82 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.

Since the performance condition for the 2020 financial year was met, the amount of the contribution to pay in respect of 2020 for Michael MASTERSON is EUR 4,552, EUR 15,699 for Tim ALBERTSEN and EUR 12,065 for John SAFFRETT.

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 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 was raised from two annual Social Security ceilings to four annual Social Security ceilings, and the rate paid by the Company rose to 1.75% as of 1 July 2020. This plan is now insured by Sogécap.

The end of his term of office as Chief Executive Officer does not have an impact on the pension rights of Michael MASTERSON.

Non-compete clause

Michael MASTERSON, Tim ALBERTSEN, Gilles BELLEMERE and John SAFFRETT are subject to a non-compete clause for a period of 24 months from the date of the termination of their duties as Corporate Officers and the date of their departure from Societe Generale. In return, they continue to receive their fixed compensation.

The Board of Directors will have the right to unilaterally waive its enforcement within fifteen days from the date on which the termination of the appointment occurs. In this case, the 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.

In addition, regarding the departure of Michael MASTERSON, the Board of Directors considered that the non-compete clause (24 months of fixed compensation) would apply. As a result, Michael MASTERSON will receive EUR 800,000 under the non-compete clause.

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 Societe Generale 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.

The Board of Directors decided not to pay severance pay to Michael MASTERSON because his resignation was not binding and was the result of a decision taken for personal reasons related to health problems.

3.7.2.1 Employment contracts, supplementary pension schemes and departure compensation of Officers

	Employment contract		Supplemental pension plan		Severance or other benefits due or likely to become due as a result of termination or change of office		Compensation under a non-compete clause	
	Yes	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
Philippe HEIM (Chairperson of the Board of Directors) From 23/05/19 to 26/08/20	X(1)		X		X		X	
Diony LEBOT (Chairperson of the Board of Directors) From 27/08/20 to 31/12/20	X(1) (2)		X		X		X	
Tim ALBERTSEN (Chief Executive Officer) From 27/03/20 to 31/12/20	X(1) (3)		X		X		X	
Gilles BELLEMERE (Deputy CEO) From 02/03/17 to 31/12/20	X(1) (3)		X		X		X	
John SAFFRETT (Deputy CEO) From 01/04/19 to 31/12/20	X (1) (3)		X		X		X	
Michael MASTERSON (Chief Executive Officer) From 11/05/11 to 26/03/20	X(1) (3) (4)		X		X		X	

(1) Employment contracts with Societe Generale.
(2) Employment contracts suspended during his term of office as Deputy CEO of Societe Generale.
(3) Employment contracts suspended for the duration of their term of office within ALD.
(4) The term of office of Michael MASTERSON as Chief Executive Officer expired on 27 March 2020 following his resignation. The Board of Directors Meeting held on 27 March 2020 examined the consequences to be drawn from this resignation on his compensation and on the post-office benefits binding him to the Company. The Board of Directors decided not to pay severance pay to Michael MASTERSON because his resignation was not binding and was the result of a decision taken for personal reasons related to health problems. As a result, he did not receive any severance payments for the resignation of his office. The Board of Directors considered that the non-compete clause (24 months of fixed compensation) would apply. Michael MASTERSON will thus receive EUR 800,000 under the non-compete clause. The Board of Directors, considering the reason for leaving and the level of achievement of both quantitative and qualitative objectives since the initial public offering of the ALD Group, decided to lift the condition of presence applicable to the vesting of the deferred variable compensation for 2020 and prior years, the other conditions remaining applicable. Following the end of the term of office as Chief Executive Officer, his employment contract, which was suspended for the duration of the term of office, was automatically resumed. The employment contract of Michael MASTERSON ended on 30 September 2020. During the period following his departure from the position of Chief Executive Officer, Michael MASTERSON received compensation paid under his employment contract in the total amount of EUR 864,461, of which EUR 259,173 in fixed items pursuant to the employment contract for the period following his resignation as Chief Executive Officer, and EUR 605,288 was in severance pay related to the employment contract. The total amount paid in respect of the severance payment related to the employment contract and the non-compete clause related to the office held within the limit of two years of annual fixed and variable compensation recommended by the AFEP-MEDEF Code.

3.7.3 Amount of provisions established or recognised by the Company or its subsidiaries for the payment of pensions, retirement and other benefits

The Company did not make any provision for the payment of post-employment benefits; "Retirement benefit obligation and long-term benefits", "Related parties", appearing in the pension statements and other similar benefits to the Group's consolidated financial executives for the financial year ended 31 December other than the provisions to cover the 2020.

3.7.4 ALD share ownership and holding obligations

Since the initial public offer, in line with the AMF's recommendations and in order to align the Chief Executive Officers' interests with those of the Company, the latter have been required to hold a certain minimum number of ALD shares. On 28 June 2017, the Board of Directors thus defined the following obligations:

- 18,500 shares for Tim ALBERTSEN, Chief Executive Officer since 27 March 2020;
- 8,500 shares for the Deputy CEO, Gilles BELLEMERE.

Further to the nomination of John SAFFRETT as Deputy CEO, the Board of Directors, on 28 March 2019, defined the following obligation:

- 18,500 shares for the Deputy CEO, John SAFFRETT;
- 28,000 shares for Michael MASTERSON, Chief Executive Officer until 27 March 2020.

This minimum shareholding requirement must be satisfied after five years in office. The Chief Executive Officer and the Deputy CEOs must acquire the shares over time with a minimum of 20% per year. Annual monitoring is conducted. At the end of 2020, at least 0% of the shares that the Chief Executive Officer and the Deputy CEOs are required to hold must have vested, with the exception of John SAFFRETT, for whom this portion is 0%.

Due to:

- the fact that ALD is part of Societe Generale;
- the previous Societe Generale share ownership and holding obligations applicable to Michael MASTERSON.

The Board of Directors allowed a partial substitution of ALD shares by Societe Generale shares. The parity was fixed as one Societe Generale share for three ALD shares. In any case, ALD shares should represent 50% minimum of shares held.

In addition, and in accordance with the law, Chief Executive Officers are required to hold a certain percentage of vested shares through ALD share plans, if applicable. For shares, this percentage has been set by the Board at 20% of vested shares. It is prohibited to hedge shares related to the holding obligation.

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 CEOs' terms of office. The Board decided not to modify the share ownership obligations.

3.7.5 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 Corporate Officers (supplementary pension, provident policy, 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 Corporate Officers and market practices.

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

3.8 Related-party transactions

3.8.1 Principal related-party transactions

There are no related-party transactions in the meaning of Article L. 225-38 of the French Commercial Code *(Code de commerce)* for the financial years 2018, 2019 and 2020, other than those identified in the special reports issued by the Statutory Auditors and having already been approved by the General Meeting. For further information on agreements between the Group and Societe Generale, see Section 6.2 note 34 "Related parties" of this Universal Registration Document.

In accordance with the new provisions of Article L. 22-10-12 of the French Commercial Code *(Code de commerce)*, the Company's Board of Directors has put in place at its meeting on 27 March 2020 a procedure for regular control of "free agreements" which confirms that such agreements relate to current transactions and have been entered into on normal terms. This procedure is based on a mapping of the agreements in question and verification of the criteria carried out by the Company's Legal Department. The analyses are reported to the Audit, Internal Control and Risk Committee for review and then annually approved by vote of the Board of Directors, at which the interested parties, directly or indirectly, in the agreements abstain. The Board also rules on the periodic requirement to review the content. The implementation of this procedure enabled the CACIR to become acquainted with the existing links between all subsidiaries of the ALD Group and Societé Generale, its main shareholder, by going beyond the legal requirement that would only have required the analysis of agreements existing at the level of the holding company in the strict sense of the law. The analysis of the various synergies made it possible to establish that the dual criterion of the normality of the conditions and the routine nature of the transactions resulting from Article L. 225-39 of the French Commercial Code *(Code de commerce)* was respected, in particular through the verified application of the principle of fair competition in transfer pricing.

The related-party transactions within the meaning of IFRS are described in note 33 to the Group's consolidated financial statements which are presented in Section 6.1 "The Group's audited consolidated financial statements for year ended 31 December 2020" of this Universal Registration Document. These transactions relate mainly to key management compensation, sales of goods and services, information technology services, premises, brokerage, insurance policy, corporate services, loans and tax consolidation.

3

3.8.2 Statutory Auditor's report on related party agreements

Annual General Meeting held to approve the financial statements for the year ended December 31, 2020

This is a translation into English of a report issued in French and it is provided solely for the convenience of English-speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Annual General Meeting of ALD,

In our capacity as statutory auditors of your company, we hereby present our report on related party agreements.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements indicated to us, or that we may have identified in the performance of our engagement, as well as the reasons justifying why they benefit the Company. We are not required to give our opinion as to whether they are beneficial or appropriate or to ascertain the existence of other agreements. It is your responsibility, in accordance with Article R. 225-31 of the French Commercial Code *(Code de commerce),* to assess the relevance of these agreements prior to their approval.

We are also required, where applicable, to inform you in accordance with Article R. 225-31 of the French Commercial Code *(Code de commerce)* of the continuation of the implementation, during the year ended 31 December 2020, of the agreements previously approved by the Annual General Meeting.

We performed those procedures which deemed necessary in compliance with professional guidance issued by the French Institute of Statutory Auditors *(Compagnie nationale des commissaires aux comptes)* relating to this type of engagement.

Agreements submitted for approval to the Annual General Meeting

We hereby inform you that we have not been notified of any agreements authorized or concluded during the year ended December 31, 2020 to be submitted to the Annual General Meeting for approval in accordance with Article L. 225-38 of the French Commercial Code *(Code de commerce)*.

Agreements previously approved by the Annual General Meeting

We hereby inform you that we have not been notified of any agreements previously approved by the Annual General Meeting, whose implementation continued during the year ended December 31, 2020.

Paris-La Défense on April, 26, 2021

The Statutory Auditors

French original signed by

ERNST & YOUNG et Autres
Micha MISSAKIAN

Deloitte & Associés
Pascal COLIN

3.9 Diversity policy for management bodies

The Board of Directors Meeting of 3 November 2020 determined the diversity policy applicable within ALD's management bodies. This scope covers the highest management bodies of the Group (Executive Committee and Operating Board) as well as the management committees of all Group entities. At the proposal of the Executive Management, the Board of Directors set the target for the proportion of women in the ALD Group's management bodies at 35% by the end of 2025 (this proportion being 26% at the end of 2020).

Since the 2018 financial year, with the aim of promoting gender balance in the management bodies, the Board of Directors has set, on the proposal of the Appointments and Compensation Committee, through the qualitative objectives of the Executive Management, the annual objectives related to improving the representation of women in the Group's management functions as well as a target of at least 50% of women in the ALD Group's strategic talent development programmes. In order to achieve the objective set by 2025 and in line with the action plan already implemented since 2018, the Board will continue to set the interim progress objectives on an annual basis and from the 2021 financial year, these objectives will also be communicated to the General Managers of the subsidiaries for the management bodies of their entity.

4 Risks factors

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		Likelihood	Impact	Trend [1]
1 – Risks specific to activity	Risks linked to residual value	Likely	Strong	→
	Risks linked to maintenance services and tires	Possible	Medium	→
	Dependence on partners	Possible	Medium	→
2 – Credit risks	Credit risk	Possible	Medium	↗
3 – Strategic risks	ALD's competitiveness on its market	Possible	Strong	→
4 – Operational risks	Legal, fiscal and compliance risks	Possible	Medium	↗
	Environmental risks	Possible	Medium	→
	IT risks	Possible	Medium	↗
5 – Treasury risks	Liquidity risk	Possible	Weak	→
	Interest and exchange rate risk	Unlikely	Weak	→

(1) The trend indicates the change of the level of risk. An increasing trend means the risk is rising.

Exceptional risks related to coronavirus

Confronted with the COVID-19 crisis and with the aim of protecting its employees and business, ALD is applying the measures recommended by governments in the countries where the Group operates. During the first wave of the COVID-19 crisis, a crisis unit at the headquarters coordinated the initiatives of the various entities in collaboration with Societe Generale, and assisted the subsidiaries in the rapid implementation of comprehensive remote working solutions. From the summer of 2020, as the technical capacity and processes have been embedded, the crisis unit has been dismantled.

The restrictive measures (*e.g.* lockdowns, curfews) implemented in many countries nevertheless have an impact on ALD's business.

a) There are direct impacts:

- requests to delay payments by some companies whose business has been hard hit by lockdown measures; however, we note that the parties that have benefited from these delays have generally paid well when settlements resume;
- in some countries vehicles cannot be registered during strict lockdown periods (particularly during the spring of 2020), which effectively means that the customers have to keep their old vehicles (lease extensions);
- on the other hand, the less intensive use of the vehicles due to lockdown measures will have a positive impact on their value.

b) Additional indirect effects can be expected:

- in the coming quarters, a risk of delays in deliveries of new vehicles due to disruptions in the semiconductor supply chains of certain original equipment manufacturers;
- higher default rates among the customers (even though most of the receivables are protected by ownership of the vehicles). In order to limit the impact of these types of effects, instructions to exercise caution have been sent to the entities, which have been asked to reinforce their vigilance *vis-à-vis* customers and sectors deemed to be vulnerable (tougher approval criteria, reduction in number of vehicles authorised, stricter recovery policies, etc.), and a forward-looking provision was recorded in ALD's financial statements (EUR 15.4 million as of 31 December 2020);
- reduced sales momentum in terms of leasing demand, the magnitude of which will depend on the duration and depth of the crisis, as well as its impact on mobility habits (e.g. company cars may be seen as less appealing).

Moreover, whereas a fall in demand for second-hand vehicles had been anticipated, particularly in the event of a severe economic crisis (such as in 2008), this risk did not materialise in H2 2020 when, as a result of the COVID crisis, a growth in demand for used vehicles and a rebound in resale prices to levels similar to pre-crisis levels were observed.

4.1 Risks specific to activity

4.1.1 Risks linked to residual value

Identification of the risk	Likelihood	Impact	Trend
The Group may be unable to sell its used vehicles at desirable prices, and faces risks related to the residual value of its vehicles in connection with such disposals.	Likely	Strong	→

As a general rule, the Group retains the residual value risk on its leased vehicles and sells vehicles returned by its customers at the end of the lease, at a profit or loss. Gross operating profit from such vehicle sales totalled EUR 61.1 million, EUR 75 million and EUR 102.5 million for the years ended in December 2020, 2019 and 2018, respectively.

The Group is exposed to a potential loss in a financial year from (i) resale of vehicles related to leases which expire during the period whose resale value is lower than their net carrying amount and (ii) additional impairment during the lease period if residual value drops below contractual residual value.

Technological change can create uncertainties as to the future value of vehicles. Some technologies can become less desirable if vehicle performance or regulations change.

If several countries go into recession as a result of the COVID-19 crisis, the demand for used vehicles could fall and lead to a decline in the resale value of vehicles.

However, this risk did not materialise in H2 2020 when, as a result of the COVID crisis, a growth in demand for used vehicles and a rebound in resale prices to levels similar to pre-crisis levels were observed.

Residual value risk is managed according to a central policy which defines the procedure for defining residual values and their review.

The governance in place on residual value risk aims to monitor used car market evolutions, and adapt the Company's pricing and financial policy.

The procedure for fixing residual values defines the process, roles and responsibilities for determining the residual values that will be used in quotations for leased vehicles. Residual values are set locally, using a fully traceable procedure with a clear audit trail. Subsequently, ALD's central pricing team approves these residual values.

Residual values are calculated on specific vehicle segments based on the size and type of vehicle and are based on statistical models, local sales price guides, proprietary data on sales of used vehicles, and domestic factors applying to each country (inflation, sector adjustments, life cycle, etc.).

The Group is developing its ability to lease used vehicles in order to reduce the residual value risk (residual value at the end of a second contract being significantly lower). To further reduce this risk, ALD may take steps to encourage customers to extend their lease.

The governance in place on residual value risk also aims to monitor residual values for electric vehicles, whose future resale in the specific used vehicle market could also involve uncertainties related to the level of demand, the level of prices, or rapid technological change.

Fleet reviews are conducted once or twice annually to accelerate impairment in countries where losses are expected.

Two fleet reviews are conducted each year in subsidiaries with more than 5,000 vehicles and one review in smaller entities. During these reviews the residual value of the active fleet is compared to revised market estimates. In each country, the General Manager is responsible for managing the review process according to a methodology approved centrally and defined by Group policy.

The ALD central pricing team is responsible for verifying that the review is conducted in compliance with these requirements. When a net loss is realized in the portfolio, additional impairment is recorded in accordance with ALD's accounting standards.

4.1.2 Risks linked to maintenance services and tires

Identification of the risk	Likelihood	Impact	Trend
The Group's pricing structure and assumptions regarding the future maintenance and repair costs and tyre costs of the vehicles in its fleet over the term of the lease may prove to be inaccurate, which could result in reduced margin or losses.	Possible	Medium	→

The maintenance risk is the risk that the actual costs of maintenance incurred during the contract life are greater than the costs forecasted and included in the quotation at the beginning of the contract. Maintenance pricing setting is done locally using local historical statistics. A global review of the maintenance margins is carried out for each country on a regular basis in order to backtest the pricing assumptions in terms of costs and frequencies and to make the necessary adjustments if maintenance and tire costs are higher in the latter part than in the first part of a contract's life.

Factors which may push costs up:

- extension of maintenance to services not initially included;
- maintenance frequency higher than initial assumptions (poor evaluation, type of usage on the part of customers);
- price of supplies needed for maintenance of vehicles higher than initially estimated;
- labour costs higher than initially estimated.

As most of the Group's leases are on a fixed-fee basis, the Group may not be able to pass on the increased prices to its existing customers, which may in turn result in reduced margin or losses on the relevant leasing contracts. The Group may not be able to recover the unbudgeted costs.

The Group has extensive experience and records relating to the calculation of maintenance expenses.

The Group has put in place a procedure to ensure that statistics on maintenance costs are frequently and thoroughly updated. The Group also has extensive records on the increase in maintenance costs for most makes and models offered for lease.

4.1.3 Dependence on partners

Identification of the risk	Likelihood	Impact	Trend
The Group's activities are based on contractual relationships with intermediaries in the distribution of contracts (car manufacturers, banks, retail websites).	Possible	Medium	→

These partnerships accounted for 37.1% of the total (including private lease contracts) of the Group's fleet at 31 December 2020.

It is possible to cancel (with notice) under certain circumstances, for example when a carmaker decides to bring its rental offering in-house.

Identification of the risk	Likelihood	Impact	Trend
Car manufacturers providing vehicles, maintenance and spare parts as well as the other suppliers of aftersales service.	Possible	Medium	→

The Group depends on manufacturers and dealers for the supply of attractive vehicle models on competitive terms, in sufficient quantities, with satisfactory quality and on a timeline compatible with its business model.

In addition, the Group's vehicles and their components or equipment may become subject to recalls by their manufacturers or by the government, which would negatively impact its business.

Identification of the risk	Likelihood	Impact	Trend
Some of the partners in related services have a monopoly position in their market.	Possible	Medium	→

The Group uses partners for maintenance, towing or the supply of replacement vehicles. It is sometimes impossible to get several suppliers to compete with each other, since local players are too fragmented, or conversely, the market is too concentrated with a very small number of dominant players. This situation of dependency may generate risks of over-charging, and in relation to quality of service and quality of the customer management.

Diversification of business providers is checked.

The Group has not concluded any partnership for the distribution of its products with a car manufacturer or bank (or other type of intermediary) who individually represented more than 9.6% of the total Group fleet at 31 December 2020. In addition, contracts span several years.

The Group does not have excessive concentration in a single brand.

As at 31 December 2020, the Group's top three suppliers were Ford, Renault and Volkswagen (no brand representing more than 14.9% of the Group's vehicles on the balance sheet).

The hidden defects warranty is one of the items negotiated with the customers and suppliers.

As a lessor of vehicles, the Group does not guarantee and, in most regulatory environments, does not take responsibility for the performance of vehicles it leases, which lies with the manufacturer. However, the Group usually ensures "mobility" during the contractual period (provision of a replacement vehicle when a vehicle is immobilized for maintenance or in the case of an accident), the cost of which is budgeted for in the Group leasing contracts.

Matters outside the normal course of business such as technical issues resulting in recalls are not budgeted for, but the Group is generally able to recharge associated costs to the respective manufacturers and provide replacement vehicles on a best effort basis.

4.2 Credit risk

Identification of the risk	Likelihood	Impact	Trend
The Group is exposed to the risk of default by its customers under leases and/or Fleet Management contracts.	Possible	Medium	↗

The credit risk is the risk of loss resulting from the inability of customers or contractual counterparties of the Group to meet the financial commitments in their contracts. This includes the risk of a default on lease payments and accounts receivable due to the Group.

The Group credit risk depends on the concentration and risk profile of its customers, the geographical and sectoral segmentation of its exposure, the nature of this exposure to the credit risk and the quality of its leased vehicles portfolio, as well as economic factors which may influence customers' capacity to make scheduled payments. For instance, during the global economic crisis in 2008-2009, the Group briefly experienced moderately higher default rates from businesses. Since 2011, the Cost of risk [(1)] has remained below 25 basis points. As a result of the coronavirus crisis, the Cost of risk stood at an exceptional 34 basis points in 2020 (including seven basis points of provision based on forward-looking economic data).

At 31 December 2020, Group receivables with customers and financial institutions was EUR 1,582.6 million. At the same date, the Group had booked provisions for impairment of trade receivables of EUR 178.1 million, of which EUR 15.4 million for the forward-looking provision based on the economic outlook (for more information, see Chapter 6.2, note 22).

While the Group generally has the ability to recover and resell leased vehicles following a customer default, the resale value of the recovered vehicles may not be adequate to cover its loss as a result of a default. The Group may not be able to resell the relevant vehicle at all.

If several countries go into recession as a result of the COVID-19 crisis, the customers' default rates could rise despite the preventive measures taken by the Group (tighter lending criteria, greater attention to collections).

(1) Cost of risk in bps is calculated as a percentage of Average earning assets (as defined in Chapter 3).

The Group relies on procedures in line with Societe Generale's risk policy.

ALD entities must respect central risk management procedures. Societe Generale Risk Department is closely associated with the monitoring of Group risks and the process of updating Group procedures.

Credit authorizations vary depending on whether a customer is exclusive or shared with Societe Generale. This system of authorizations takes into account the amounts committed and the credit-worthiness of the counterparties. Applications for large amounts are reviewed by Societe Generale's risk teams.

For companies, the Group assesses and monitors the likelihood of default of each individual counterparty with the help of ratings models. At 31 December 2020, 56% of the Group's exposure consisted of customers who were rated BBB- or higher.

The Group analyses changes in risk through dedicated committees.

Coordinated by the Group Risk Department, regular Risk Committee sessions review all potential risk issues and ensure the credit risk procedures are properly applied. In addition, the Audit, Internal Control and Risk Committee (an offshoot of the ALD Board of Directors) ensures that this risk is correctly monitored during Committee Meetings and through the quarterly reporting which monitors ALD's risk appetite. Each Group entity also reviews these indicators at local Risk Committees.

The Group has put in place a collection policy.

This policy relates to the collection of unpaid rent and the recovery and resale of the vehicle. Debt collection remains under the direct responsibility of the Group's subsidiaries with dedicated teams in charge of collecting unpaid invoices in compliance with local regulations and market practices.

4.3 Strategic risks

4.3.1 ALD's competitiveness on its market

Identification of the risk	Likelihood	Impact	Trend
The Group may not be able to compete successfully or competition may increasein the businesses in which it operates.	Possible	Strong	→

The Group operates in a highly competitive industry characterized by consolidation in a number of its core markets, particularly in the more mature European markets.

The Group's principal competitors are, at the global level, international independent operators, bank affiliates and car manufacturers' captives. In addition, in certain markets, the Group may be in competition with local players.

The Group's competitors, some of whom are part of car manufacturers or banks that may have access to substantial funding at low cost, may seek to compete aggressively on the basis of pricing, particularly with the consolidation of main players. Further, the Group may be required by customers to match competitors' downward pricing either to maintain or gain market share, which may adversely affect the Group's margins. If the Group's prices are too far from those of its competitors, it may lose customers and/or business volume.

In addition, the Group's positioning is dependent on its ability to meet customers' expectations *i.e.* its ability to continuously improve its existing range of products and services and to develop new products, services, systems and software that meet the evolving needs of its customers.

The Group has a competitive positioning on its market.

The size of the fleet managed by the Group gives it a significant advantage when negotiating vehicle purchase prices, and also when it comes to knowledge of the market. Being able to offer customers vehicles from several manufacturers is an advantage when competing with car manufacturers.

The Group has also developed recognised expertise in how to incorporate services and innovate by designing offers which meet new customer expectations (*e.g.* vehicle sharing, telematics and digital offering).

4.4 Operational risks

4.4.1 Legal, fiscal and compliance risks

With operations in more than 40 countries, the Group complies with a wide range of different legislation and sees its local transactions covered by various sectoral/cross-cutting regulation, particularly those relating to credit transactions, the distribution of insurance products, competition law, financial markets, personal data protection and consumer law. The multiplication of sources of legal, regulatory and tax obligations thus constitutes a risk concerning the control and clarity of the legal framework applicable to the Group's activities, a risk that is particularly heightened by the instability generated by the phenomenon of legislative inflation.

Identification of the risk	Likelihood	Impact	Trend
The invalidation of contractual provisions or a failure to perform them could involve the Group's liability.	Possible	Medium	→

The effective management of the Group's contract portfolio relies to a large extent on the standardization of contracts. The Group uses and develops standard contractual models that comply with Societe Generale's requirements in order to streamline the contractual conditions applied in its customer, supplier or partner relationships. This contractual standardization may, however, constitute a cross-functional risk if, despite the precautions taken, certain standard provisions should, in certain jurisdictions, be challenged, invalidated or rendered unenforceable against the Group's counterparties and, where applicable, involve the Group's liability.

As part of the contractual negotiations inherent in the Group's activities, the level of risk appetite and the contractial risk identified by the Legal Department are determined by the operational teams and management where applicable.

Identification of the risk	Likelihood	Impact	Trend
The Group could be subject to litigation or administrative and/or legal proceedings that could harm its interests.	Possible	Medium	↗

If the Group were unable to comply with its obligations, this could give rise to its civil liability and could also expose it to the risk of criminal or administrative sanctions, guarantee calls, professional and employment restrictions or prohibitions and other restrictions that would harm its proprietary interests and thus be likely to harm its image.

In addition to the risk of breach of contract and penalties, commitments may also be required from the supervisory authorities and thus force the Group to review its compliance program, its commercial practices and in general lead to increased costs related to its internal organization.

Ongoing litigation

Since 2011, ALD India has been involved in litigation against the Indian tax authorities concerning the application of the tax on services. Whereas the local administration considers this tax to be applicable in that the Full Service Leasing and the Fleet Management service apparently constitute a single inseparable service, ALD India, on the other hand, considers that its leasing activity constitutes a separate financing service which is subject to sales tax, the application of which (not contested in this case) is intended to be strictly exclusive of that on services. A provision of EUR 15.2 million has been booked for this dispute.

In addition, ALD Italy is involved in a tax dispute with the Lazio region (Rome) concerning its payment of road/traffic taxes in the Trento region, a widespread practice in the car leasing industry endorsed by the Italian Car Leasing association, instead of Rome, where its headquarters are located, resulting in an estimated loss of tax revenue for the Lazio region from 2016 to 2019. A provision of 9.4 million euro has been recorded in 2020 accounts for this case.

A subsidiary of the Group located in Romania is the subject of an investigation carried out by the local competition authorities concerning exchanges of information carried out within a trade association. To date, no notification of grievance has been received. However, proposed commitments were submitted to the relevant authority by the subsidiary concerned.

Legal and compliance teams are supported by Societe Generale.

ALD's Legal Department relies on the expertise of Societe Generale legal function, has extensive access to its internal resources and tools and ensures compliance with the instructions relating to legal affairs. In addition, Societe Generale provides certain services on behalf of ALD's Legal Department, such as the supervision of activities related to the Group's social life.

The Group's central policies comply with Societe Generale's requirements and those of regulations, particularly with regard to the fight against money laundering, financing of terrorism and corruption.

The fight against corruption is one of the main elements of the compliance monitoring system. The Group complies with the UK Bribery Act 2010, the Foreign Corrupt Practices Act (FCPA) in the US and the French Sapin II Act (regarding transparency, the fight against corruption and the modernization of the economy). The anti-corruption policy defines the measures to be taken by each subsidiary to ensure the absence of involvement in any corrupt operations, including through intermediaries or suppliers.

The Group's policies also define the measures enabling business to be conducted in compliance with high ethical standards, through the Societe Generale Code of Conduct and the Group's Code of Conduct on Corruption and Influence Peddling, which are communicated or accessible to all employees.

Policies are regularly adjusted in light of the results of risk mapping and changes in regulations.

The Compliance Department implements an annual self-assessment system for risks and a risk monitoring system in order to minimize the impact of the compliance risks the Group is exposed to.

Group employees regularly receive compliance training.

The training helps to increase employees' awareness of risks.

In addition, ALD's Compliance Department coordinates and leads a network of correspondents located in the subsidiaries, on which it relies for the application of the policies defined by the Group and for the reporting of any potential compliance incident.

4.4.2 Environmental risks

Identification of the risk	Likelihood	Impact	Trend
Changes to the regulations governing vehicles with combustion engines may have a strong effect on the residual values of ALD fleet.	Possible	Medium	→

The Group's environmental and sustainability policy is set out in Chapter 5 "Declaration of extra-financial performance" of this Universal Registration Document.

The financial risks linked to climate change and pollution concerns may be observed in differences between forecast residual values and actual resale values of used cars, in particular for diesel vehicles, which in 2018 still represented the majority of registered vehicles. The current trend towards low-emission vehicles could have an impact on the resale value of vehicles with traditional internal combustion engines, which is why ALD aims to reduce the share of the latter in its portfolio and promote greener alternatives.

The share of diesel vehicles in the ALD fleet is falling drastically.

In the main European sites, measures have been taken in terms of tax (taxes on purchases or use) and regulations (traffic restrictions) to reduce the proportion of diesel vehicles on the road, in order to reduce pollution. In this context, ALD has put in place a series of measures to accelerate the transition from its mostly diesel historic fleet toward a more balanced mix. The share of diesel passenger vehicle deliveries fell from 64% in Q4 2017 to 36% in Q4 2020. At the same time, the share of green vehicles grew from 6% to 31%.

The ALD fleet is newer than the average car fleet.

It is therefore much more modern and environmentally friendly. Beyond this structural dimension, the Group's policy is to prescribe responsibly: identify the right vehicle for the right usage and enable its customers to make informed decisions, with a view to continuously reducing the environmental impact of its fleet.

ALD also has the strategic aim of investing in new mobility solutions with a lower environmental impact.

Carpooling, car-sharing and mobility as a service encourage new behaviours which are gradually moving away from the one car per user paradigm.

IT risks

Identification of the risk	Likelihood	Impact	Trend
The Group relies on the proper functioning of its software, websites and mobile applications, and its ability to adapt them to future technological developments.	Possible	Medium	→

The Group's ability to provide reliable services, competitive pricing and accurate and timely reporting for its customers depends on the efficient operation and user-friendly design of its back-office platforms, internal software, websites and mobile applications as well as services provided by third-party providers. For its information technology infrastructure the Group is dependent on Societe Generale, which provides network connectivity and security environment support under the terms of a service agreement.

The risks are:

- Societe Generale's inability to provide the service;
- loss of the Group's ability to maintain and improve the responsiveness, features and characteristics of its technologies and information systems;
- the widespread adoption of new web, network or telecommunications technologies or other technological changes could require substantial expenditure to modify or upgrade the Group's websites and mobile applications, in order to remain competitive.

Identification of the risk	Likelihood	Impact	Trend
Any disruption to, or third-party attack on, the Group's information technology systems could adversely impact its business.	Possible	Medium	↗

System malfunctions and faults in the computer systems, hardware and software, including server failures or possible attacks from the outside, for instance attacks originating from criminal hackers or computer viruses, create the risk that IT services will not be available.

Any malfunction, unauthorized use or cyberattack that would result in the leakage of the Group's trade secrets, other confidential activities and customer data could impact the Group's competitive position or the value of its investments in its products or research and development, and expose it to legal liability.

This liability could include penalties imposed by the regulator (in Europe and in other countries where the Group is active), claims from its commercial partners or for unauthorized purchases with credit card information, impersonation or other similar fraud claims as well as for other misuses of personal information, including unauthorized marketing purposes, and any of these claims could result in litigation.

Risks of sites disruptions and data leakages linked to Cybercrime are increasing but measures are put in place to protect our systems are designed to keep pace with these increasing threats.

Security governance organised around a Global Chief Information Security Officer.

The latter supervises the various security correspondents in the Group entities. He or she interacts with IT Risks and Security contacts at Societe Generale, whose policies are implemented by the Group. As a subsidiary, the Group is supervised by Societe Generale.

An assessment and control mechanism to measure exposure to risks and the expected level of security.

The Group:

- has set its appetite for operational risks and cybersecurity risks;
- carries out regular risk analysis on its assets, notably taking into account regulatory and legal risks (GDPR, national regulations, security in contracts) and implements the security measures needed to cover these risks in a way which is consistent with its risk appetite;
- formally draws up indicators (Key Risk Indicators/Key Performance Indicators) to help guide its risk reduction strategy;
- carries out regular assessments of its level of risk exposure (internal audits, independent audits, intrusion and vulnerability tests) and management of corrective action plans with a view to continuous improvement;
- carries out permanent supervision controls in order to check the application of standards and policies within these entities.

The Group anticipates attacks with preventive and monitoring actions.

- bases its cybersecurity approach on market standards such as NIST & ISO 27001;
- performs permanent monitoring of cybercrime relying on the services of the Societe Generale Computer Emergency Response Team (CERT) and SOC (Security Operating Centre);
- implements back-up plans and infrastructures for its critical assets and organizes business continuity and crisis management tests in order to check their effectiveness;
- runs awareness campaigns and employee training as a first line of defence against operational and cybersecurity risks. Co-workers are at the core of the Group's activity and are a favourite target for social engineering (phishing, fraud against the Chairperson, etc.).

4.5 Treasury risks

4.5.1 Liquidity risks

Identification of the risk	Likelihood	Impact	Trend
Inability to meet its financial commitments when they fall due.	Possible	Weak	→

ALD Group is exposed to liquidity risk which is the risk of not being able to meet financial commitments flow when they fall due and at a reasonable price. A structural liquidity position is derived from the maturities of all outstanding balance-sheet or off-balance sheet positions according to their liquidity profile (see Chapter 6, note 3.1.2 "Liquidity risk").

The Group remains dependent on Societe Generale for the financing of its development.

The risk of not finding sufficient funding or at a satisfactory price has decreased with the deployment of the ECB's monetary policy following the tensions on the financial markets that arose in 2020 with the COVID-19 crisis.

The liquidity position is monitored.

ALD Group's exposure to liquidity risks is limited as the Group policy is to finance the underlying asset over the same duration as the corresponding lease contract. The residual liquidity gap of each entity is measured on a monthly basis, under the supervision of the ALD Group Central Treasury Department, by assessing the matching of the run off of the existing leased assets with the remaining liabilities. The liquidity position thus assessed is then reviewed and consolidated at Group level. Any deviation from the sensitivity threshold is corrected under the supervision of the Group's Central Treasury.

The Group diversifies its sources of refinancing.

As at 31 December 2020, funding from Societe Generale made up no more than 67% of total Group funding.

4.5.2 Interest and exchange rate risk

Identification of the risk	Likelihood	Impact	Trend
The Group is marginally exposed to interest rate risk and is exposed to a foreign exchange risk in countries outside the Euro zone.	Unlikely	Weak	→

ALD policy consists in financing the underlying assets with fixed rate loans as lease contracts are mostly priced at fixed rates, in order to avoid any mismatch between assets and liabilities. There is however a residual discrepancy (surplus or deficit) in the forecast fixed rates position of each entity.

ALD Group is present in countries outside the Euro zone and is therefore exposed to foreign exchange risks related to inflows and outflows of cash from daily business activities as well as participations in subsidiaries outside the Euro zone. Currency risks related to current business activities are extremely limited, as there are no cross-border leasing activities.

The greater volatility of the markets following the COVID-19 crisis has led to an increase in interest rate and exchange rate risks.

For more details concerning the foreign currency exposure of ALD borrowings, refer to Chapter 6.2 note 27 and concerning the Group's sensitivity to changes in interest rates, to Chapter 6.2, note 3.1.1.

Interest rate risk is covered by a hedging policy.

Any residual interest rate risk exposure must comply with the sensitivity limits set for each entity. Sensitivity is defined as the variation in the net present value of the future residual fixed-rate positions (surplus or deficit) for a 0.1% parallel shift in the yield curve.

The Group's Central Treasury monitors the interest rate risk exposure and advises subsidiaries to implement adequate hedging operations. A monthly report measuring interest rate risk exposure is produced by each entity to be reviewed and consolidated by the ALD Group Central Treasury Department.

The Group's financing and refinancing rules aim to minimize foreign exchange risk.

ALD Group policy consists of financing the underlying asset in the same currency as the corresponding lease contract.

Any residual foreign exchange risk is managed in order to minimise the impact on the Group of fluctuations in the currencies in which it operates.

To achieve this goal, ALD quantifies its exposure to structural foreign exchange risk for each subsidiary by analysing all assets and liabilities arising from commercial operations and proprietary transactions. ALD Group Treasury Department is responsible for monitoring structural exchange rate positions and manages the impact on profitability due to exchange rate fluctuations. Societe Generale's Finance Department draws up the methodology for managing this risk and runs quarterly reviews of ALD's positions.

5

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5.1 Introduction: a CSR goal integrated into the Group strategy

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5.1.1 Main themes

ALD's CSR policy is based on four themes which are incorporated into the activity of each of the businesses:

- promotion of sustainable mobility in customer solutions (with electric vehicles at the heart of the system);
- being a responsible employer and developing human capital;
- responsible business practices with external stakeholders (ethics and governance including environmental and social risk management, customer satisfaction and responsible purchasing);
- reduction of the Group's internal environmental footprint (its own emissions).

The objective is to create added-value for the stakeholders and support the positive transformation of the Company, particularly in relation the energy transition and sustainable cities. The main societal impact of ALD, as a major player in mobility and a services company, is through the products and services that it markets (vehicle characteristics and associated services), resulting in a CSR policy with a strong emphasis on sustainable mobility.

The Move 2025 strategic plan places CSR at the heart of the Group's strategy: the Responsibility pillar, called Move for Good, takes these four themes and constitutes one of the foundations of the strategy, and the development of electrification impacts the entire plan. (See Chapter 1 - 1.4.3 Move for good: placing people and social and environmental responsibility at the heart of each activity).

5.1.2 CSR governance

The CSR policy is defined and coordinated by an international team that reports directly to the Group Chief Administrative Officer, a member of the Executive Committee.

The CSR community within the Group was first built *via* the appointment of correspondents in the seven main European countries (France, Italy, Belgium, Spain, Germany, the Netherlands, and UK), and gradually extended to other geographies (to date, 18 countries have an identified CSR ambassador). This community is coordinated by the international team with the aim of fostering a consistent approach and sharing best practices. Another community of correspondents in the various operational departments of ALD SA was also created in 2020.

The CSR policy and results are regularly reported to ALD top management, namely the Executive Committee every two months, the Operating Board and to the Operations Committee. It is also the subject of an annual update with the Board of Directors.

Finally, ALD's CSR approach is fully integrated with that of Societe Generale, both in terms of substance (policy lines) and process (reporting, methods, business line actions, common tools).

5.1.3 The new regulations

The legislative obligations (Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code *[Code de commerce]*) are an opportunity for ALD to clarify the connection between its business model (see Chapter 1), its CSR goal and the policies and processes implemented and continually enhanced to manage the environmental and social (E&S) risk factors inherent in its activities. The Declaration of Non-Financial Performance also highlights the CSR opportunities for the Group and its customers.

5.1.3.1 Methodological approach

In order to identify the non-financial risk factors inherent in ALD's activities, the Group has drawn up a mapping of non-financial risks. The Group's risk typology was cross-referenced with environmental and social risk factors.

The CSR Department developed the methodology of mapping and scoring in collaboration with the Risk Department, the Human Resources Department, the Purchasing Department, the Compliance Department and the Used Vehicle Remarketing Department. The risk factors identified by this analysis were evaluated according to two criteria: their potential severity (low to very high) and their probability of occurrence (very low to almost certain). The combination of these two factors constitutes the extent of the risk for the ALD Group. The methodology and results of this mapping have been approved by the Executive Committee and presented to external auditors. The mapping for 2020 is in line with that of the previous year. The rating of certain risks has nevertheless been strengthened, in particular in light of the pandemic (*e.g.* wellbeing at work).

5.1.4 Main risk factors identified

The non-financial risk factors standing out as the most significant in the mapping are:

Significant risks (severity x probability)	CSR challenges and main policies
Environmental impact and climate change: ● Implementation of traffic restriction policies in urban centres ● Rapid change and tightening of automotive regulations (including tax) and on certain types of assets (*e.g.* diesel) and impact on the residual value of vehicles ● Impact of the managed fleet on climate change (CO_2) ● Impact of the managed fleet on pollution (NO_x) ● Environmental and social reputational risk (customer or supplier transaction)	● Energy transition and low-emission vehicles ● Electrification ● New uses and new mobility, Smart Cities (Mobility as a Service, Sharing, etc.) ● Reduction of the internal carbon footprint ● Responsible purchasing ● Management of environmental and social (E&S) risks
Customer expectations and market risks: ● Decreased appetite for the automotive segment due to changes in values (mature markets): potential impact on demand for new and used vehicles ● Increase in the cost of automotive for BtoB and BtoC customers (*e.g.* increase in petrol prices, taxes, reduction in subsidies for electric vehicles – EVs, etc.): potential impact on demand. ● Insufficient consideration of changes in demand, from ownership to use, growth in pooling and "On demand" services ● Insufficient customer service	● New uses and new mobility, Smart Cities (Mobility as a Service, Sharing, etc.) ● Customer satisfaction and experience programme ● Consulting services, alternative mobility offers (car-sharing, second lease, mobility budget, etc.)
Human capital and working environment: ● Insufficient support for employees in the transformation of the business model ● Risk of discrimination, in particular gender equality ● Insufficient consideration of wellbeing at work issues (impact on employee commitment) ● Difficulties in recruiting and retaining qualified employees	● Employability and agility of employees ● Recruitment, retention and commitment of employees ● Societal commitment ● Promotion of diversity, including gender balance
Infringements of human rights and breaches of ethical rules: ● Purchases/sourcing of raw materials for tyres, spare parts, selection of maintenance services providers ● Choice of customers/suppliers: corruption, money laundering, embargoes/sanctions	● Responsible purchasing ● Culture and conduct ● The fight against corruption ● Environmental and Social policies

Among these risk factors, some involve major risks for the Group and are dealt with in Chapter 4 "Risk factors".

CSR risk factors are dealt with in the Declaration of Non-Financial Performance, which focuses on the four CSR themes. In each of the parts below, the salient intrinsic non-financial risk factors are listed, as well as the policies implemented to limit their occurrence and mitigate them. Lastly, key performance indicators supplement the elements concerning the implementation of these measures.

Given the nature of the activities, the following topics do not pose a major CSR risk and do not warrant being expanded upon in this management report:

- food waste;
- the fight against food insecurity;
- respect for animal welfare;
- responsible, equitable and sustainable food.

With regard to the circular economy, we believe that this area is less important to us than the other priorities developed in this Chapter due to the nature of the services. ALD's core business consists of leasing new vehicles for an average period of three to four years. During the life of the contract, the maintenance and repair of vehicles are issues relevant to the circular economy, particularly with regard to, for example, repairability, wear and tear, the recycling of tyres and windscreen repairs. These opportunities are increasingly taken into account in the supplier referencing policies, even if first and foremost they remain the responsibility of the carmakers and maintenance networks which produce these goods and provide these services.

At the end of the lease, the vehicles, for which ALD ensures maintenance of a high standard, are resold on the second-hand market, giving them a second life and thus significantly extending the initial ownership period. The Move 2025 plan nevertheless introduces a change from this initial business model since it involves extending the duration of asset ownership by alternating different usage modes (full-service leasing, car-sharing or leasing with on-site services, used vehicles, etc.). An extremely important point for electric vehicles: full-service leasing will make a significant contribution to their widespread acceptance. The sector is already today, and will be in the future, one of the few channels to bring a significant volume of recent electric vehicles to the used car market, by nature more affordable than new models.

With regard to tax evasion, ALD believes that such risk is limited due to its very low likeliness of occurring (see methodology described above). It includes two sub-risks:

- the risk of tax evasion by ALD (holding company or local entities), deemed low. Indeed, the international structure of ALD Group relies on local activities operated through subsidiaries with workforces and physical infrastructure in the 43 countries where it is present. The very diverse geographical locations are reflected in the amount and nature of taxes and duties that the Group pays in each of these countries, such as corporate tax, local taxes, customs duties, registration duties and social security contributions. The Group ensures that the various local entities comply with all the various international laws, regulations and treaties in the place where they operate. This involves filing in the necessary tax returns, and the timely payment of taxes due. The ALD Group makes sure that it complies with all applicable regulations through fiscal monitoring and use of external consultants;
- the risk of tax evasion by customers using ALD services. Such risk is deemed low due to the local nature of operations. The only business that could be exposed to fiscal risk is used vehicle exports, the volumes of which allow precise control. In this respect, ALD makes sure it obtains all the necessary supporting documents for the value added tax exemption from the professional buyer.

Tax risks are discussed in Chapter 4 of this document; ALD complies with the Societe Generale Code of Tax Conduct (https://www.societegenerale.com/sites/default/files/documents/Code%20de%20conduite/code_de_conduite_fiscale_groupe_societe_generale_fr.pdf)

5.2 Sustainable mobility at the heart of the business

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Significant risks identified:

- imposition of traffic restriction policies in urban centres;
- rapid unfavourable evolution of the regulatory environment for cars (including taxation) and on certain types of assets (*e.g.* diesel);
- evolution of the regulations on Company cars;
- impact of the managed fleet on climate change (CO_2);
- increase in the cost of the automobile object for BtoB and BtoC customers (*e.g.* increase in oil prices, taxes, reduction in subsidies for electric vehicles): potential impact on demand;
- impact of the managed fleet on pollution (NO_x);
- reduced appetite for cars due to changes in attitudes (mature markets): potential impact on demand for new and used vehicles;
- insufficient consideration of changes in demand, from ownership towards use, the boom in sharing and "on-demand" services.

Contribution to United Nations Sustainable Development Goals (SDGs):

For a player such as ALD, the commitment to sustainable mobility is multifaceted and is notably expressed in the following issues:

- the profile of the fleet in terms of powertrains, with the transition from fossil fuels to electrification as a fundamental challenge;
- new uses, in phase with societal trends regarding the sharing economy, on-demand and bespoke offerings;
- driver safety, *via* means of raising awareness, preventive training and accident management services.

5.2.1 The energy transition and low-emission vehicles

The first issue in terms of materiality is related to the climate. Road transport is currently responsible for 20% of greenhouse gas emissions in the European Union, with the very large majority of these emissions coming from private vehicles and light commercial vehicles (Source: International Energy Agency, Tracking Transport 2019), and it will have a special role to play in the reduction of greenhouse gases needed to reach "Zero Net Emissions" in 2050. On the one hand, because its emissions continue to grow in volume unlike many other sectors, and also because the issue is palpable and impacts the daily life of both the public and businesses.

To limit CO_2 emissions, public policies have long favoured the adoption of diesel, a more efficient energy than petrol in terms of CO_2, but which generates many more pollutants during use (NO_x, fine particles) despite considerable progress in recent generations of diesel motors. Pollution (and its impact on public health) is therefore a second major issue for the mobility sector, with transport being responsible for about half of nitrogen oxide emissions (Source: IEA see above).

In the world of internal combustion vehicles, the issues of local urban pollution can therefore work against global concerns about climate change, and emissions related to use are largely incompressible. Electrification is the technical solution considered to be the most relevant for individual mobility in the short- and medium-term: zero emissions of CO_2 and NO_x during use, polluting emissions reduced to particle emissions linked to brake and tyre wear.

Historically, the vast majority of vehicles in corporate fleets have been powered by internal combustion engines, with diesel engines dominating in Europe. This dominance is justified by the intensive use of certain categories of Company vehicles (high mileage) but it has also been artificially amplified by tax breaks. For ALD, this portfolio re-balancing and the emergence of electric powertrains relate to a risk management policy, social responsibility, and commercial development opportunities.

In terms of risk, financial risks are closely linked to climate risk, and may be observed in the differences between expected residual values and the actual resale values of vehicles. Changes in market preferences for low-emission vehicles could impact resale values of vehicles equipped with conventional internal combustion engines, especially diesel.

With regard to responsibility, although the environmental footprint of the vehicle fleet depends broadly on the offer (car and equipment manufacturers) and use by end-users (customers), ALD intends to act responsibly in terms of its recommendations, supporting customers in the energy transition of their fleet and more generally helping to find low-emission mobility solutions.

In commercial terms, this obviously particularly affects ALD's B2B customers, who need advice on the matter, since the automotive fleet often represents a significant share of their emissions. The expectation of support is becoming a major issue and constitutes a sort of "licence to practice". In addition, decision-making mechanisms, which have long focused on the overall cost of use, are likely to make corporate fleets a market segment "ahead of the curve" on the path to electrification.

For ALD, the energy transition consequently covers two interconnected corporate projects:

- the general issue of rebalance ALD's fleet, the most urgent matter over recent years being managing the reduction in the share of diesel vehicles;
- the requirement to create the necessary conditions for the emergence of electric vehicles, because clearly this rebalancing cannot be limited to a redistribution of volumes of diesel to petrol.

CSR issue (description)	Policies implemented (description)	Indicator (indicator type/box)	Objective qualitative/quantitative (indicator type/box)	Result (indicator type/box) 2020	2019	2018
Energy transition	Reduction in the share of diesel	Diesel in deliveries	N/A *	40% (Q4 37%)	45% (Q4 43%)	58% (Q4 53%)
Energy transition	Increase in the share of low-emission vehicles	Size of the green [(1)] fleet under management	N/A *	196,000	152,000	102,000
		Share of green vehicles in deliveries	20% by the end of 2020 (EU + UK + Norway)	>20% in Q2, Q3 and Q4	Close to 15% (Q4)	
Energy transition	Implementation of an offer end-to-end services: ALD Electric	Number of countries deployed	7 (G7: France, Italy, Spain, the Netherlands, Belgium, UK, Germany)	12 [(a)] 7 [(b)]	7 [(a)] 2 [(b)]	

* *In the context of the development of the pandemic, which resulted in a considerable slowdown in the automotive market in the first half of the year, ALD has chosen not to set quantitative targets for these criteria.*
(1) *Battery electric vehicles + plug-in hybrids + hybrid + hydrogen*
(a) *Main "bricks" (home, workplace and public areas recharge offer, dedicated consultancy offer).*
(b) *Target offer countries (100% "bricks" in place).*

2020 Highlights	2021 Priorities
New strategic partnerships targeting electric vehicles (Tesla, Polestar, etc.) Continued reduction in the share of diesel Very strong rise in green fleet 2020 priorities International roll-out of the ALD Electric package	Strengthening and extending the ALD Electric offering Establishment of new strategic partnerships focused on electric vehicles Reduction in the share of fossil fuels and progression of electric vehicles

Move 2025: Move for Good

Shaping the future of sustainable mobility

- A low emission fleet - *Powertrain shift, electrification*
- New types of usage - *Sharing, MaaS, Flex*
- Safety – *Training & policy advice*

30% of new car deliveries to be **EV**(1)

- 40% on CO_2 emisions vs. 2019(2)

(1) EV = BEV (Battery Electric Vehicle) + PHEV (Plug-in Hybrid Electric Vehicle) + Hydrogen Fuel Cell. Targets set on new passenger car shipments for EU + Norway + UK + Switzerland.
(2) Average emissions on passenger cars for EU + Norway + UK + Switzerland (CO_2 in g/km – NEDC norm).

5.2.1.1 Rebalancing and diversifying the portfolio

The evolution of the vehicle mix across different types of powertrains (diesel, petrol, conventional hybrid, plug-in hybrid, battery electric) is being monitored closely by the Group's operational governance bodies (Executive Committee, Operating Board).

ALD's mission is to guide customers towards optimal technology from an economic and environmental point of view, taking into account the real use of vehicles. This involves profiling work taking into account the business models of customers, types of users and the real use of vehicles. The aim is to **identify the right vehicle for the right use**, making sure that diesel is used **only** in cases where it continues to make sense, namely essentially for high mileage and in certain categories of vehicles where the alternative proposals are still underdeveloped (light commercial vehicles, for example).

There is a natural downward trend in the market share of diesel due to a combination of factors (such as public policy, reputation), a trend that ALD has followed and amplified in its activity, through various means:

- the pricing of the full-service leasing offer, by improving the attractiveness of alternative solutions to diesel, notably *via* a policy of adjusting residual values;
- providing customers with commercial support: implementation of a comprehensive consultancy approach, reshaping of car policies;
- developing certain distribution channels such as that of private customers (less inclined towards diesel) or some of the white label partnerships;
- the launch of new products and services, in particular to promote the emergence of electric vehicles (see below);
- communication initiatives, for example customer events dedicated to alternative energies (*e.g.* product presentations, vehicle tests).

Results and ambitions

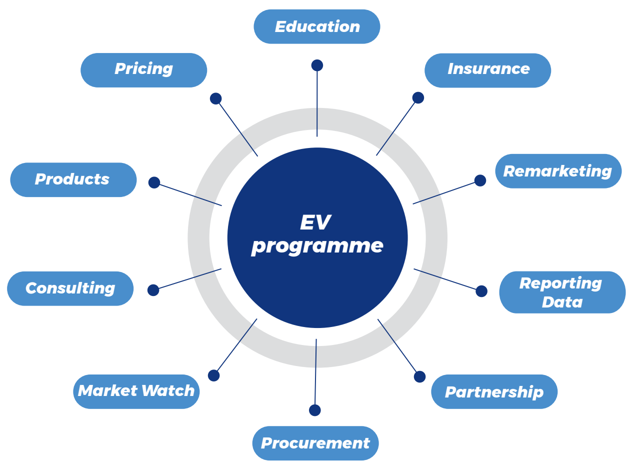
This **holistic approach** is producing tangible results, with the share of diesel engines in the production of new contracts down by 28 percentage points between Q4 2017 and Q4 2020. Over the whole of 2020, the share of diesel in deliveries of passenger vehicles was 39% (-6 percentage points *vs.* 2019). In 2019, the majority of lost diesel volumes shifted towards petrol, which offers better performance in terms of particulate emissions (especially NO_x), but which has a carbon impact that is 15% to 20% greater than a comparable diesel engine. In 2020, low-emission electric powertrains gained market share from internal combustion engines, in line with ALD's strategy. Diesel is still mainly used in southern Europe (Spain, Portugal, Italy) and Central Europe. As much as the reduction of diesel alone, the reduction of the share of thermal energy as a whole will now be managed as of 2021.

5.2.1.2 Electrification

This overall effort on rebalancing the managed fleet is accompanied by specific work on electric vehicles. Given the relative immaturity of the sector and significant national differences, it was decided to launch an "**EV Programme**" (Electric Vehicle Programme) in 2018, operationally managed by the CSR Department, in association with contributors from the various business lines and the main countries.

This programme aims to address, in a systematic and organised manner, the main elements of the value chain that must be adjusted or reviewed to create the conditions for electric vehicles to take off.

Ten interlinked projects within the "EV Programme"



- the pricing, *via* a systematic review of the methodologies used to determine residual values and maintenance prices that reflect both the intrinsic benefits of electricity and the speed of changes in technological standards and the prospects for future resale. A specific EV pricing task force was set up for this purpose in 2020, combining local and central expertise;
- the implementation of advisory and support services for customers, given electric vehicles require a special approach (*e.g.* mechanisms for identifying users "eligible" for electric vehicles on the basis of actual use, drivers for calculating costs including the cost of recharging with electricity, and the various tax or usage benefits related to these vehicles both for the Company and the driver);

- the development of specific products and services. ALD must first adapt its existing services, going well beyond a simple lease offer of an electric vehicle. This involves facilitating the customer experience by integrating into the offers access to recharging infrastructures at home, at work and in public places as much as possible ("end-to-end" offer). This approach is possible through the conclusion of strategic partnerships with "pure players" in the electric ecosystem. In this regard, in early 2019 ALD concluded a partnership with ChargePoint, one of the world's leading companies in recharging solutions. The agreement aimed to jointly build a pan-European offering which is currently being rolled out.

  Apart from the adaptation of the traditional product offering, electric vehicles also generate opportunities for the creation of new "enabler" services. For example, the ALD Switch offering, already available in Belgium, the Netherlands, France and Portugal, provides an electric vehicle and includes the supply of a combustion engine/hybrid vehicle when the customer needs it (for up to 60 days per year). This type of service removes the psychological barriers linked to range anxiety: The new short- and medium-term "ALD Flex" offers, which meet more specific customer needs (projects, construction sites, peaks of activity) and are adapted to the uncertain economic environment, will also enable electric vehicles to reach new types of customers;
- the development of commercial partnerships with manufacturers or players in the energy sector. Distribution partnerships with "white label" carmakers are a major growth area for ALD in general and electric vehicles in particular. This obviously involves supporting long-standing partners (Ford, Jaguar Land Rover, Volvo) in their own electrification strategy (product presentations, customer paths, specific residual values). However, new entrants to the automotive market, with a "pure electric" product approach and often without a physical distribution network, also need financial partners to access the market. ALD was successively chosen by Tesla and Polestar as preferred partner in Europe to market the full-service leasing offer.

  With energy companies, the approach initiated by ALD Italy with the energy company ENEL in 2016 has led to the co-creation of services (traditional full-service leasing, car-sharing) grouped together under the brand umbrella e-go and marketed to ENEL customers or the general public. In the same vein, in February 2019, a partnership was announced with the energy company E.ON, with the first concrete cooperation taking place in Germany and Denmark;
- the adaptation of the vehicle purchasing policy, in the specific context of electric vehicles, marked by a shortage of supply and unfavourable commercial policies for electric vehicles by many manufacturers. At the same time, new sourcing categories are appearing, particularly for charging stations; ALD is also actively monitoring the environmental and social impact of battery production (for example, the extraction of cobalt or lithium in emerging countries), as much work remains to be done to ensure the ethics of this new supply chain in terms of environmental and social responsibility;
- the adaptation of the resale processes and techniques for electric vehicles at the end of the lease agreement, and more generally, the organisation of the "second life" of these vehicles (electric vehicles will be used to test leasing solutions for "second lease");
- the review of the reporting tools and of the information management systems, mainly to deal with the increased complexity of the vehicle offering (proliferation of hybridisation levels) and also to ensure that customers have a complete overview of their costs;
- building expertise in insurance, whether with regard to the setting of premium levels in relation to specific risks, or the creation of specific offerings for electric vehicles and the charging ecosystem;
- market monitoring, particularly important because this new emerging electric ecosystem is developing very quickly, both from a technological and capital-intensive point of view; the aim is to identify movements at manufacturers (both established and new entrants), the charging and energy sectors can impact the ALD business model in the short- or medium-term. ALD is also involved in discussions and pilot projects on the issue of hydrogen, *via* the Societe Generale internal Hydrogen Council and made-to-measure approaches with certain key account customers, particularly in France and Belgium;
- an internal and external educational and communication programme, both with ALD employees, who must be the first ambassadors of the energy transition, and customers. In the context of the pandemic in 2020, the organisation of physical events was made impossible. ALD had to increase its digital communication initiatives (internal and public social media, the Mobility Blog on the aldautomotive.com website, participation in virtual events (Fleet Europe, EV Summit, ChargeUpEurope, Autonomy, etc.).

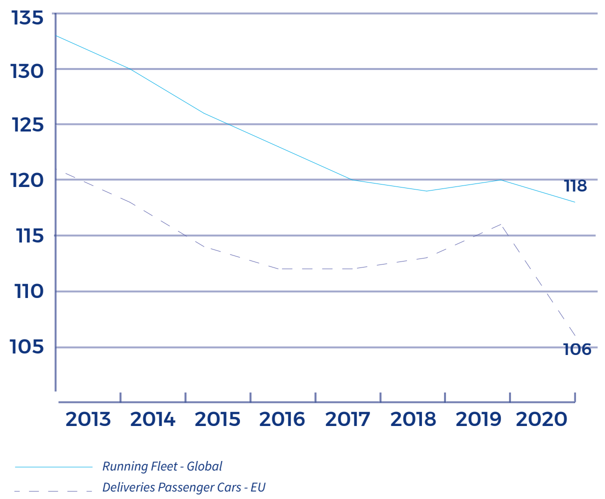
The share of "green" solutions (electric private vehicles, plug-in hybrids, hybrid) in new contracts doubled in 2020 (22% at Group level, +11 percentage points). The progression of low-emission vehicles has long been held back by the narrowness of the product offering, capacity problems suffered by manufacturers, very low ranges and running costs which are still higher in many cases. All these factors have evolved very favourably, and have been accelerated by the very advantageous tax measures put in place in certain countries (Germany, France) as part of the recovery plans, and the entry into force of European emission standards. As part of its 2025 strategic plan, ALD has set itself the target of increasing the share of "EV" vehicles (battery electric vehicles and plug-in hybrid vehicles only) to 30% of deliveries in Europe[1] by 2025.

The governance of this EV programme is based on regular steering committees in the presence of the Group Executive Committee, and it is organised by a network of ambassadors in the main countries. Executive sponsorship of the programme is provided by the Chief Commercial Officer and operational sponsorship by the CSR director.

(1) EU + Norway + UK + Switzerland

5.2.1.3 Carbon footprint: emissions and emissions prevented

The emissions of the ALD fleet had increased in 2019 under the combined effect of the trend towards Sport Utility Vehicles (SUVs), the massive transfer of diesel volumes to petrol, and the entry into force of the WLTP certification standard. The latter aims to bring emissions measured in the laboratory closer to actual emissions, and has a mechanical upward impact, even in countries which are yet to adopt it into the local tax system (in this case, it is a so-called "NEDC Correlated" value, calculated based on the WLTP basis that applies).



Results and ambitions

At the end of 2018, ALD had passed the milestone of 100,000 electric or hybrid vehicles (rechargeable or not) under management. At the end of December 2020, the "green" fleet [1] exceeded 196,000 vehicles (up by 29% over one year despite the pandemic). Battery-powered electric vehicles and plug-in hybrids account for nearly 89,000 vehicles out of this total, making ALD one of the leading electric vehicle operators in the world.

In 2020, average emissions fell again: for private vehicles in Europe [2], the average for deliveries was 106 grammes, down by 10 grammes compared to 2019. The average coefficient of the entire fleet financed by ALD was stable at 118 grammes of CO_2 per kilometre (manufacturers' data), since the new vehicles automatically replace product generations launched in 2015/2016, characterised by higher emissions.

The significant decline of emissions in 2020 is due to the ramping up of "green" vehicle deliveries, under the combined effect of the coming into force of EU targets applying to carmakers, tax incentives and the internal policy implemented by ALD (see above). It should be noted, however, that the average is not immediately comparable to the standard of 95 grammes: it does not take into account the "super credits" granted to manufacturers for sales of zero-emissions vehicles or technical innovations, and mixes data from countries expressed according to the WLTP standard and others in the NEDC Correlated standard (depending on the data used in the national tax systems), and it takes into account 100% of deliveries (compared with only 95% for the calculation made by the European authorities).

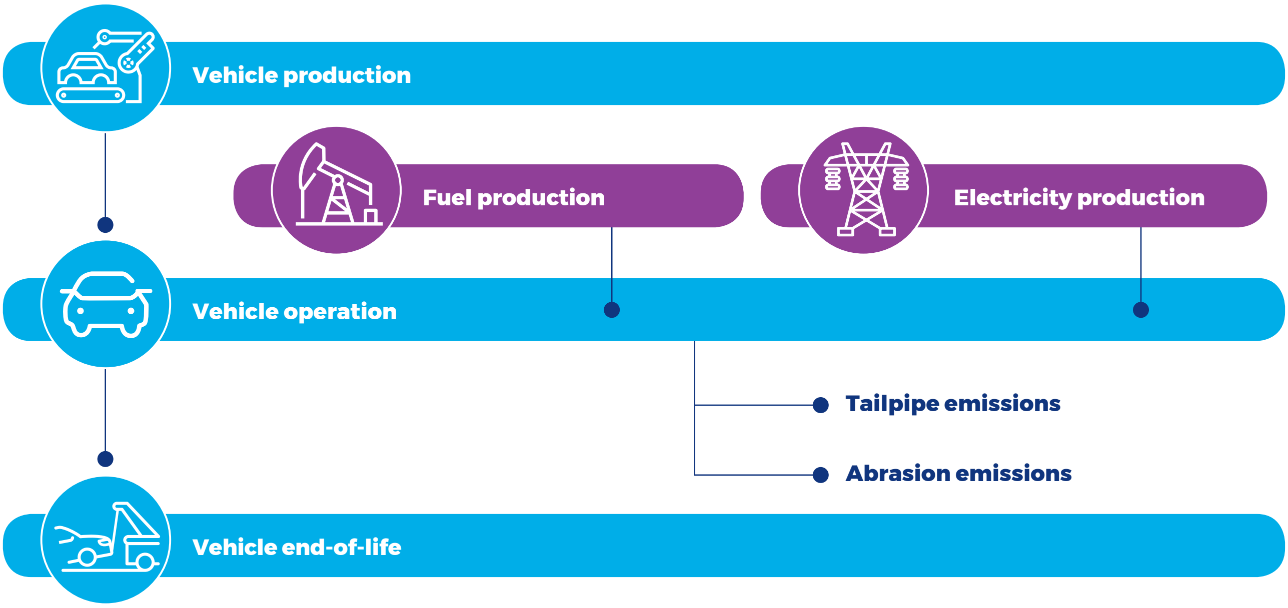
As part of its 2025 strategic plan, ALD has set itself the target of reducing emissions from deliveries of passenger vehicles in Europe [2] by 40% by 2025 compared to 2019, *i.e.* 70 grammes in NEDC Correlated terms.

Since 2018 and the development of a life cycle analysis tool as part of the positive-impact bond issue, ALD has been able to quantify not only CO_2 emitted by the fleet, but also CO_2 and NO_x emissions prevented thanks to its fleet of electrified vehicles. The financed part of this fleet, recorded on ALD's balance sheet, enables 217,000 tonnes of CO_2 equivalent and 907 tonnes of nitrogen oxide to be saved per year, compared to an internal combustion engine fleet of equivalent power. The gains in CO_2 emissions during the usage phase (and in particular the vehicle's emissions from the exhaust) far exceed the additional emissions associated with the production phase (vehicle and batteries).

Methodological reminder: In order to measure the impact of this portfolio in a robust and transparent way, ALD has worked with consultants Quantis to develop a pioneering methodology that takes into account greenhouse gas emissions as well as pollutant discharges (NO_x, fine particles) affecting air quality, at all stages of the life cycle (vehicle production, battery production, power production during the usage phase and end of life), in over 20 countries and taking into account all technologies available. Considering the available information, there was no tool in the Automotive sector which enabled neutral reporting, over a wide geographical area, of the reality of the life-cycle, as measurements of CO_2 and pollutants carried out in laboratories for vehicle certification focused only on the use of the vehicle, or studies focused on a single model/country. This approach is even more necessary with electric vehicles, which are presented as being "zero emissions": there is some debate about the carbon emitted during the production phase. The ALD tool shows, for example, that CO_2 and NO_x emissions from battery vehicles are about 50% lower than their combustion engine equivalent, with, of course, very strong disparities depending on how the electricity was produced.

(1) "Green" vehicles: electric vehicles, plug-in hybrids, hybrids.

(2) Europe: European Economic Area, UK and Switzerland.



5.2.2 New uses and new mobilities

ALD places a strategic focus on investing in new mobility solutions that will transform car usage, fostering new behaviours that are gradually shifting the model away from the traditional "one user-one car" scenario.

In order to define its innovation strategy, ALD analysed the mega-trends that might impact its business model, which is based essentially on "traditional" use of cars. New uses, connectivity, environmental constraints, mobility policies at the city or regional level, and the rapid growth of mobility platforms have helped us identify five main areas to take into account when developing the business model up to 2025: digital technology and connected vehicles, flexibility, new mobility solutions, payment and electrification.

Concerning the use of resources, ALD has structured its governance in this area around the innovation process, from the creative thinking to the industrialisation/scaling up of new products or business models.

Convinced that the best ideas come from experts in the field, ALD has put in place a number of tools enabling ALD employees to submit a new idea (ideation campaign). The subsidiaries of G7 countries (France, Italy, UK, the Netherlands, Spain, Germany, Belgium) have all structured the innovation initiative locally (item, budget, process), which gives them the ability to test selected new ideas with customers. This year, Norway is testing a new ALD Swap subscription offer from the 2019 innovation campaign.

But good ideas are not enough and the capacity to scale these new products is key. To ensure the success of this industrialisation phase, ALD has set up "Centres of Excellence" based on teams located in a subsidiary that has developed real expertise in a given field: their role is to deploy for and in the other subsidiaries a product identified as strategic for the Group. ALD Italy, an expert in the car sharing solution, has set up a Centre of Excellence for the deployment of this solution.

Thus ALD Netherlands, expert in multi-modal mobility solutions with the ALD Move offer, is also fully involved in the development of this product to plan for deployment in other countries. This service allows customers and their employees to access different types of transport while meeting the employer's various objectives (mobility budget, reduction of CO_2 emissions, etc.).

Some of the subsidiaries have also developed service offerings focused on other "soft" forms of mobility: ALD currently has over 5,000 contracts for bicycles (electric and non-electric) or electric scooters, mainly in Belgium and Italy.

Against this background, in 2019, ALD Automotive announced that it was also joining the MaaS Alliance, a public-private partnership which aims to create the foundations for a joint approach to mobility as a service (MaaS) and to identify the economies of scale needed for MaaS deployment and take-up to be a success. As a leader in mobility services, this membership is fully in line with ALD Automotive's strategy of fostering innovation, experimentation and partnerships with key players in the mobility ecosystem in order to adapt to a rapidly changing market.

CSR issue (description)	Policies implemented (description)	Indicator (indicator type/box)	Objective Qualitative/quantitative (indicator type/box)	Result (indicator type/box) 2020	2019	2018
New uses/economy of car-sharing, ride sharing	Corporate Car Sharing offering	Number of countries deployed	7 (Italy, France, Denmark, Germany, Spain, the Netherlands, Norway)	7	5 (Italy, France, Denmark, Germany, Spain)	1 (Italy)

2020 Highlights	2021 Priorities
Corporate Car-Sharing rolled out in seven countries ALD Move: pilot customers in the Netherlands ALD Flex rolled out in 26 countries	Confirmation of the MaaS and ALD Move strategy Deploy ALD Move in two countries New flexibility models Electrification and deployment of ALD Electric

5.2.3 Safety

Road safety is a major operational and human risk and in terms of image and financial, social and environmental cost.

5.2.3.1 Provide customers with the best market standards

ALD works with the manufacturers and its customers to offer catalogues of models incorporating the latest technological innovations, particularly in terms of active and passive safety, that meet the highest standards (measured in particular by the EuroNcap standard, whose criteria are increasingly demanding.

The main recent breakthroughs in this area are related to driving aids (ADAS), which introduce higher levels of range in vehicles, as well as pedestrian safety.

Since the maintenance of vehicles is included in the service contract, fleet managers know that their drivers are safe in very well-maintained cars.

5.2.3.2 A specific service offering

- ALD road safety offering.

The customer care package covering accidents, with a 24/7 hotline, and customer reporting solutions, are provided within the framework of a full-service leasing insurance contract.

In the case of these contracts whereby insurance is taken out directly by the customer, 29 of the ALD Group subsidiaries may provide this claims management service (“Accident Management”), upon request.

- Acting on behaviour and change management.

Firstly, with a driver training panel for its drivers: on-road or on-track training for local instructors and partners or training or customised e-learning programmes to be carried out during the year. An e-learning offer (ALD Safe Drive) is proposed jointly by ALD and its North American partner Wheels Inc. to international large corporate customers in all countries where they operate. The companies that have offered these training courses to their employees have seen a very significant fall in their accident rates (responsible accident rates halved), as well as a significant drop in fuel consumption (around 15%). The ALD Safe Drive global offer is currently available in seven countries, and more than 30 Group countries offer physical or online training.

Customer events are also organised on this theme: in 2019 a dedicated international customer event was jointly organised with Michelin (awareness-raising about online and face-to-face training systems). A similar event planned for 2020 had to be cancelled due to the pandemic. In the same vein, ALD France launched an “ALD Safety” awareness-raising newsletter 2020 for its corporate customers.

Finally, one of the pillars of the ALD consulting offering is dedicated entirely to road safety: assistance with accident data analysis, review of Company car policies, advice on choice of vehicles. This comprehensive approach has a single objective: reduce the cost of accidents, whether human, financial or environmental, with safe and ecological driving going hand in hand.

5.3 Responsible employer

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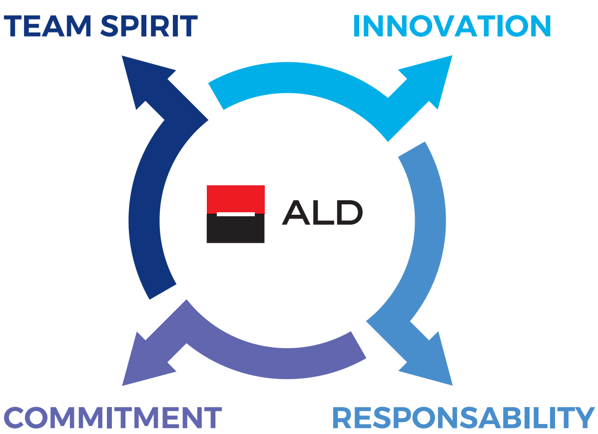
Significant risks identified:

- difficulties with recruiting and retaining qualified employees;
- insufficient support for employees in the transformation of the business model;
- risk of discrimination, particularly regarding gender;
- risk of reduced wellbeing at work due to sanitary context.

Contribution to sustainable development goals

5.3.1 The ALD employee experience: a positive, engaging and learning experience

The policy elements in place to manage significant risks related to human resources are part of a wider framework which is to make working for ALD a positive, engaging and learning experience rooted in **the values of the leadership model**:



These values are the cornerstones of ALD's strategy, which focuses on the quality of the relationships with the employees, customers and partners.

Innovation

ALD strives to continually improve **the customer experience** by working together to adapt the solutions, practices and relationships to meet the needs of tomorrow and take advantage of technological innovation.

The same is true for **the employee experience**. True to the entrepreneurial culture, ALD adapts its way of working by promoting sharing and experimentation. ALD is committed to encouraging its employees to work outside the box so as to simplify processes and improve operational efficiency while focusing on the end customer.

Team spirit

ALD ambition is to be **THE partner of reference** in the kind of relationship that we build with the customers, collaborating with them as we work with each other in the Group and using all of the energy and talents to everyone's benefit.

Responsibility

ALD supports its customers as they complete their projects, remaining attentive to all kinds of risks. ALD employees are expected to act **ethically and courageously** and place as much importance on how the results were achieved as on the results themselves.

Commitment

ALD co-worker's commitment comes from the customers' continued satisfaction and the way in which the Group operates. In particular, caring for others and relationships based on **trust** and **mutual respect** are an integral part of the Group's values, and contribute to this commitment.

Thus, to support its development and drive its transformation plans, ALD has since developed over many years a **responsible approach to employment** which revolves around three main areas:

- recruiting and retaining employees and encouraging them to be committed;
- developing the employability and agility of employees;
- promoting diversity of talent.

5.3.2 Recruiting and retaining eployees and encouraging engagement

5.3.2.1 Recruiting

A few facts about ALD's workforce

At the end of 2020:

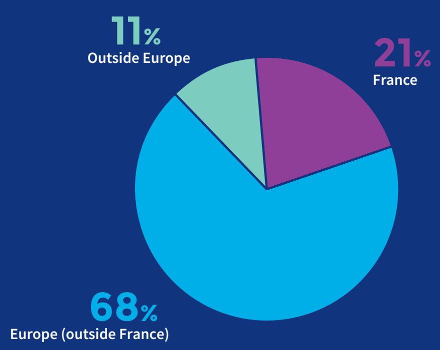
6,696 employees

in

42 countries

-0.2%

Breakdown of the workforce:



See all the quantitative indicators in Section 5.4.2.

Due to the COVID-19 pandemic, the HR processes have been reviewed and adapted to ensure the continuity of HR activity by accelerating the use of digital channels and ensuring business continuity.

Newcomer onboarding is an important milestone for both employees and ALD. This is why we have always paid attention to every detail of this welcome, ensuring that, from the outset, newcomers are integrated and have a learning path designed to give an overview of the business, its teams and know-how. Each Group entity manages its onboarding programme independently. In 2019, an **ALD Group Onboarding Programme** was introduced in order to complement local practices and create a feeling of belonging to a Group whose common values are expressed throughout the organisation.

In 2020, in an environment shaken by the pandemic and the resulting economic uncertainties, the number of hirings was limited in all subsidiaries. However, onboarding in such a context was all the more essential and key. Some countries have changed the process and adapted it by combining face-to-face and remote solutions where possible and according to local constraints. This is notably the case at ALD SA (holding) in France, the Baltic countries, Chile, Hungary, Luxembourg, Romania, Portugal and Turkey.

5.3.2.2 Retaining staff

Compensation policy

The Group conducts a compensation policy which complies with the standards and regulations in force in each country in which it does business. This policy is intended to ensure that employee compensation is in line with the compensation observed in the market by offering **an overall package that combines monetary compensation and benefits**. The monetary compensation includes fixed compensation – which rewards the capacity to hold down a position in a satisfactory manner making use of the required skills – plus, where applicable, variable compensation. This variable compensation aims to recognise collective and individual performance; it depends on the achievement of the targets set at the start of the year and is assessed depending on the context, while it also depends on behaviours displayed in the pursuit of the targets. These objectives, which were initially defined at the beginning of 2020, were adapted on a case-by-case basis in order to adapt to the context of the pandemic, which may have changed the priorities initially determined depending on the services and activities.

Due to the high degree of internationalisation of the Group, the variety of living standards encountered and the large number of foreign currencies involved, averages covering multiple countries are not meaningful.

Since 2018, certain employees of the ALD Group have benefited from a long-term incentive programme, in the form of **awards of ALD shares**, in line with authorisations approved at the Annual General Meeting. These share awards help build loyalty and they motivate certain categories of employees, especially executives and strategic talents. In addition, ALD shares are awarded under the deferred variable compensation plan for so-called "regulated" employees, in line with the CRD4 Directive.

All awards of ALD shares are subject to conditions relating to presence and performance approved by the ALD Board of Directors.

In accordance with French legislation, **ALD France** employees have a stake in their employer's profits through **profit-sharing and incentive mechanisms and benefit from the Group savings plan put in place by Societe Generale**.

Employer-employee dialogue

Dialogue with employee representatives is fundamental to the relationship that ALD has built with its employees.

In France, employees are represented by the Social and Economic Committee (CSE). In this context, agreements/resolutions are regularly signed with employee representatives. These agreements/resolutions concern, among other things, subjects relating to compensation, social benefits, working time and professional equality between women and men. Seven agreements were signed in 2020 with the trade unions within our ALD France entity (2020 Annual Mandatory agreement, agreement on the adjustment of working time due to sanitary crisis, a teleworking agreement, an agreement on the right to disconnect, an agreement on disability, a gender equality agreement, and an amendment to the Social and Economic Committee – CSE – agreement).

In the context of the pandemic, the CSE was particularly involved in the discussions and arrangements put in place to guarantee a fluid social dialogue. The CSE was regularly consulted before any decisions of its concern was made and in accordance with the requirements of the French Labor Code.

Outside France, each ALD entity ensures that labour relations with its employees are maintained in ways that may differ depending on the size and structure of the local teams and the legislation in force in the country.

Permanent staff turnover remains low on the whole and down from 2019.

RATE OF TURNOVER OF PERMANENT CONTRACTS

2018	2019	2020
16.07%	14.66%	10.25%

RATE OF VOLUNTARY TURNOVER OF PERMANENT CONTRACTS

2018	2019	2020
9.24%	8.78%	5.26%

5.3.2.3 Encouraging commitment

76% *+1 vs 2019*
Commitment rate

81% *+2 vs 2019*
Confidence in the business strategy

64%
Participation rate 2020

83% *= vs 2019*
Satisfaction with current position

89% *+1 vs 2019*
Pride in belonging to the Group

In response to a growing need for flexible working and a better work-life balance, the majority of ALD entities (such as ALD SA, ALD Belgium, the Netherlands, Germany, UK, Mexico, Hungary, Russia, Latvia, Poland, Bulgaria, Brazil, Portugal, Italy, and the Nordic countries) had already implemented or tested the "**Home Office**" remote working concept.

In 2020, due to the pandemic, all ALD entities switched, as of the first lockdown, to a fully "home office" (teleworking) system for activities that could be carried out remotely and were thus able to guarantee business continuity. A certain number of support measures and schemes (social or material) have also been put in place to support employees and managers in this method of organisation that is widespread throughout the ALD Group (provision of laptops, deployment of remote log in solutions, etc.). It has also been agreed to continue this process and ensure that teleworking becomes an ordinary working method for the ALD Group in general that will eventually be accessible to all employees whose activities are doable under a remote working mode.

In this same context and in line with the guidelines already launched and adapted to the context of the pandemic, the Group encourages the creation of new **workspaces that promote discussion and innovation**, in modular premises, using digital tools and collaborative work spaces. Whereas this is already the case in some of our entities such as ALD SA, ALD France, Spain, Italy, UK, Spain, Belgium and Portugal. This reflection on the organisation of workspaces will be encouraged within all subsidiaries as part of the adaptation of our ways of working.

ALD is also committed to develop a respectful and safe working environment to enable each employee to work in the best possible environment guaranteeing heath and well-being conditions, thus limiting the risk of workplace accidents. Specific workplace health and safety policies and measures exist in several of our entities, for example in Austria with the "ALD Care" programme, which includes different measures regarding employee health and safety in the workplace, or through the provision of specific medical services and health platforms that can be consulted by employees in all confidentiality (Italy, ALD SA, ALD France, Luxembourg, etc.), or interventions organised in companies such as wellbeing workshops or advice on the posture to be adopted in the workplace (ALD SA or United Kingdom).

All ALD Group employees are surveyed each year as part of the **Employer Survey** covering, among other subjects, their commitment, current job satisfaction, and level of confidence in the Group's strategy. This survey produces results that are analysed by each entity and employees are invited to review the results from the barometer and the action plan put in place by the entity's management.

In 2020, due to the pandemic, in addition to the Employer Survey used to continue to measure employee commitment and satisfaction in such a context, a flash "Pulse Survey" was conducted to measure the ability of our organisation to face such a crisis, and ensure business continuity, and also to measure the ability of managers and employees of our Group to work entirely from home, and finally to draw lessons from this unprecedented experience to adapt our long-term plans and ensure employee commitment.

ALD Group 2020 BVA Employer Survey results

ALD Group post-crisis pulse survey results – Summer 2020

95%
of staff knew what was expected of them during the crisis

91%
Recognition of the support provided by management

84%
Participation rate

88%
Feeling sufficiently informed of the decisions made by the company

This constant listening, taking into account the "voice" of employees regardless of the context leads to tangible results and the continuous adaptation of our operations and the employer offering.

In particular, it confirms the effectiveness and value of the various HR initiatives implemented in all our entities to protect the mental and physical health of our employees, more specifically during this period of health crisis. These initiatives include, for example, support for the installation costs required for more systematic teleworking, and support for managers in managing and coordinating their teams remotely in order to maintain close relations, but also for employees themselves through the provision of e-learning, webinars, sport challenges or the provision of applications allowing everyone to work on their mind, body and vitality while strengthening the psychological support measures available. Employees can organise themselves individually to meet their own needs in a context where their personal and professional organisation has changed during the pandemic.

The systems put in place change and also seem appropriate to ordinary organisation outside the context of the crisis, such as the evolution of teleworking policies or the ways of working. They also help to improve our way of communicating with all the employees. Sustained and regular communication mechanisms between management and employees have been strengthened in order to provide opportunities for discussion, to communicate on the transparency of the decisions made by management and to ensure that information is reported to all levels of the organisation and, finally, to ensure that employees know what is expected from them.

Likewise, in a more difficult context such as that of 2020, the actions taken to maintain the initial commitments such as the compensation review exercises, the implementation of mechanisms to maintain the compensation of our employees whose activities were not possible in teleworking mode, are all actions that participate to maintain the commitment of our employees.

All of these successes, as well as the constant adjustment of our operating methods and actions according to the context, have led, over the past ten years, to five Group entities being ranked in the Top ten Best Workplaces by **the Great Place to Work Institute: in Belgium, the Netherlands, Denmark, Finland, and Luxembourg.** The **Top Employer** label was awarded to **ALD Spain** in 2018, 2019 and 2020.

As the commitment of our employees is a sustainable driver of our performance, ALD has set itself the objective of achieving an employee commitment rate of 80% as part of the Move 2025 strategic programme.

Move 2025 : Move for Good

Being a committed and responsible employer

- Towards a sharper and stronger digital mindset and inclusive culture
- Employee engagement
- Social commitment

35% women in management bodies*

80% employee engagement rate

Executive Committee and Management Committee of ALD SA (holding) + Operating Board and Management committees of Group entities internationally

5.3.2.4 Societal commitment

It is important for ALD to make a positive contribution through societal engagement and community involvement, which takes the form of support for citizen initiatives, solidarity or philanthropy. The aim is to involve employees in these actions as much as possible and thus generate pride in belonging to the Group.

Contribution to Sustainable Development Goals:

ALD's solidarity initiatives and its civic commitment are currently being developed locally by the various entities to best target the needs of each country or region.

The societal commitment focuses on three main themes:

- **aid to children**, which historically has represented one-third of the actions financed within the Group and takes the form of donations (in cash or vehicles) to associations, hospitals or orphanages. The specific area of focus that ALD endeavours to develop, in connection with Societe Generale, concerns initiatives that promote the social inclusion of disadvantaged children through education. ALD SA renewed its partnership with the NGO *Ecoliers du Sénégal* to finance the establishment of a school bus service for school children who live far away from their school. ALD also continued to support an Indian non-governmental organisation by financing the studies of about 200 disadvantaged children at a Bangalore school for one year;
- **protection of the environment**, whether through actions to offset ALD's internal carbon footprint or support for emission reduction initiatives. Several countries have participated in reforestation initiatives, in particular ALD Hungary in partnership with the local WWF, ALD Luxembourg in partnership with the NGO *Grain de Vie* which supports several reforestation projects in Africa, ALD Portugal in partnership with the association *Plantar uma arvore*, ALD Romania in partnership with Ecotree, and ALD SA in partnership with "Reforest'action". For the second consecutive year, ALD SA decided to offset its internal emissions (2019 emissions: 446 tonnes of CO_2 equivalent), by combining two actions: the purchase of 446 VERRA certified carbon credits for a project in Brazil with a positive forestry impact (renewed support for last year's project) and the planting of 3,122 trees in France, bringing the number of trees planted in France over the last two years to more than 5,000;
- **mobility for all**: this principle takes the form of two types of action:

1) providing mobility solutions to disadvantaged populations for whom vehicles become a major aid to integration, as, for example, with the support provided by ALD SA and its employees to the APREVA network of solidarity garages,
2) making vehicles available free of charge to businesses in the social economy.

However, the health crisis that characterised 2020 focused the efforts of the ALD Group on supporting the medical profession, associations and people mobilised to fight against COVID-19, as well as to support those made most vulnerable by the pandemic. More than thirty countries have thus contributed to a global Solidarity Plan, supported and led by ALD SA.

The "ALD Solidarity Plan" has mainly resulted in the following actions:

- **vehicle loan:** more than 800 vehicles in 30 countries were made available free of charge to facilitate visits by doctors and caregivers, transport equipment or medicines, ensure the distribution of food to families in reception centres and allow the delivery of meals to isolated seniors. For example: ALD UK supported the National Health Service (NHS) in Bristol and Birmingham; ALD France has helped caregivers at the Beaujon and Bichat hospitals, the Clichy Town Hall, the SAMU Social, and the Yvelines Red Cross, among others;
- **financial and in-kind donations**: EUR 400,000 was raised through financial donations and donations in-kind to support local NGOs, hospitals and charities. For example: ALD SA and ALD France jointly organised a donation of EUR 110,000 and a fundraising campaign for employees to support "Fondation 101", a French foundation supporting research into resuscitation in the world. Donations in kind included 40,000 masks (Finland, France, and Mexico) and the distribution of more than 100,000 meals in Spain and UK, in partnership with local companies and NGOs.

In total, taking into account all of these initiatives, ALD allocated EUR 1.4 million to solidarity actions in 2020, of which 60% related to the emergency situation caused by the pandemic.

Over and above the financial aspect, it is ALD's wish to involve employees in charitable activities. Several countries (UK, Luxembourg, Algeria, Morocco and, since the end of 2019, ALD SA) have devised programmes that encourage voluntary efforts by their employees during working hours. The year 2020 and its lockdowns did not favour the system, however the total number of days given by employees of the Group in 2020 amounted to 101 days, mainly in the UK.

5.3.3 Developing the employability and agility of employees

5.3.3.1 Responsible training policy

ALD has a responsible training policy that meets the needs of business lines and promotes employee development.

2018

90% of employees trained

- *5,935 employees trained*
- *119,881 hours of training*
- *2.5 days of training on average*

2019

94% of employees trained

- *6,286 employees trained*
- *133,198 hours of training*
- *2.6 days of training on average*

2020

91% of employees trained

- *6,100 employees trained*
- *68,449 hours of training*
- *1.4 day of training on average*

The hours of training provided are mainly geared toward the development of **functional skills** that aim to meet the challenges of optimising customer relations or changing working methods through the use of innovative technologies.

In 2020, due to the pandemic and lockdown periods, most of the training took place on digital platforms and whenever it was possible.

Several programmes have been developed by several ALD entities, and some examples of replicable initiatives are given below:

The ORS **One Ready Smile** programme, an initiative created at ALD Belgium, has been duplicated in 16 countries. The programme consists of engaging employees in an active and collaborative manner to think about the customer experience and all the ways we can improve communications and behaviour, and also to adapt/improve internal processes using feedback from the customers. Since 2017, all the employees of ALD Belgium, Algeria, Brazil, Czech Republic, India, Mexico, Morocco, Norway, Poland, Portugal, Romania, Russia, Sweden and Turkey, have been trained. In 2020, ALD Bulgaria and Ukraine employees joined the ORS programme. A similar customer centric approach has also been initiated at ALD France.

With the same objective, since 2018, ALD UK continues to run its programme "Customer Excellence" which was a great success with all its employees, who were invited to take part in the in-depth overhaul of all internal processes to aim for excellence in the customer experience, but also the employee experience, in particular for the workforce in the call centres. The aim for future years is to duplicate this initiative in the other countries where the Group is active.

ALD Denmark runs the **Clicks n'Bricks** programme, whose purpose is to transform the profiles of traditional used vehicle salespeople on-site into profiles of digital salespeople on the online platform, whose role changes and focuses on finalising sales with customers and communicating effectively *via* internet chat tools. This programme was very successful and was extended to Finland, Portugal, Luxembourg and Hungary in 2019, then in 2020 to Spain, Germany and Norway.

In 2021, this programme should be extended to our entities in France, Italy, but also Ukraine, Morocco and Belgium. Likewise, as part of this ongoing development of our employees' digital skills, re-letting and online sales channels will also be deployed, targeting our largest entities such as France, Germany, Italy and Spain.

Training also develops employee **behavioural skills**.

As a result, development programmes with the **Insights** tool (based on the principle of four colours: red, blue, green and yellow, to get to know each other and those around us better) continue, supporting employees in team-building workshops, management support, coaching and leadership consulting.

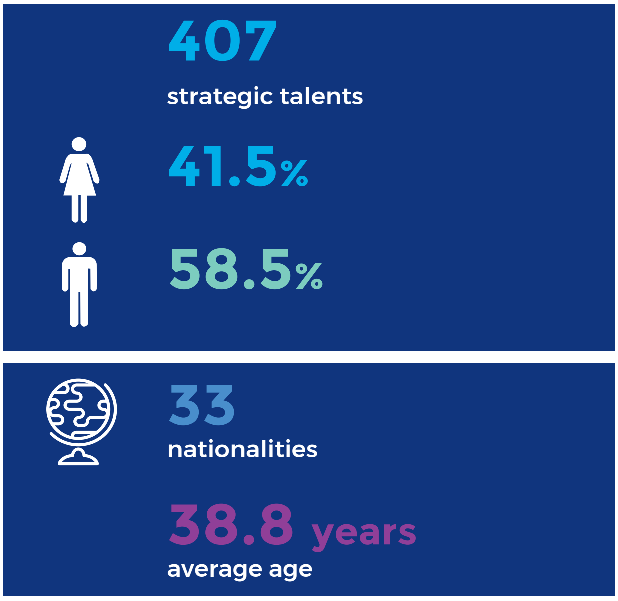
The support and development of ALD managers at all levels of the organisation is also a key point with various dedicated development programmes in our entities to support them in their role as coaches and role models for all the teams and ensure that they embody the Group's values and culture, even in an uncertain environment.

Training at ALD is based on **diversified learning methods** that combine traditional face-to-face training, digital training, the use of innovative methods such as design thinking as well as Test & Learn and collaborative communication tools such as the Slack, Friday and Teams platforms.

In addition to this, ALD believes that, for business lines, **training happens mostly on a daily basis** when employees enrich others with their skills and expertise. For example: "Learning on the Job" by ALD Spain or "Learning from each other" by ALD Turkey allowing employees who have mastered certain skills to support other employees who so desire and who would need them in their position. This helps to develop the same skills and partiicpate to promote team spirit.

5.3.3.2 Strategic talents development policy

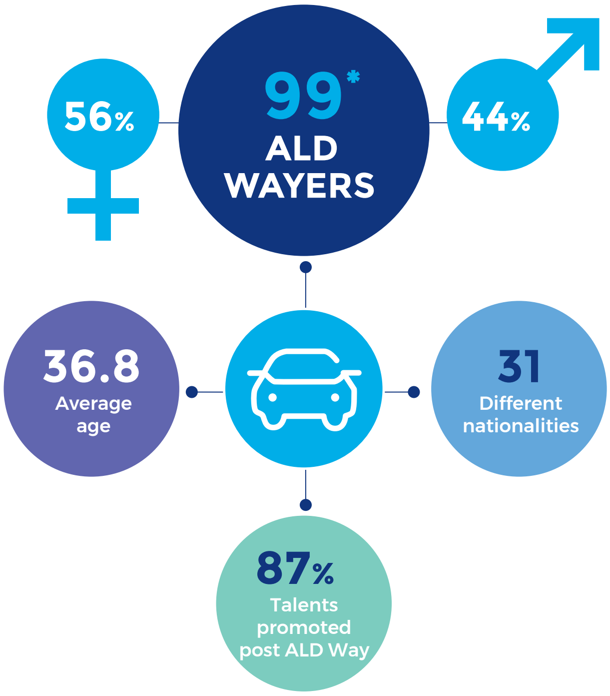
The Strategic Talents initiative common to all Group entities is structured around the Leadership Model and seeks to detect, develop and retain strategic talents in ALD by giving them evolution perspectives within the Group, while ensuring succession plans for management positions.



Since 2016, in addition to Societe Generale's Corporate University programmes, ALD's strategic talents have had a programme specific to the business:

ALDWay: Always Learning & Developing **Way**. This international programme aims to:

- **develop and make visible** the strategic talents and provide them with a perspective on the ALD Group;
- **create a network of strategic talents** willing to collaborate in innovation across functions in the ALD Group;
- **detect and prepare the best strategic talents to be the ALD Leaders of tomorrow**.



** Number of ALD Wayers trained since the launch of the programme. The pandemic in 2020 forced us to cancel and postpone the 2020 ALDWay Class.*

Whereas due to the pandemic, the ALDWay 2020 international programme had to be cancelled and postponed to 2021, local initiatives were launched to support the local talents in our entities.

- ALD Algeria and Morocco launched the TRANSMED development programme, enabling the talents of these two French-speaking entities to work on cross-functional projects under the supervision of ALD France.
- Entities in the Benelux region have set up the "Benelux Talent Academy", enabling talents from these countries to develop and prepare for their first leadership positions. The program should be rolled out as soon as the pandemic ends in 2021.

5

5.3.4 Promoting diversity of talent

Diversity is a response to ethical as well as performance challenges. ALD has made it a priority to promote women and staff with international profiles to positions of responsibility in the Group's management bodies. Some HR processes are key levers for advancing gender balance and internationalisation. These include succession plans with international candidates and profiles, and the creation of Strategic Talent pools. In addition to these priorities, ALD focuses on other aspects of the diversity such as generational issues, disability, etc. Various initiatives are conducted locally, depending on the issues, needs and regulations in different countries.

For example, ALD Spain has embarked on a long-term ALD Diversidad strategy among all of its employees through conferences, events and workshops throughout the year on topics such as the impact of unconscious bias, inspiring leadership through diversity, Design Thinking for innovation and diversity in corporate life. Other entities such as Brazil have launched CSR Committees to speed up the implementation of initiatives and give them greater visibility while involving employees in the coordination of the various actions carried out.

The BVA survey carried out in 2020 in our various entities and including a dedicated diversity and inclusion section confirms the importance of this subject for the Group's employees, but also the recognition of the various initiatives and policies already launched in several entities. This enables to implement a more effective diversity and inclusion programme for all employees so that each of them can feel free to express their differences at work. More than half of employees consider that the company does a good job of promoting the inclusion of people with disabilities (57%), different sexual or gender orientations (58%) or different ethnic origins and/or beliefs/religion (71%). 7.7/10 is the average rate given by ALD Group employees to evaluate inclusion within the workplace; rating which is 0.7 point higher than what is generally observed in other companies (on the basis of other BVA benchmarks).

5.3.4.1 Diversity of international profiles

ALD's employees are spread across four continents and are mainly from the countries that employ them. This diversity has been encouraged throughout the Group's development process and now constitutes an asset that is part of the Company's basic fabric.

The figures as of 31 December 2020:

79% international employees within the Group (non French)

STRATEGIC TALENTS

33 nationalities

74.2% international members

MANAGEMENT BODIES*

41 nationalities

78% international members

**Management bodies of ALD group: Executive Committee and management committees of ALD S.A. (holding) + Operating Board and Chief Executive Officers and management committees of Group entities internationally.*

5.3.4.2 Gender diversity

Gender balance

For each entity of ALD Group, gender diversity is a key topic, being considered as a performance issue for ALD Group. 73% of the Group's employees, as shown by the 2020 BVA survey, believe that the Group is doing enough to promote gender diversity.

Several initiatives have been taken locally to support the careers of women and strengthen their presence, in particular in management committees of each entity. Since 2018, the Chief Executive Officer of ALD Group is being defined an annual target aiming at improving women representation in management bodies. A similar objective will be defined for each Chief Executive Officers of our ALD Group entities from 2021.

As part of ALD's Move 2025 strategic programme, new quantitative objectives have been set as of 31 December 2020:

46% women in the ALD Group

45% women in hires

WOMEN IN STRATEGIC TALENT POOL

29% in 2018

41% in 2019

41.5% in 2020

WOMEN IN THE MANAGEMENT BODIES OF THE ALD GROUP:

26% in 2020

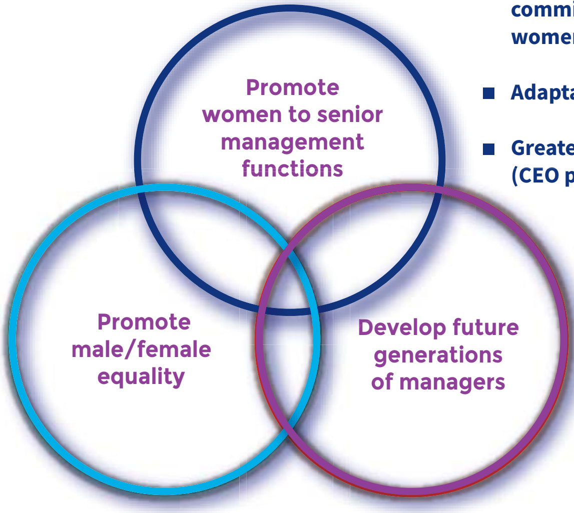
OBJECTIVES BY 2025

35% of women in the ALD Group management bodies

**Management bodies of ALD group: Executive Committee and management committees of ALD S.A. (holding) + Operating Board and Chief Executive Officers and management committees of Group entities internationally.*

To reach these targets by the end of 2025, the ALD Executive Committee has drawn up an action plan with three main levers as part of a long-term strategy:

- **Close monitoring of the executive committee in the development of women GMs**
- **Adaptable career offers**
- **Greater visibility and improved training (CEO program)**



- **Increased attention in Executive Committee and GMs to women's access to positions of responsibility**
- **Reduce salary differences**
- **Measure commitment**

- **Acceleration of visibility via ALDway**
- **Individualized coaching offer**
- **Introduction of a mentoring program**

Legislation introduced in France in 2019 makes it mandatory for companies with over 50 employees to publish an annual gender equality index. This index allocates points according to compensation differentials between men and women by age and comparable job, and differentials in the rates of individual salary increases. This index also takes into account the number of women in the 10 highest-paid jobs in the Company and the% of female employees who have benefited from a pay rise in the year of their return from maternity leave. For ALD France, the promotion rate is an additional criterion.

The points in this index in France should total at least 75. Below this threshold, an action plan must be put in place by the Company.

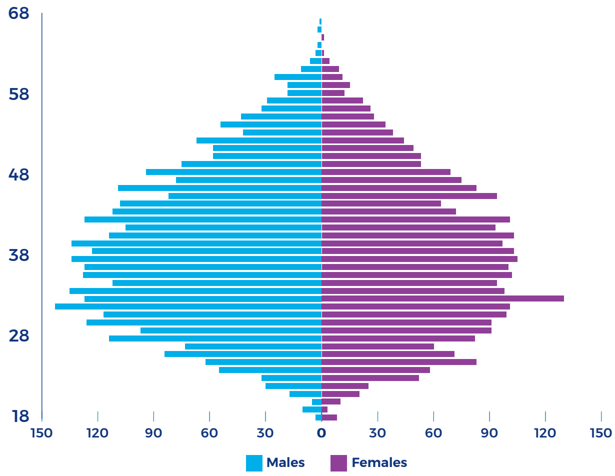
At the end of December 2020, ALD SA and ALD France published index values of 85 and 91 points respectively (versus respectively 79 and 85 in 2019).

With the aim of strengthening the measures related to the gender pay gap and reducing the gaps, it was decided in 2020 to roll out the Gender Equality Index calculation using the same methodology as in France, in ALD's main European subsidiaries, which are ALD United Kingdom, Germany, Italy, and Belgium. The index values based on data as of June 2020 are between 74 and 89 points depending on the country.

Complementary initiatives have also been launched in various subsidiaries such as the creation of specific committees bringing together employees of these subsidiaries (ALD France or ALD Brazil) working to develop action plans and measures to change local policies or practices to support women in their careers at ALD. For example, ALD Italy has established a partnership with the Professional Women's Network (PWN), which promotes gender diversity and mentoring.

5.3.4.3 Age diversity

The ALD Group is a company with a relatively young workforce, as seen in the age pyramid:



- *The average age of ALD employees is 38.8*
- *The average age of women is 38.4*
- *The average age of men is 39.2*

The Group applies the principle of no age-based discrimination throughout the organisation.

Alongside this, other actions are targeted more specifically to young people without training, who require integration.

ALD France is continuing its partnership with the *Ecole de la 2e chance*, an integration programme that supports young people working under professionalisation contracts.

In the same vein, ALD Luxembourg renewed the operation it has been conducting since 2007 taking on a young apprentice so that he/she can acquire an Administrative and Commercial professional diploma (DAP) at the end a two-year course.

5.3.4.4 Inclusion of people with disabilities

Around a dozen agreements have been signed locally in recent years to promote employment and professional integration of people with disabilities, in particular in the ALD entities in France, Germany, Spain, Hungary, Turkey, Brazil and the UK.

At ALD France, it was agreed to set up a ***Mission Handicap*** whose purpose is to increase the percentage of employees with disabilities in the Company. A new agreement covering the period from 2021 to 2023 was unanimously signed by the trade unions representing ALD France on 5 November 2020. As of 31 December 2020, the rate remained at 4.95% for ALD France. For ALD Group, the percentage of employees with disabilities was 1.88% at the end of 2020.

In the last Employee Survey conducted in 2020, 57% of the Group's employees believe that the Group is doing enough to promote the inclusion of people with disabilities.

5.3.5 Key HR data

5.3.5.1 Evolution of the workforce

5.3.5.1.1 Workforce by geographical zone (1)

The table below shows the evolution of the workforce over the last three years. All employees, whether with full-time or part-time work contracts, are counted as 1 in the workforce. It excludes the external workforce such as trainees, service providers and consultants. Adjustment of data outside Europe following the discontinuation of ALD Fortune in China:

	31 December 2018	31 December 2019	31 December 2020
France	1,408	1,401	1,411
Europe (outside France)	4,346	4,511	4,544
Outside Europe	793	796	741
TOTAL	**6,547**	**6,708**	**6,696**

5.3.5.1.2 Hires on permanent contracts

The table below presents the total number of employees hired on permanent contracts over the last three years.

	2018		2019		2020	
	Women	Men	Women	Men	Women	Men
France	110	102	105	119	64	66
Europe (outside France)	352	402	249	397	196	238
Outside Europe	90	130	69	98	56	74
TOTAL	**552**	**634**	**423**	**614**	**316**	**378**

(1) *Change in scope in 2020 following the sale of ALD Fortune (China)*

5.3.5.1.3 Hires on temporary contracts

The table below presents the total number of employees hired on temporary contracts over the last three years.

	2018		2019		2020	
	Women	**Men**	**Women**	**Men**	**Women**	**Men**
France	58	58	51	56	48	47
Europe (outside France)	109	97	122	97	123	81
Outside Europe	13	13	15	11	5	5
TOTAL	**180**	**168**	**188**	**164**	**176**	**133** (1)

5.3.5.1.4 Total departures

The table below shows the total number of departures (including voluntary and involuntary departures, dismissals for cause and termination by mutual consent) from the Group over the last three years:

	2018	2019	2020
France	278	284	192
Europe (outside France)	779	707	522
Outside Europe	179	193	114
TOTAL	**1,236**	**1,184**	**828**

5.3.5.2 Breakdown of the workforce

5.3.5.2.1 Breakdown by country (1)

As of 31 December 2020, the breakdown of the Group's workforce by country was as follows, adjusted for the sale of ALD Fortune in China:

	31 December 2019	31 December 2020
Western EUROPE	4,439	4,462
o/w:		
Belgium	274	272
France	1,401	1,411
Germany	530	522
Italy	589	576
Spain	488	467
UK	635	663
Northern Europe	425	437
Central and Eastern Europe	1,048	1,056
South America, Africa, Asia	796	741
TOTAL	**6,708**	**6,696**

5.3.5.2.2 Breakdown by type of employment contract(1)

The table below shows the proportion of employees on temporary employment contracts over the last three years.

	31 December 2018	31 December 2019	31 December 2020	
	Temporary contracts/Workforce	**Temporary contracts/Workforce**	**Temporary contracts/Workforce**	**Women %**
France	8%	7%	9%	55%
Europe (outside France)	5%	5%	4%	57%
Outside Europe	2%	2%	3%	43%
TOTAL	**7%**	**7%**	**5%**	**55%** (1)

(1) Change in scope in 2020 following the sale of ALD Fortune (China)

5.3.5.2.3 Breakdown by socio-professional category

The table below shows the proportion of salaried managers in the workforce over the last three years.

	31 December 2018	31 December 2019	31 December 2020	
	Managers/Workforce	Managers/Workforce	Managers/Workforce	Share of women
France	19%	19%	18%	37%
Europe (outside France)	19%	18%	19%	38%
Outside Europe	19%	19%	17%	31%
TOTAL	**19%**	**19%**	**19%**	**37%**

5.3.5.2.4 Breakdown by gender

The table below presents the breakdown of the Group's workforce by gender over the last three years.

	31 December 2018		31 December 2019		31 December 2020	
	Women	Men	Women	Men	Women	Men
France	650	758	650	751	677	734
Europe (outside France)	2,010	2,336	2,076	2,435	2,126	2,418
Outside Europe	308	485	311	485	279	462
TOTAL	**2,968**	**3,579**	**3,037**	**3,671**	**3,082**	**3,614**

5.3.5.2.5 Breakdown by age category

The table below presents the breakdown of the Group's workforce by age bracket over the last three years.

	2018	2019	2020
<25 years old	5.3%	5.8%	5.2%
Between 25 and 35 years old	34.6%	32.9%	31.5%
Between 35 and 45 years old	35.1%	35.0%	34.7%
Between 45 and 55 years old	19.9%	20.8%	23.5%
>55 years old	5.2%	5.6%	5.1%
TOTAL	**100.0%**	**100.0%**	**100%**

5.3.5.3 Absenteeism

The table below presents the rate of absenteeism over the last three years.

	31 December 2018	31 December 2019	31 December 2020
Rate of absenteeism	2.66%	2.63%	2.90%

5.3.5.4 Training

The Group invests heavily in training to enable its employees to evolve, to acquire new skills in line with the realities of the Company and their foreseeable career path, and to offer each employee the opportunity to fulfil his or her potential.

NUMBER OF EMPLOYEES WHO ATTENDED AT LEAST ONE TRAINING SESSION DURING THE YEAR

	2018	2019	2020
France	1,292	1,336	1,221
Europe (outside France)	3,954	4,127	4,04
Outside Europe	689	823	675
Total	5,935	6,286	6,100

TOTAL NUMBER OF TRAINING HOURS

	of which distance training	2018	*of which distance training*	2019	*Of which distance training*	2020	*Of which distance training*
France	%	25,105	30%	26,240	23%	9,331	63%
Europe (outside France)	%	79,754	25%	90,078	20%	48,912	57%
Outside Europe	%	15,022	18%	16,880	16%	10,206	62%
TOTAL	**%**	**119,881**	**25%**	**113,198**	**20%**	**68,449**	**68%**

5.3.5.5 Workplace accidents

The table below shows the number of workplace accidents over the last three years, excluding commuting (as defined by local regulations).

	31 December 2018	31 December 2019	31 December 2020
Number of workplace accidents	35	26	6

5.4 Responsible practices

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Contribution to Sustainable Development Goals

5.4.1 Culture of customer satisfaction

Significant risks identified:

- insufficient customer service or lack of advice.

ALD aims to put the customer at the centre of all its concerns and all its projects. In recent years, many initiatives have been conducted to develop a strong customer culture, including training in Design Thinking methods that allow us to start from the customer experience to define new offers or improve existing services. In 2017, ALD also launched a major programme to improve the customer experience called One Ready Smile.

One Ready Smile (ORS) is a turnkey customer experience improvement programme that primarily targets ALD countries with declining NPS scores. The first ORS workshop raises awareness among all employees in the ALD country of customer experience indicators (NPS, CSAT, CES), how they are calculated, the results obtained by the country and the analysis of those results, including the "why" for the scores obtained. One Ready Smile (ORS) is based on satisfaction surveys and very detailed interviews that allow it to integrate both the overall level of satisfaction and the detailed customer comments. This "Voice of the Customer" makes it possible to identify in detail the pain points and to set up targeted workshops to resolve them by systematically studying the experiences of drivers and fleet managers. In addition, key interactions with customers (delivery of a new vehicle, end of contract, return of the vehicle) are reviewed and improved not only for the customer but also from an internal process point of view, including an analysis of digital interactions, channels of communication and a presentation of best practices from the Group at every stage of the process. One Ready Smile raises awareness to cross-functional communication best practices (email, web) and behaviour (on the phone, face-to-face) with the customer. Finally, the use of continuous customer feedback is studied in the ORS workshop using an agile methodology so that countries can implement continuous and autonomous improvement action plans independently.

The Net Promoter Score (NPS) is the measurement of customer satisfaction based on their propensity to recommend the brand, products or services. The NPS is calculated based on satisfaction surveys filled out by drivers and fleet managers/decision-makers for the direct sales channel, B2B and for full-service lease vehicles. It is the subject of regular presentations to the Executive Committee. These local surveys are complemented by measures at the international level, particularly in the specific customer segment of Large International Accounts.

In addition, the ALD Customer Advisory Board, set up two years ago, meets twice a year, and consults major international customers on strategic decisions, particularly regarding product or commercial development.

5.4.2 Behaviours/ethical and responsible culture

Significant risks identified:

- choice of customers/suppliers: corruption, money laundering, embargoes/sanctions;
- choice of customers/suppliers: environmental and social risks;
- purchasing/supply of raw materials for tyres, spare parts, selection of service providers.

ALD, as a subsidiary of Societe Generale, conducts its development in accordance with the values and principles set out in various texts and founding commitments for Societe Generale:

- the Universal Declaration of Human Rights and its complementary commitments;
- the fundamental conventions of the International Labour Organisation (ILO);
- the UNESCO World Heritage Convention;
- the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises;
- the United Nations Guiding Principles on Business and Human Rights.

5.4.2.1 Code of Conduct

The Code of Conduct, common to the entire Societe Generale both in France and abroad, describes the Group's commitments to each stakeholder (customers, employees, investors, suppliers, regulators/supervisors, public/civil society) as well as the expected principles of individual and collective behaviour. It forms the basis of Societe Generale and ALD professional ethics.

It promotes respect for human rights, the environment, prevention of conflicts of interest and corruption, the fight against money laundering and the financing of terrorism, respect for the integrity of markets, protection of data and conduct with respect to gifts and hospitality and responsible purchasing.

These rules go beyond the strict application of the laws and regulations in force, especially when they, in some countries, cannot guarantee compliance the ethical standards imposed by the Group and prevent reputational risks.

It also sets forth the procedures for exercising the right of whistle-blowing when a particular situation warrants it and notes that the Group protects whistle-blowers and guarantees their anonymity when local law allows it. In early 2019 the Group rolled out a new secure and anonymous whistle-blowing tool.

The Code of Conduct is available to all stakeholders on Societe Generale's website (https://www.societegenerale.com/sites/default/files/documents/Code%20de%20conduite/code_of_conduct_eng.pdf).

The culture and conduct programme

Initiated in 2016, the Culture and Conduct programme aims to build stakeholder confidence in Societe Generale and its business units, including ALD, by putting values, quality of leadership, and behavioural integrity at the core of its business activity to achieve the highest standards of quality of service and integrity.

There were workshops for all staff in 2018 in order to ensure that this programme was correctly assimilated. Since the end of 2019, each year, an appropriation test involving all employees is organised using the MyLearning training platform.

In 2020, the Culture and Conduct program moved from the project phase to run phase with the designation of a co-sponsorship by two members of the Group's General Management, the Chief Administrative Officer and the Head of Human Resources, as well as the formalisation of a roadmap.

5.4.2.2 The fight against corruption

ALD is an integral part of the Societe Generale's system of anti-corruption obligations (stemming in particular from the Sapin II law) and of those stemming from the law on the Duty of Care, which require the establishment and implementation of a vigilance plan to identify risks and prevent serious violations of human rights, fundamental freedoms, personal health and safety and the environment.

In this regard, all previous commitments made by Societe Generale apply de facto to ALD. Since 2000, Societe Generale has made commitments under the Wolfsberg Group and, in 2003, the Global Compact. In practice these commitments are reflected in:

- the application of the internal anti-money laundering and anti-terrorist financing scheme, as well as the fight against corruption;
- the application of strict principles that are set out in its Code of Conduct and its Code governing the fight against corruption and influence peddling;
- the updating of the framework standards and the strengthening of mechanisms relating to gifts and events, the management of conflicts of interest, the whistle-blowing mechanism within the framework of the transparency law, the fight against corruption and the modernisation of economic life (so-called Sapin II).

In 2020 specifically, ALD started the full application of the anti-corruption section of the Societe Generale remediation programme, which gave rise to the following actions:

- the strengthening of the regulatory framework for entering into relations with third-party suppliers and partners, and also when hiring new employees;
- the implementation of a control system for donations and sponsorships, and more generally, the framework standards and the strengthening of mechanisms relating to the management of conflicts of interest (implementation of registers, a tool to identify conflicts of interest of people exposed to the risk of corruption) and actions to represent interests;
- the implementation of a corruption risk mapping exercise and implementation of action plans.

Note that ALD does not have a legal obligation to formalise its own Vigilance Plan but it signs up fully to Societe Generale's, which is presented in its Universal Registration Document.

5.4.2.3 Environmental and Social policies

Sector and cross-Group E&S policies

Developed by cross-functional working groups, the E&S policies are approved by Societe Generale General Management and implemented within ALD.

They spell out the main E&S issues and risks for the sectors covered, identify the international standards of reference, and provide a framework for analysis, which is used in customer evaluations and the resulting transactions. In a continuous improvement process, a sector watch is carried out to evaluate whether existing policies need to be updated. These policies will also be reviewed in the light of the findings of the mapping carried out as part of the duty of care.

The 12 E&S policies cover the sectors which are considered to be potentially sensitive from an E&S or ethical standpoint. Energy and extractive industries are covered by several sectoral policies, through their potentially significant impacts in terms of emissions (including greenhouse gases) and their effect both on the natural environment and local communities (dams and hydro-electric power, thermal power stations, coal-fired power stations, mines, civil nuclear, oil and gas). Agricultural and forestry exploitation are also the subject of several policies (agriculture, fishing and agri-food, logging and palm oil production). Defence and merchant vessels are also covered E&S policies are public and accessible on the Societe Generale website:

https://www.societegenerale.com/en/publications-documents?theme=rse. These policies are systematically circulated to the ALD local teams responsible for the Know Your Customer (KYC) process.

E&S watch list (or identification list)

In order to facilitate the management of E&S risks, a watch list is prepared and updated quarterly by Societe Generale experts. This list shows the projects, companies or sectors of activity/countries that are the subject of controversy or public campaigns by civil society for E&S reasons. This internal list aims to alert operational teams ahead of the customer and transaction review process to establish a stronger E&S assessment for the transactions and customers in question.

E&S exclusion list

In addition to the watch list, an exclusion list has been prepared by Societe Generale and is updated on a quarterly basis. It includes companies excluded from the sectorial defence policy because of their involvement in the production, storage or marketing of controversial weapons, including anti-personnel mines or cluster munitions. Societe Generale has undertaken not to knowingly provide banking and financial services to these companies, their parent companies or their subsidiaries. Exclusions are also made on a case-by-case basis, in particular for new account analyses or specific types of activities.

Before entering into a relationship with a new customer, and during the renewal of dedicated credit lines, the monitoring and exclusion lists are systematically examined by the local functions in charge of the KYC processes. Any cases presenting risks related to the monitoring lists and sector policies are sent to the Compliance and CSR Department of ALD SA for analysis (18 cases reported in 2020).

5.4.3 Responsible purchasing

The Purchasing sector is an important factor in CSR goals, since ALD is integrated into the policies and practices of the Societe Generale. The Positive Sourcing Programme, the fourth Responsible Purchasing action plan, focuses on strengthening CSR risk management at every stage of the purchasing process.

Structure

For several years, ALD has been strengthening its Purchasing Department at ALD SA to better coordinate the production (or “direct”) purchases of all ALD entities and apply the principles and rules defined at Societe Generale level, particularly with regard to CSR. Accordingly, in terms of production purchases (directly related to leasing operations) through, centralised tendering in ALD SA’s Purchasing Department is conducted in close collaboration with the Societe Generale Purchasing Department.

For other categories of “indirect” purchases made in France (whether by ALD France or ALD SA), such as supplies, travel, mobile telephony or building management, for example, ALD France and ALD SA benefit from master agreements negotiated by the Societe Generale Purchasing Department. Lastly, for certain categories, ALD France works closely with the Societe Generale Purchasing Department.

Risk identification, evaluation and control in the purchasing process

In 2006, Societe Generale defined its first Purchasing-related environmental and social risk map, thus allowing each buyer to assess the CSR risks intrinsic to its purchasing categories. A complete review of that map was conducted between 2017 and 2018 in consortium with three other French banks and with the support of a specialised consulting firm. The map covers almost 100 categories of products or services, every category is analysed according to 13 criteria linked to ethics and fair practice, the environment, human rights and social conditions, and finally ranked according to 4 levels of risk, from weak to very strong.

The duplication of this approach at the level of approximately twenty ALD-specific “production” purchasing categories using the same methodology was finalised in 2020. It has already been used as a methodological support in international calls for tender and will be widely distributed in 2021 (see below).

Know your supplier (KYS) analysis

Tier 1 suppliers are assessed against Societe Generale standards and international standards for operational risk management, compliance and reputation (including environmental and social issues). This assessment is systematic and is the subject of an internal Directive and incorporates the fundamentals of the Know Your Customer (KYC) process described in Section 5.4.2.3.

Integration of E&S criteria into tender processes

Based on the risks identified in the new Purchasing-related CSR risk map, CSR criteria specific to each eligible purchasing category are integrated into the main calls for tender and taken into account in their analysis. The level of weighting of these criteria in the supplier’s final choice depends on the level of risk identified by the mapping. The main international calls for tender launched by ALD SA’s Purchasing Department include this mechanism (short-term hire in 2019, tyres in 2020). The two categories that were the subject of this referencing process represent more than EUR 200 million in annual expenditure, and the international suppliers selected around 80% of these purchases. In 2020, the weight of CSR criteria in the overall rating reached 15% for the categories carrying the highest environmental and social risk.

Responsible purchasing charter and CSR clause in contracts

The CSR clause that was updated in 2018 is now integrated into all new contract templates. It refers to the Societe Generale Code of Conduct and the Responsible Purchasing Charter. Its purpose is to involve suppliers in the implementation of vigilance measures in the fields of human rights, working conditions (health and safety), the environment and the fight against corruption.

5.4.4 Data protection

After the structural transformations undertaken for the entry into force of the General Data Protection Regulation in 2018, in 2020 ALD has continued to strengthen its privacy protection policies. This additional year of applying the GDPR has notably helped to consolidate the status of personal data protection as an essential value of the ALD Group; at the same time, the compliance mechanism has been adjusted to the recommendations of the regulator and the feedback from third parties.

The network of local correspondents trained in personal data protection in all ALD entities under the GDPR scope have ensured the correct application of the “privacy by design” and “privacy by default” dimensions. Keeping processing registers, carrying out Privacy Impact Assessments or the strict management of incidents have become an integral part of the life of the ALD Group, and enable it to have respect for people’s privacy at the heart of its activity. In 2020, for example, just under 200 requests to exercise such rights were processed within the Group to comply with the laws on personal data.

This setup, managed centrally by a Data Protection Officer reporting directly to the General Secretary and the designated contact person who liaises with the competent national authority, is set to be further strengthened, notably reflecting future regulatory developments such as the E-Privacy regulation, and also strengthening its control mechanisms. As a part of Societe Generale’s comprehensive governance of IT, legal and cybersecurity processes, its objective is not only to ensure ALD’s compliance in the area of personal data processing, but also to ensure its capacity to continue to develop its service offering in a spirit of mutual trust with its stakeholders.

Summary of actions linked to Section 5.5.

CSR issue (description)	Policies implemented (description)	Indicator (type indicator/box)	Objective Qualitative/quantitative (indicator type/box)	Result (indicator type/box) 2020	2019	2018
Client service	One Ready Smile Programme	NPS	Improvement of the NPS	33%	36%	31%
Selection of suppliers	E&S Verification KYS process launch	Number of ALD entities that have adopted systematic GR63.3 in describing the KYS	100%	42	11	5
Selection of suppliers	Consideration of CSR aspects in E&S aspects in the selection of purchasing decisions its suppliers	Integration into all international tenders	100%	100%	100%	N/A
		Number of ALD entities taking into account	Cover strategic categories and increase the scope geographical	24	19	0
Culture and Conduct	Appropriation test [1] [2]	% of target population trained	100% [2]	89% [1]		

(1) Training received by 50% of Group employees.
(2) In 2021, the training will be distributed to the remaining entities with a target of 100% of employees trained by the end of 2021.

2020 Highlights	2021 Priorities
High NPS maintained despite the impact of COVID-19 Deployment of the "Group Regulation GR63.3" describing the needs for launching KYS according to risk levels Implementation of a CSR scoring system with a weighting of 15% as part of the international call for tenders for the Tyres business. Implementation of a CSR scoring system with a weighting of 10% as part of the international call for tenders for the Maintenance business. Roll-out of the risk mapping tool linked to direct and indirect purchases ALD continues to implement the anti-corruption component of Societe Generale's remediation programme Deployment of a new tool for declaring conflicts of interest for managers exposed to the risk of corruption Execution of a corruption risk mapping exercise	Continue to improve the customer experience, particularly on the digital channel Implementation of a Purchasing Policy as part of a Group Regulation (GR) including a "Responsible Purchasing" component that will be rolled out in all ALD entities. Update of the corruption risk mapping exercise Launch of a Sustainable IT programme

Move 2025: Move for Good

Implementing responsible business culture & practices

- Ethics and governance
- Responsible purchasing
- Customer satisfaction

ESG embedded in
100% policy, process, controls
with external stakeholders

NPS*
>40%

**Net Promoter Score. Measure of client satisfaction (on fleet managers and drivers) defined as difference between % of promoters and detractors. Measure is updated annually.*

5.5 Responsible conduct of the Group's own operations

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5.5.1 2014-2020 carbon reduction programme

As a subsidiary of Societe Generale, ALD is a party to the 2014-2020 carbon reduction programme and has made a commitment to reduce its greenhouse gas (GHG) emissions by 25% per occupant and increase by 20% the energy efficiency per occupant of Societe Generale's buildings in 2020 compared to 2014.

This proactive programme is accompanied by an "internal carbon tax" system that has been in place for seven years at Societe Generale. This programme has been enriched over the years and is based on a double incentive mechanism. Each year, a carbon tax is applied to Societe Generale entities based on their greenhouse gas emissions (EUR 10/t CO_2eq), and the amount collected is redistributed to reward the best internal environmental efficiency initiatives as part of the Environmental Efficiency Award. Following the COVID-19 crisis, the 2020 edition was cancelled; all the initiatives put in place during 2019 and 2020 will be eligible for the 2021 edition.

5.5.2 Entity carbon footprints

For the 42 ALD entities that participated in the collection campaign this year (same scope as the previous year), greenhouse gas (GHG) emissions are estimated at 7,810 tonnes of CO_2 equivalent (for direct and indirect emissions related to energy, business travel and total paper consumption), or 1.34 tonnes of CO_2 equivalent per occupant, down 35% compared to the 2014 base on a like-for-like basis (with the exception of emissions from entities in Chile, Peru and Colombia, acquired in 2015, 2016 and 2017 respectively). ALD therefore closed the plan ten points above the target (-35% *vs.* -25%). Obviously, this result includes the effect of successive lockdowns due to the COVID-19 pandemic.

As part of the Move 2025 strategy, the new target that the ALD Group has set itself in terms of internal emissions reductions is 30% compared to 2019 (as the year 2020 is an atypical year, it seemed more appropriate to take the year before as a reference).

Premises

Building energy efficiency is a major focus of Societe Generale's environmental policy.

In 2020, electricity consumption was 13.6 GWh for all 42 entities; purchases of certified electricity from renewable sources this year accounted for 20% of this total.

Gas consumption was 4.5 GWh over the reference period, which represents a fall of 30% *vs.* 2014.

Consumption of fuel oil and other fluids (steam and chilled water) remained negligible in 2020, while consumption of superheated water remained stable (-1% compared to 2019) and stood at 1.9 GWh (-1% versus 2019).

The total energy consumption of the buildings occupied by ALD amounted to 20 GWh in 2020, for consumption of 3,066kWh per occupant, down by 22% *vs.* 2014 and +9% *vs.* 2019. The five-year target of -20% has therefore also been achieved. The increase compared to last year is mainly due to an improvement in the quality of the reported gas data in the three entities: Germany, Luxembourg and the Netherlands.

As part of the 2025 strategy, ALD intends to continue improving its energy performance (target to be defined during 2021) and will achieve 50% of renewable energy purchases.

Travel

The very high degree of internationalisation of ALD means that there is a very high level of air travel. To limit trips, audio or videoconferencing exchanges are strongly encouraged. The ALD SA new headquarters as well as the majority of other sites were fitted out with the equipment needed for audio conferences.

The pandemic and the lockdowns that characterised 2020 affected the travel habits of ALD employees, who this year travelled a total of 29 million km – by plane, train and car – for their business travel. The CO_2 emissions generated by these trips amounted to 3,204 tonnes, down 37% *vs.* 2019 and 32% *vs.* 2014.

For emissions related to commuting, targeted actions had already been rolled out in 2019 to promote alternative solutions to individual vehicle use. The main entities located in France (headquarters of ALD SA and ALD France) created a mobility plan proposing new solutions for travel and working conditions. At ALD headquarters and in many subsidiaries, a car-sharing service is in place. In certain subsidiaries (such as the Benelux hub or ALD France based in Strasbourg), employees are provided with electrically assisted bicycles. The deployment of this solution at other sites in France is under consideration.

In addition, as mentioned in Section 5.3.2.3, the pandemic has accelerated the adoption of teleworking in all Group entities. The results of the internal Pulse Survey confirmed the need to transform the organisation of work into an ordinary mode (outside crisis situations).

The roll-out and increase in teleworking days per employee will automatically have an impact on home-work travel emissions.

Paper consumption

As the leading consumable used by service activities, paper represents a significant economic challenge and a sensitive environmental theme (waste management, combating climate change and pollution).

ALD's total paper consumption amounted to 106 tonnes in 2020, a decrease of 31% compared to 2019 and -49% compared to 2014; 25% of the paper purchased by the Group is recycled.

Teleworking has impacted the results for 2020. However, the positive trend that we have seen in recent years is the result of various actions carried out across the Group, such as the proper use of printers, the dematerialisation of paper in favour of digital technology and the use of recycled paper. ALD France launched a major dematerialisation project in 2020. Pool printing solutions (centralised badge printing) widely deployed within the Group reduce the number of printers and the use of paper and ink and thus contribute to the reduction of greenhouse gas emissions and to waste reduction (cartridges, maintenance kit, paper).

Water consumption

In 2020, ALD recorded water consumption of 94 thousand m^3 with an average consumption per occupant of $10m^3$, stable compared to 2019.

Waste management

Due to the nature of its activities, which involve the predominantly administrative tertiary sector, ALD generates very little specialised waste.

With regard to ordinary waste (non-hazardous industrial waste NHIW), its handling and processing are part of sectors over which ALD entities often have little control, particularly when their teams are located in buildings shared with other companies.

However, paper and cardboard are collected separately.

Waste electrical and electronic equipment (WEEE) as well as the furniture replaced during office moves.

They represent low and non-recurrent volumes. With regard to computer waste in particular, the Group has an increasing number of partnerships with associations/companies that deal with the recovery/reuse/recycling of such equipment (such as the partnership between ALD SA and ECODAIR and between ALD Belgium and OUT OF USE, etc.).

Estimated waste production in 2020 was 423 tonnes, a decrease of 31% compared to 2019.

CSR issue (description)	Policies implemented (description)	Indicator (indicator type/box)	Objective Qualitative/quantitative (indicator type/box)	Result (indicator type/box)		
				2020	2019	2018
Carbon footprint of internal emissions	Reduction of GHG emissions	GHG p/occupant	-25% 2020 *vs.* 2014	-35%	-17%	-18%

Move 2025: Move for Good

Reducing our internal environmental footprint

- Carbon reduction programme

- 30%
internal emissions
vs. 2019

5.6 Non-financial ratings

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The year 2020 was also marked by very intense activity in terms of non-financial assessments.

For many years, ALD has been subject to a CSR assessment conducted by EcoVadis at Group and subsidiary level. At the end 2020, 20 Group entities had an EcoVadis assessment: 4 have Platinum status (Luxembourg, Poland, Spain, UK), 8 Gold (ALD SA – Group, Austria, Belgium, Croatia, France, Slovakia, Slovenia, Switzerland), 8 Silver (Czech Republic, Germany, Hungary, Italy, Romania, Russia, Ukraine). We aim to continue to extend the scope of this evaluation in 2021. With a score of 70, the ALD Group is in the Top 3% of companies assessed.

The table below provides an overview of the ratings and non-financial assessments received by the Group.

ALD France has obtained "CSR Committed status" after the AFAQ 26,000 audit carried out by AFNOR. Six other countries have ISO 14001 certification (Spain, Italy, the Netherlands, Romania, Sweden and UK). These seven countries represent 64% of the global fleet managed by ALD. In addition, fourteen countries have ISO 9001 certification. Fourteen countries have ISO 9001 certification.

Another assessment by an important external stakeholder: the customers. In the annual survey of large international customers, 62% of them consider ALD to be a socially responsible partner.

Agencies	2019	2020	Position vs Peers
ecovadis	Gold : 68/100	Gold : 70/100	Top 3% of companies in our sector
CDP	D	B	Above rental & leasing sector average: C
MSCI ESG RATINGS	A	A	Top 40% within the Trading Companies & Distributors
vigeo eiris	n/a	67/100	Category 'Advanced' Ranking 3rd among the 102 companies in the Business Support Services sector panel worldwide
SUSTAINALYTICS	n/a	15.3	Top 8% on global, Universe, Top 3% within Transportation
Gaïa Rating	76/100	79/100	ALD in leading category - Top 15% within the Services sector
FTSE4Good	FTSE Russell ESG Rating: 3.3	FTSE Russell ESG Rating: 3.5	Percentile rank: 76 Included in the FTSE4Good Index Series

5.7 Methodological note

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The purpose of this notice is to explain the reporting methodology used by ALD to develop the indicators contained in this document (specifically, Section 5.2 “Sustainable mobility”; Section 5.3 “Responsible Employer”; Section 5.5 "Responsible conduct of Group's own operations").

5.7.1 Scope of the report

For environmental data related to its own business activities, in compliance with Societe Generale’s scope criteria whereby reporting is mandatory for all fully-consolidated entities within Societe Generale plus all companies in which Societe Generale holds at least 50% of the shares, ALD has integrated all of its entities (42 subsidiaries). Regarding the social data campaign providing data for the human resources indicators, as well as the data related to sustainable mobility, ALD has integrated all of its entities (42 subsidiaries) [(1)].

Note: for the entity in China, sale announced 23 December 2019 and completed 2 March 2020.

5.7.2 Reporting protocol used

Most of the information in this report is based on data provided in accordance with Societe Generale’s CSR reporting protocol. Most of these data are collected *via* the “Planethic Reporting” tool which is used by all Societe Generale entities. This data collection and consolidation are carried out under the supervision of Societe Generale’s CSR Department. They are coordinated at ALD SA level by the CSR Department. Societe Generale reviews and optimises this process of collecting information and its CSR indicators each year. This revision has not however prompted any fundamental change in the protocol, which has remained relatively stable over the past few years.

5.7.3 Indicators

5.7.3.1 Details of social indicators

Permanent contract (PC) turnover is the ratio between the total number of PC employee departures/total PC workforce. The absenteeism rate is the ratio between the total number of paid days of absence/the total number of days paid. Most entities in the reporting scope input data related to the social indicators. However, for certain indicators, such as average compensation, where comparisons cannot really be drawn between one country and another, the analysis is limited to the French scope. In this case the scope is explicitly indicated.

5.7.3.2 Details of environmental indicators for the Group’s own data

Coverage of the collection scope corresponds to the ratio of the number of employees of entities having participated in the collection campaign to the number of employees of entities included in the scope.

The notion of occupant covers all people who, due to their presence or activity on the site in question, consume energy, water and paper, travel and produce waste. In addition to staff members employed under permanent or fixed-term contracts (including seconded employees, temporary workers, trainees and work-study trainees), this notion includes contractors and subcontractors working on-site as at 30 September. As such, it is more extensive than the number of employees counted to establish social indicators, it being specified that the notion of occupant concerns the number of persons rather than that of Full Time Equivalents which takes into account the possibility of part-time employees.

Data are calculated on the basis of invoices, statements made by contributors, information received from suppliers and real estate managers, or on the basis of estimates. Collected data relating to water, energy (electricity, water vapour, chilled water, fuel and gas), office paper or transport are related to the number of occupants declared by the entity. Total energy consumption is also reported in terms of surface area (expressed in m^2). For buildings that are shared with other Societe Generale entities, both the square meter and the workforce indicators serve to ensure the distribution of collected data.

Water consumption and waste generation data are still difficult to obtain, due either to the absence of individualised meters, or to the small amount of waste generated per site and their processing when collection is carried out by local authorities. More precise data could be collected in all cases where selective sorting and/or recycling systems have been put in place by the entity.

5.7.4 Reporting period

With certain exceptions (data reported for 41 entities), data related to sustainable mobility (Section 5.2) and social indicators (Sections 5.3 and 5.4) are calculated on an annual basis running from 1 January to 31 December 2020, with the closing date for data being 31 December 2020.

The Group’s own quantified environmental indicators are generally established over a rolling 12-month period from 1 October 2019 to 30 September 2020, with the data finalised on 30 September 2020.

(1) Malaysia, where trading only began in December 2020, is excluded from the scope of the 2020 figures.

5.7.5 Data collection

The methods used for data collection and consolidation are as follows:

- **for sustainable mobility indicators:**
  - data on the proportion of diesel and "green" vehicles in deliveries, as well as average CO_2 emissions of the fleet averages are extracted from the ALD data warehouse, and therefore cover the 42 subsidiaries. Note that the average emissions of CO_2 are the officially approval data from manufacturers,
  - data specifically linked to the "green" vehicle fleet are from the *ad hoc* reporting process put in place to more closely monitor this emerging activity and emanate from the 28 countries representing more than 95% of the business for this type of vehicle. These figures cover the following technologies: battery-powered electric vehicles, battery vehicles with extended range capability, hydrogen vehicles, non-rechargeable hybrid vehicles (petrol and diesel), plug-in hybrid vehicles (petrol and diesel). The Vehicles powered by gas, flex-fuel, bioethanol and mild hybrids as well as 2-wheeled vehicles are excluded;
- **almost all other data are collected at the level of each site using the "Planethic Reporting" tool:**

  All contributors are officially informed at the launch of each collection campaign. This notably includes the campaign schedule and an updated version of the protocol for the domain concerned so that each contributor can easily find the definition and application criteria of each indicator.

The "Planethic Reporting" tool provides several levels of control:

- the data collectors input the data related to their subsidiary;
- the validators check the data input within their entity before validation;
- the central administrators at Societe Generale level carry out the last controls before the final consolidation.

Controls to verify any change vs. the previous year are carried out for most of the environmental indicators: if the recorded data is 30% higher or lower than the previous year, a message is sent to alert the contributor who must explain and justify the difference.

Certain data, in particular those concerning ALD SA and Temsys (ALD France), are collected directly from the Societe Generale support departments (the Real Estate and the Purchasing Departments).

In particular, transport and paper data concerning the French entities are integrated into the reporting tool by the CSR Department using files provided by the Purchasing Department:

1. Transport data

For distances travelled by plane and by train, the travel agency referenced in France by Societe Generale lists the distances travelled for each customer entity, and in particular for ALD SA and Temsys (ALD France), the distances travelled.

2. Paper consumption

While the reporting scope for paper mainly concerns photocopying paper, it also includes, as far as possible, all customer paper (including invoices), envelopes and other types of paper.

In terms of office supplies, the Societe Generale-referenced company in France communicates data by entity, including ALD SA and Temsys (ALD France), concerning the quantities of office paper purchased during the year as well as those of unmarked envelopes.

These data are then consolidated at the ALD level with the assistance of Societe Generale's CSR Department for environmental and corporate sponsorship data and by the Human Resources Department for social data.

5.7.6 Calculation of CO_2 emissions for the Group's own account

The calculation of CO_2 emissions by Societe Generale, and therefore by ALD, is based on a 3-scope structure:

- scope 1, which includes direct emissions related to energy consumption (mains gas and fuel oil), as well as fugitive gas emissions related to cooling systems;
- scope 2, which includes indirect emissions related to energy consumption (electricity, water vapour and external chilled water);
- scope 3, which includes GHG emissions generated by business travel, office paper consumption and waste generation.

CO_2 emissions are calculated using the GHG Protocol method [(1)].

With regard to emissions generated by air travel, from this year the calculation has taken into account not only the distance travelled, but also the class of travel.

(1) *The Green House Gas (GHG) Protocol accounting standard introduced in 1998 by the World Resource Institute and the World Business Council for Sustainable Development is today the most widely recognised method for carbon accounting. Scope 3 concerns other indirect emissions caused by the Company's activities, which come from sources other than those related to energy or from sources that the Company uses but does not own.*

5.8 Independent third party's report on consolidated non-financial statement

For the year ended 31st December 2020

This is a free translation into English of the original report issued in the French language and it is provided solely for the convenience of English-speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In our quality as an independent verifier, accredited by the COFRAC under number n° 3-1681 (scope of accreditation available on the website www.cofrac.fr), and as a member of the network of one of the statutory auditors of your company (hereafter « entity »), we present our report on the consolidated non-financial statement established for the year ended 31st December 2020 (hereafter referred to as the "Statement"), presented in the management report pursuant to the provisions of articles L. 225 102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

Responsibility of the entity

It is the responsibility of the Board of Directors to prepare the Statement, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the procedures of the entity (hereafter referred to as the "Guidelines"), the significant elements of which are presented in the Statement.

Independence and quality control

Our independence is defined by the provisions of the article L. 822-11-3 of the French commercial Code (Code de commerce) and by the Code of Ethics of our profession. In addition, we have implemented a quality control system, including documented policies and procedures to ensure compliance with applicable legal and regulatory requirements, ethical standards, and professional doctrine.

Responsibility of the independent verifier

It is our role, based on our work, to express a limited assurance conclusion on:

- the compliance of the Statement with the provisions of article R. 225-105 of the French commercial Code;
- the fairness of the information provided pursuant to paragraph 3 of I and II of article R. 225 105 of the French commercial Code, namely the results of the policies, including key performance indicators, and the actions related to the main risks (hereinafter the "Information").

Nonetheless, it is not our responsibility to express any form of conclusion on the entity's compliance with other applicable legal and regulatory provisions, in particular the French duty of care law and anti-corruption and tax avoidance legislation, nor on the compliance of products and services with applicable regulations.

Nature and scope of the work

Our work described below has been carried out in accordance with the provisions of articles A. 225 1 et seq. of the French Commercial Code as well as with the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements and with ISAE 3000[(1)]:

- we obtained an understanding of all the consolidated entities' activities and the description of the main risks;
- we assessed the suitability of the Guidelines with respect to their relevance, comprehensiveness, reliability, neutrality and understandability by taking into consideration, if relevant, the best practices of the industry;
- we verified that the Statement includes each category of information provided in article L. 225-102-1 III regarding social and environmental matters, as well as the information provided in the second paragraph of article L. 22-10-36 of the French commercial Code regarding the respect for human rights and the fight against corruption and tax evasion;
- we verified that the Statement provides the information required under article R. 225-105 II where relevant to the main risks and includes, where applicable, an explanation for the absence of the information required under article L. 225-102-1 III, paragraph 2 of the French commercial Code;
- we verified that the Statement presents the business model and a description of the main risks related to the activity of all the entities included in the scope of consolidation; including, if relevant and proportionate, the risks created through its business relationships, products or services, policies, actions and results, of which the key performance indicators associated with the main risks are part;
- we referred to documentary sources and conducted interviews to:
  - assess the process undertaken to identify and validate the main risks as well as the consistency of the outcomes, including the key performance indicators selected, in accordance with the main risks and the policies presented, and
  - corroborate the qualitative information (actions and results) that we considered to be the most important (presented in the annex 1). For certain risks our work was carried out on the consolidating entity and on a selection of entities listed hereafter: ALD Italy and ALD Netherlands;
- we verified that the Statement covers the consolidated scope, i.e. all the entities included in the scope of consolidation in accordance with article L. 233-16 of the French commercial Code, within the limitations set out in the Statement;

(1) ISAE 3000 - Assurance engagements other than audits or reviews of historical financial information

- we obtained an understanding of the internal control and risk management procedures implemented by the entity and assessed the data collection process to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes that we considered to be the most important (presented in the annex 1), we implemented:
  - analytical procedures to verify the correct consolidation of the collected data as well as the consistency of their evolutions;
  - detailed tests based on samples, consisting of checking the correct application of the definitions and procedures and reconciling the data with supporting documents. This work was carried out with the contributing entities listed above and cover between 13% and 14% of consolidated data selected for these tests (13% of headcount and 14% of vehicle fleet);
- We assessed the overall consistency of the Statement based on our knowledge of the entities included in consolidated scope.

We believe that the work we have carried out by exercising our professional judgment allows us to express a limited assurance conclusion; an assurance of a higher level would have required more extensive verification work.

Means and resources

Our verification work mobilised the skills of six people and took place between December 2020 and March 2021 on a total duration of intervention of eight weeks.

We conducted four interviews with the persons responsible for the preparation of the Statement, in charge of either the risk analysis, the definition and the implementation of the policies, the collection and the control of the information, or the writing of the texts published.

Conclusion

Based on our work, we have not identified any significant misstatement that causes us not to believe that the non-financial statement complies with the applicable regulatory provisions and that the Information, taken together, are fairly presented, in compliance with the Guidelines.

Paris-La Défense, 12 April 2021

Independent third party

EY & Associés

Hassan Baaj
Partner

Caroline Delérable
Partner, Sustainable Development

Annex 1: Information considered as the most important

Social information

Qualitative Information (Actions or results)	Quantitative information (Key performance indicators)
• Employees' training • Gender equality • Well-being at work	• Average number of hours of training per employee who attended at least one training session • Number of permanent contract positions filled internally (%)

Business information (including environmental and societal)

Qualitative Information (Actions or results)	Quantitative information (Key performance indicators)
• Program implemented for the increase of the share of green vehicles in the fleet • New mobility strategy and deployment of resulting offers • Consultancy strategy and deployment of resulting solutions and offers	• Number of green vehicles (electric or hybrid vehicles) in the fleet • Share of diesel vehicles in 2020 contracts (%) • Electricity consumption from suppliers • Gas consumption • Distances travelled for business trips by plane • Distances travelled for business trips by cars on long-term lease or belonging to the company

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6.1 Consolidated financial statements

6.1.1 Consolidated income statement and statement of comprehensive income

Consolidated income statement

(in EUR million)	Notes	Year ended 31 December 2020	2019*
Leasing contract revenues [1]	8a,8d	4,428.0	4,417.7
Leasing contract costs – depreciation	8a	(3,612.8)	(3,559.5)
Leasing contract costs – financing [1]	8a	(179.5)	(210.8)
Unrealised gains/losses on financial instruments	8a	(9.6)	16.7
Leasing contract margin		**626.1**	**664.1**
Services revenues	8b,8d	2,127.9	2,178.4
Cost of services revenues	8b	(1,497.6)	(1,546.1)
Services margin		**630.3**	**632.3**
Proceeds of cars sold	8c,8d	3,378.3	3,097.4
Cost of cars sold	8c	(3,317.1)	(3,022.4)
Used Car Sales result		**61.1**	**75.0**
GROSS OPERATING INCOME		**1,317.5**	**1,371.4**
Staff expenses	10	(408.4)	(409.3)
General and administrative expenses	11	(162.4)	(166.9)
Depreciation and amortisation	12	(62.9)	(58.8)
Total Operating Expenses		**(633.7)**	**(635.0)**
Impairment charges on receivables	9	(71.1)	(45.0)
OPERATING RESULT		**612.7**	**691.4**
Share of profit of associates and jointly controlled entities		1.9	1.8
Profit before tax		**614.6**	**693.2**
Income tax expense	13	(108.9)	(122.2)
Profit for the period from continuing operations		505.7	571.0
Profit after tax for the period from discontinued operations		10.0	
NET INCOME		**515.7**	**571.0**
Net income attributable to:			
Owners of the Company		**509.8**	**564.2**
Non-controlling interests		5.8	6.8
Earnings per share for Net income attributable to the owners of the parent:			
Basic earnings per share (in EUR)	33	1.26	1.40
Diluted earnings per share (in EUR)	33	1.26	1.40
Earnings per share from continuing operations attributable to the owners of the parent:			
Basic earnings per share (in EUR)	33	1.24	1.40
Diluted earnings per share (in EUR)	33	1.24	1.40

(1) Consolidated Income statement for the year ended 31 December 2019 has been restated due to reclassification of EUR 84 million between "Leasing contract revenues" and "Leasing contract costs – financing" for correct finance lease revenues presentation. Impact of this reclassification on "Leasing contract margin" is nil. Details of this restatement are disclosed in note 8 "Revenues and Cost of Revenues".

Consolidated statement of comprehensive income

(in EUR million)	Notes	Year ended 31 December 2020	2019
NET INCOME		**515.7**	**571.0**
Items that will not be reclassified subsequently to profit or loss		**(0.6)**	**(1.4)**
Changes in actuarial gain/(Loss) on retirement benefit, before tax		(0.8)	(1.9)
Deferred tax on actuarial gain/(Loss) on retirement benefit		0.2	0.5
Items that may be reclassified subsequently to profit or loss		**(82.7)**	**31.3**
Changes in cash flow hedges, before tax	19	2.8	(0.9)
Deferred tax on cash flow hedges		(0.5)	0.6
Currency translation differences		(85.0)	31.7
Other comprehensive income for the year, net of tax		**(83.3)**	**29.9**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**432.3**	**600.9**
Attributable to:			
Owners of the Company		427.1	594.2
Non-controlling interests		5.2	6.7

6.1.2 Consolidated balance sheet

(in EUR million)	Notes	Year ended 31 December 2020	2019
ASSETS			
Rental fleet	14	20,077.0	20,336.7
Other property and equipment	15	122.8	118.2
Right-of-use assets	16	128.0	131.4
Goodwill	17	576.0	575.7
Other intangible assets	15	36.5	40.4
Investments in associates and jointly controlled entities	18	10.2	9.0
Derivative financial instruments	19	33.1	7.8
Deferred tax assets	13	195.2	170.3
Other non-current financial assets	20	391.6	469.3
NON-CURRENT ASSETS		**21,570.4**	**21,858.8**
Inventories	21	324.6	371.6
Receivables from clients and financial institutions	22	1,582.6	1,734.7
Current income tax receivable		119.4	120.4
Other receivables and prepayments	23	913.9	957.3
Derivative financial instruments	19	31.6	10.9
Other current financial assets	20	350.4	326.3
Cash and cash equivalents	24	194.7	155.5
CURRENT ASSETS		**3,517.2**	**3,676.7**
Assets of disposal group classified as held-for-sale		–	52.3
TOTAL ASSETS		**25,087.6**	**25,587.9**
EQUITY AND LIABILITIES			
Share capital		606.2	606.2
Share premium		367.0	367.0
Other Equity		(12.9)	(9.0)
Retained earnings and other reserves		2,694.2	2,464.5
Net income		509.8	564.2
Equity attributable to owners of the parent		***4,164.3***	***3,992.9***
Non-controlling interests		30.9	35.9
TOTAL EQUITY	**26**	**4,195.2**	**4,028.8**
Borrowings from financial institutions	28	7,763.5	8,607.9
Bonds and notes issued	28	3,467.8	3,893.9
Derivative financial instruments	19	12.4	28.9
Deferred tax liabilities	13	452.8	390.3
Lease liabilities	16	108.6	111.5
Retirement benefit obligations and long term benefits	29	23.3	21.6
Provisions	30	125.2	118.8
NON-CURRENT LIABILITIES		**11,953.5**	**13,172.9**
Borrowings from financial institutions	28	4,970.6	4,800.2
Bonds and notes issued	28	1,443.9	1,092.9
Trade and other payables	31	2,276.3	2,204.4
Lease liabilities	16	24.1	24.4
Derivative financial instruments	19	11.3	6.2
Current income tax liabilities		75.9	73.8
Provisions	30	136.8	143.8
CURRENT LIABILITIES		**8,938.9**	**8,345.7**
Liabilities of disposal group classified as held-for-sale		–	40.5
TOTAL LIABILITIES		**20,892.4**	**21,559.1**
TOTAL EQUITY AND LIABILITIES		**25,087.6**	**25,587.9**

6.1.3 Consolidated statement of changes in equity

(in EUR million)	Attributable to equity holders of the Company									Equity attributable to the owners of the parent	Non-controlling interests	Total equity
	Share capital	Share premium	Other equity	Translation reserves	Hedging reserve	Actuarial gain/(loss) reserve	Other reserves	Retained earnings	Net income			
Balance as at 1 January 2019	**606.2**	**367.0**	**(5.8)**	**(140.9)**	**(26.1)**	**(3.4)**	**9.3**	**2,271.5**	**555.6**	**3,633.7**	**34.2**	**3,667.9**
Changes in cash flow hedges	–	–	–	–	(0.4)	–	–	–	–	(0.4)	–	(0.4)
Actuarial gain/(loss) on post employment benefit obligations	–	–		–		(1.4)	–	–	–	(1.4)	(0.0)	(1.4)
Currency translation differences	(0.0)	0.0		31.9	–	–	–	–	–	31.9	(0.1)	31.7
Other comprehensive income	**(0.0)**	**0.0**	**–**	**31.9**	**(0.4)**	**(1.4)**	**–**	**–**	**–**	**30.0**	**(0.1)**	**29.9**
Net income	–	–	–	–	–	–	–	–	564.2	564.2	6.8	571.0
Total comprehensive income for the period	**(0.0)**	**0.0**	**–**	**31.9**	**(0.4)**	**(1.4)**	**–**	**–**	**564.2**	**594.2**	**6.7**	**600.9**
Proceeds from shares issued	–	–	–	–	–	–	–	–	–	–	–	–
Acquisition of treasury shares	–	–	(3.2)	–	–	–	–	–		(3.2)		(3.2)
Share-Based payments	–	–	–	–	–	–	2.2	–	–	2.2	–	2.2
Dividends	–	–	–	–	–	–	–	(234.0)	–	(234.0)	(5.1)	(239.1)
Scope changes	–	–	–	–	–	–	–	0.0	–	0.0	(0.0)	0.0
Appropriation of Net income	–	–	–	–	–	–	–	555.6	(555.6)	–	–	–
Other	–	–		–	–	–	–		–	–		–
Balance as at 31 December 2019	**606.2**	**367.0**	**(9.0)**	**(109.0)**	**(26.5)**	**(4.8)**	**11.5**	**2,593.2**	**564.2**	**3,992.9**	**35.9**	**4,028.8**
Changes in cash flow hedges	–	–	–	–	2.3	–	–	–	–	2.3	–	2.3
Actuarial gain/(loss) on post employment benefit obligations	–	–	–	–	–	(0.6)	–	–	–	(0.6)	0.0	(0.6)
Currency translation differences	0.0	(0.0)	–	(84.4)	–	–	–	0.0	(0.0)	(84.4)	(0.6)	(85.0)
Other comprehensive income	**0.0**	**(0.0)**	**–**	**(84.4)**	**2.3**	**(0.6)**	**–**	**0.0**	**(0.0)**	**(82.7)**	**(0.6)**	**(83.3)**
Net income	–	–	–	–	–	–	–	–	509.8	509.8	5.8	515.7
Total comprehensive income for the period	**0.0**	**(0.0)**	**–**	**(84.4)**	**2.3**	**(0.6)**	**–**	**0.0**	**509.8**	**427.1**	**5.2**	**432.3**
Proceeds from shares issued	–	–	–	–	–	–	–	–	–	–	–	–
Acquisition of treasury shares			(4.1)							(4.1)		(4.1)
Share-Based payments	–	–	–	–	–	–	2.4	–	–	2.4	–	2.4
Issue of treasury shares to employees			0.1					(0.1)		–	–	–
Dividends	–	–		–	–	–	–	(253.9)	–	(253.9)	(4.9)	(258.8)
Scope changes	–	–	–	–	–	–	–	(0.1)	–	(0.1)	(5.3)	(5.4)
Appropriation of Net income	–	–	–	–	–	–	–	564.2	(564.2)	–	–	–
Other	–	–	–	–	–	–	–		–	–		–
Balance as at 31 December 2020	**606.2**	**367.0**	**(12.9)**	**(193.4)**	**(24.2)**	**(5.4)**	**13.9**	**2,903.3**	**509.8**	**4,164.3**	**30.9**	**4,195.2**

6.1.4 Consolidated statement of cash flows

(in EUR million)	Notes	For the twelve months period ended 2020 [1]	2019 [2]
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax excluding discontinued operations		614.6	693.2
Profit before tax from discontinued operations	7	10.1	0.0
PROFIT BEFORE TAX		**624.7**	**693.2**
Adjustments for:			
• Rental Fleet	14	3,824.3	3,686.1
• Other property, equipment and right-of-use assets		51.4	49.3
• Intangible assets		16.0	12.9
• Financial assets		–	–
• Regulated prov., contingency and expenses provisions		1.7	3.1
Depreciation and provision		**3,893.4**	**3,751.3**
(Profit)/loss on disposal of financial assets		–	0.0
(Profit)/loss on disposal of property and equipment		18.9	25.5
(Profit)/loss on disposal of intangible assets		2.5	0.0
(Profit)/loss on disposal of consolidated securities		–	–
(Profit)/loss on disposal of discontinued operation	7	(10.1)	
Profit and losses on disposal of assets		**11.4**	**25.6**
Fair value of derivative financial instruments		(3.5)	14.7
Interest Charges [2]	8a	*179.5*	*210.8*
Interest Income [2]		*(835.5)*	*(834.7)*
Net interest income		**(656.0)**	**(623.9)**
Other		1.1	0.9
Amounts received for disposal of rental fleet	14	3,231.9	3,044.4
Amounts paid for acquisition of rental fleet	14	(7,195.6)	(8,328.3)
Change in working capital		292.9	(266.5)
Interest Paid		*(265.3)*	*(310.6)*
Interest Received		*868.9*	*952.6*
Net interest paid		**603.6**	**641.9**
Income taxes paid		(62.5)	(34.0)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES		**741.4**	**(1,080.8)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of other property and equipment		–	–
Acquisition of other property and equipment		(51.7)	(62.5)
Divestments of intangible assets		–	–
Acquisition of intangible assets		(14.0)	(16.2)
Proceeds from sale of financial assets		–	0.1
Acquisition of financial assets (non consolidated securities)		(4.7)	(0.0)
Effect of change in Group structure		0.1	(93.2)
Proceeds from sale of discontinued operations net of cash disposed	7	14.1	
Dividends received		0.0	(0.0)
Long term investment		79.7	133.3
Loans and receivables from related parties		(1.1)	54.6
Other financial investment		(25.2)	20.6
CASH FLOWS FROM INVESTING ACTIVITIES (CONTINUING ACTIVITIES)		**(2.7)**	**36.6**
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES		**(2.7)**	**36.6**

(in EUR million)	Notes	For the twelve months period ended 2020 [1]	2019 [2]
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds of borrowings from financial institutions		4,519.6	7,283.3
Repayment of borrowings from financial institutions		(4,918.0)	(5,915.7)
Proceeds from issued bonds		350.7	501.2
Repayment of issued bonds		(400.1)	(620.8)
Payment of lease liabilities	16	(27.2)	(25.7)
Dividends paid to company's shareholders	32	(253.9)	(234.0)
Dividends paid to minority interest		(4.9)	(5.1)
Increase/decrease in capital		–	–
Increase/decrease in treasury shares	26	(4.1)	(3.2)
Other		–	–
CASH FLOWS FROM FINANCING ACTIVITIES (CONTINUING ACTIVITIES)		**(737.9)**	**980.0**
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES		**(737.9)**	**980.0**
Exchange gains/(losses) on cash and cash equivalents		**(6.8)**	**0.2**
Net increase/(decrease) in cash and cash equivalents		**(6.1)**	**(64.0)**
CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**24**	**(114.9)**	**(50.9)**
CASH & CASH EQUIVALENTS AT THE END OF THE PERIOD	**24**	**(121.0)**	**(114.9)**

(1) The format of the consolidated statement of cash flows changed in 2020 to reflect the adjustments for a discontinued operation. Please see Note 7 for more details.

(2) The consolidated statement of cash flows for the twelve-month period ended in 2019 has been restated due to the reclassification of EUR 84 million between interest expense and interest income. The impact of this reclassification on net interest revenue is zero. Details of this restatement are presented in Note 8 Revenue and cost of revenue.

6.2 Notes to consolidated financial statements

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NOTE 1 General information

ALD ("the Company") and its subsidiaries (together "the Group") is a service leasing and vehicle Fleet Management group with a fleet of around 1,758,000 vehicles. The Group provides financing and management services in 43 countries in the world including the following businesses:

- **Full Service Leasing:** under a full service lease, the client pays the leasing company a regular monthly lease payment to cover financing, depreciation of the vehicle and the cost of various services provided in relation to the use of the vehicle (such as maintenance, replacement car, tyre management, fuel cards and insurance);
- **Fleet Management:** Fleet Management services include the provision of outsourcing contracts to clients under which the vehicle is not owned by the Group but is managed by the Group and for which the client pays fees for the various Fleet Management services provided. These services are generally identical to those listed under the full-service leasing above, with the exception of the financing service, as the vehicle is owned by the client.

The Company is a French *société anonyme* incorporated in Societe Generale Group. Its registered office is located at 1-3 Rue Eugène et Armand Peugeot, Le Corosa, 92500 Rueil-Malmaison, France.

The Company is a subsidiary of the Societe Generale Group (79.82% ownership).

The consolidated financial statements are presented in millions of Euros, which is the Group's presentation currency and values are rounded to the nearest million, unless otherwise indicated. In certain cases, rounding may cause non-material discrepancies in the lines and columns showing totals.

The Group's unaudited consolidated financial statements as at 31 December 2020 were closed by the Board of Directors on 26 March 2021.

NOTE 2 Major events of the period

2.1 COVID-19 pandemic

The Coronavirus 2019 (COVID-19) pandemic is affecting economic and financial markets, and all industries are facing challenges associated with the economic conditions resulting from efforts to address it. It has triggered a global recession as countries have imposed, with varying degrees of stringency, policies of social distancing, including economy-wide lockdowns and travel restrictions to flatten the epidemiological curve.

Gauging the economic costs of COVID-19 still remains an uncertain exercise given the many unknowns as to how long it will take for countries' health authorities and partners to deliver the vaccination roll-out, when vaccines will become available in various countries, how long social distancing policies and lockdown scenarios might remain in place and how consumers and businesses will adapt to the post-pandemic environment.

Given the still heightened uncertainty, both with respect to the near-term developments on the health crisis, consumer and business behaviours and the policy response, the assessment of the pandemic's impact has been based on a range of stressed (baseline) and severely stressed (adverse) scenarios taking into account country by country reviews. The stressed scenario which initially assumed a reduction of the remaining non-pharmaceutical interventions (NPI), such as limits on travel and social gatherings, and a more robust policy response has been updated to reflect the continuous intermittent nature of such NPIs and includes the anticipated roll-out of vaccines, which is key for the shape of recovery in 2021 and beyond. The severely stressed (adverse) scenario assumes a prolonged implementation of NPIs in response to new resistant variants of the virus, a slower roll-out of the vaccine, disinvestment behaviour, bankruptcies and a deep global economic recession. It is worth emphasising that the Group's outlook is based on the current available information which will be reviewed in case of a further deteriorated context.

Given the uncertainty surrounding COVID-19, the Group has continually monitored developments and carefully considered its unique circumstances and risk exposures when analysing how recent events have affected its annual financial statements and disclosures related to several key areas:

Credit risk

In these unprecedented times, determining the recoverability of receivables has been a key source of estimating uncertainty for the Group due to the increase of customers likely to be facing financial difficulty or insolvency. Management has given careful consideration to indicators that the Group's customers may be experiencing financial difficulty, such as later than normal payments or partial payments and recognise impairment losses or make realistic provisions based on the losses expected. In the current financial year, mainly due to the introduction of government support programmes, the Group has not seen a significant deterioration in the recoverability of customer receivables.

Expected credit losses shall be reassessed at each reporting date and shall reflect all reasonable information that is available at the reporting date. Other than potential changes in the credit terms granted to its customers, given the potential changes in the debtors' risk profiles as a result of the disruptions caused by the COVID-19 outbreak, management has reviewed the Group's provision matrix used in determining the expected credit losses, including the revision of the expected loss rates and assessed the potential impairment or write-off of receivables. Due to greater volatility in potential economic conditions the Group has considered various factors and stresses in determining loss rates.

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all sound trade and lease receivables. These losses are measured based on a provision matrix for receivables associated with sound customers, as described below. Probability of Default (PD) rates are based on observed default rates over the life of the receivables (the average contract length in each entity). Specific PD rates are calculated for each entity. This process results in Probability of Default (PD) rates for each age of past-due receivables. The PD rates are applied to the aged receivables of the reporting period to arrive at a total provision. The final impairment allowance is also adjusted to consider Loss Given Default (LGD) specific to the entity.

Calculation of Expected Credit Losses

In light of the negative economic outlook and potential cash flow difficulties experienced by customers as a result of COVID-19, the Group booked the forward looking element as it is now considered to have a material impact on the Group financial statements. The increase in the provision reflects the greater probability of customer defaults and the higher magnitude of loss given default.

The main considerations in the forward looking provision calculation are:

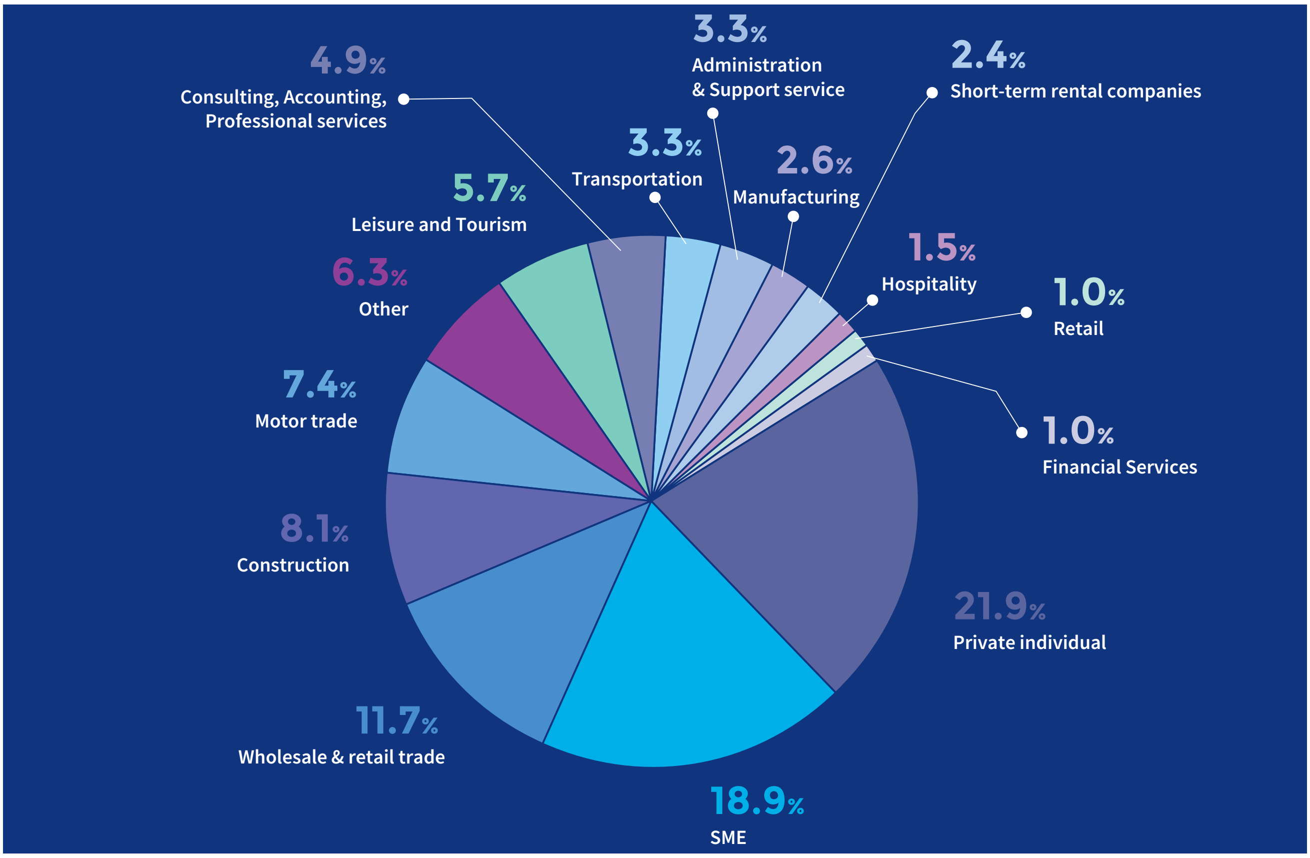
- analysis of customer portfolio to identify individual customers or sectors which are likely to be more significantly impacted by COVID-19. This resulted in the inclusion of small and medium entities, partnerships and private customers in the provision. The analysis was initially considered for the interim statements and has been updated for the full year as more data on customer activity and individual country economic situations became available;
- availability of government support in each country in which the Group operates, the expected terms and duration of this support and the impact on the recoverability of receivables in future periods when the support is removed or reduced;
- adjustment of the model described above used to calculate PD rates to reflect various stress impacts which can be classified as light, average or severe. These stress impacts have been applied by factoring in an additional uplift to PD rates. The range of the uplift factors applied were between 0% and 30% based on the individual country economic environment. Baseline scenario applied by the Group has a mixture of average and severe stress impacts and an additional global stress of a 20% uplift which has been applied to the PD rate for all other remaining sound customer balances. Adverse scenario has only severe stresses with the same additional uplift rate as the baseline scenario.

As at 31 December 2020 the forward looking provision booked is EUR 15.4 million based on the baseline scenario. The impact of various other scenarios is shown in the table below. If the adverse scenario was applied to all countries plus a 30% uplift was applied to all other sound balances the forward looking provision would increase by EUR 1.2 million to EUR 16.6 million. In the baseline scenario exclusion of the 20% uplift on all other sound customer balances would have decreased the provision by EUR 1.4 million; increase of the uplift on all other sound receivables to 30% would have increased the provision by EUR 0.7 million.

(in EUR million)	Baseline Scenario incl. +20% uplift
TOTAL IFRS 9 PROVISION	**(34.6)**
• of which forward looking provision	(15.4)

	Sensitivity Impact				
Scenario	**Baseline**	**Baseline**	**Adverse**	**Adverse**	**Adverse**
Change in uplift	-20%	+10%	0%	-20%	+10%
Impact on in Income statement *(in EUR million)*	+1.4	-0.7	-0.5	+0.9	-1.2

The graph below shows a breakdown of the forward looking provision by sector as at 31 December 2020.



On average 19% (June 2020: 13%) of the total customer portfolio has been identified as at risk.

The evolution of the Cost of risk (including the forward looking element) and the Cost of risk as a percentage of the average net earning assets (NEA) [(1)] over the last two years is shown in the table below.

	2020		2019	
(in EUR million)	**December YTD**	**June YTD**	**December YTD**	**June YTD**
Cost of risk	71.1	47.6	45.0	21.8
• of which forward looking provision charge	15.4	13.4	–	–
Average NEA	21,004	20,831	20,142	19,516
Cost of risk as% of average NEA *(in bps)*	34	46	22	22

Although GDP has declined in all countries in which the Group operates in the current financial year, excluding the impact of the increase in the IFRS 9 provision, there has not been a serious deterioration in the Cost of risk. Management consider the current level of provision to be adequate.

For information, the overall impact of the most recent financial crisis in 2009 was a Cost of risk of 45bps of the Average earning assets [(1)]. The Group will continue to monitor the provision parameters, including the relevance of the uplift factors, according to the pandemic evolution.

Detailed information regarding the receivables which are in and out of scope of the simplified approach of IFRS 9 for sound customers and the loss provision matrix are shown in note 22 "Receivables from clients and financial institutions".

(1) Annualised ratio, using the Impairment Charges on Receivables divided by the arithmetic average of Earning Assets at the beginning and end of the period. Performing assets are defined as the Rental Fleet or finance lease receivables, net of associated provisions.

Lease payment deferrals

At the beginning of the COVID-19 pandemic, the Group granted lease payment deferrals to some of its customers where lease payments for the amounts invoiced can be deferred for up to six months. The Group entities considered such payment deferrals based on specific facts and circumstances of each customer. The majority of deferred lease payments related to the first semester of 2020. In cases where lease deferrals have been agreed there is a payment plan in place. The consideration for the majority of the leases remained unchanged and there was no lease modification, in the rare case of any lease modification there was no material impact for the Group. If the lessee fails to pay amount due under the lease contract or the Group is concerned that the lessee may be unable to pay amounts falling due in future periods, then the Group applies the credit management policy as described in note 4.1.1 "Credit risk". Information regarding the maturity of receivables is shown in note 22 "Receivables from client and financial institutions".

Residual Value Risk

As a general rule, the Group retains the residual value risk on its leased vehicles and sells vehicles returned by its clients at the end of the lease, at a profit or loss.

The Group is exposed to a potential loss in a financial year from (i) resale of vehicles related to leases which expire during the period whose resale value is lower than their net carrying amount and (ii) additional impairment during the lease period if residual value drops below contractual residual value. Profit from future sales and estimated losses are impacted by external factors such as macroeconomic conditions, government policies, tax and environmental regulations, consumer choices, new vehicle prices, technological changes, etc.

Despite several countries going into recession simultaneously because of the COVID-19 crisis, the demand for used vehicles and the resale values have not been negatively impacted. Residual value risk is mitigated by an active implementation of contract extensions with existing customers as well as by the development of the flexible lease product where used vehicles are reassigned to new contracts.

The Group has also performed a fleet revaluation (a new evaluation of the fleet's residual value) in the second semester of 2020 on a country by country basis to identify and calculate any impacts of changes in the estimated residual value of the vehicles under operating leases. Any potential risks are provided for prospectively over the remaining estimated useful life and then released upon disposal. The Group considered different scenarios across all regions with an adapted stress per vehicle depending on the severity of the pandemic and the local used car sales markets. All stressed scenarios assume a negative impact on the used car sales prices in 2020 and 2021.

The results of these revaluations were reviewed centrally and as at 31 December 2020 the Group considers the baseline scenario which is equivalent to an average COVID-19 stress of EUR 171 per vehicle on the expected future resale price to be the most likely outcome and this has resulted in a net charge of EUR 39 million booked in the Depreciation costs in profit or loss (31 December 2019: EUR 20.4 million Net income).

	Baseline scenario
Stress per vehicle *(in EUR)*	171
Net provision in Income statement *(in EUR million)*	(39.0)

Sensitivity Impact	Without COVID stress	Adverse scenario
Change in stress per vehicle *(in EUR)*	-171	+171
Impact on Income statement *(in EUR million)*	+14	-18

Impairment of used car stock

The Group continues to state its inventories at the lower of cost and net realisable value where net realisable value is the estimated selling price less applicable variable selling expenses. The provision is calculated on a vehicle by vehicle basis.

The impact of lockdown restrictions on the used car market has been minimal and stock levels are under control. The Group has booked an additional EUR 3.4 million used car stock provision in order to anticipate a potentially longer sales process and reduction in prices in 2021 (31 December 2019 charge of EUR 3.2 million).

Liquidity Risk

ALD Group is exposed to liquidity risk which is the risk of not being able to meet cash flow requirements when they fall due and at a reasonable price. A structural liquidity position is derived from the maturities of all outstanding balance sheet or off balance sheet positions according to their liquidity profile.

The risk of not finding financing in sufficient quantity or at a satisfactory price is increasing as a result of the tensions in the financial markets generated by the COVID-19 crisis. However, the Group remains supported by Societe Generale for the financing of its development.

ALD Group limits its exposure to liquidity risks by financing the underlying asset over the same duration as the corresponding lease contract. The residual liquidity gap of each entity is measured on a monthly basis by assessing the matching of the run off of the existing leased assets with remaining liabilities. Any deviation from the sensitivity threshold is corrected under the supervision of the Group Central Treasury.

The funding arrangements have been regularly reviewed by the Group and there have been no significant impacts on the assessment of the liquidity risk.

Going concern

COVID-19 has heightened the inherent uncertainty in the Group's assessments of its future financial performance which is dependent upon the wider economic environments in which the Group entities operate. The management has been continually assessing all available information about the future and has been considering various possible outcomes of events and changes in conditions. Future years' forecasts have undergone significant revisions – *e.g.* forecast revenues, margins and changes in working capital – to be able to support management's assessment in the current environment. The management has also assessed what impacts the current and future events and conditions may have on the Group's operations considering different possible outcomes and applying downside scenarios, with the key outcome that the Group has sufficient liquidity to continue to meet its obligations as they fall due and that the status of going concern has not been affected by COVID-19 pandemic.

2.2 Sale of subsidiary in China

In 2019 ALD entered into an agreement to sell its 50% equity stake in ALD Fortune Auto Leasing & Renting (Shanghai) Co. Ltd. in China, which was being sold along with the 50% equity stake held by its joint venture partner. The property rights transaction contract was signed on 16 December 2019 and the closing of the transaction took place on 28 February 2020.

This subsidiary meets the criteria of a discontinued operation and the details of its sale are presented in note 7.

NOTE 3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. All valuation methods are defined in the Notes describing the relevant categories. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Presentation format of financial statements

Presentation of the consolidated statement of cash flows has been changed in 2020 to reflect adjustments relating to the sale of a subsidiary. No restatement is required for the prior period.

3.2 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

The standards comprise IFRS 1 to 16 and International Accounting Standards (IAS) 1 to 41, as well as the interpretations of these standards adopted by the European Union as at 31 December 2020.

3.3 Changes in accounting policies and disclosures

New and amended standards and Interpretations applicable as 1 January 2020

The Group has adopted the following new standards, amendments and interpretations to published standards for the first time for the financial year 1 January 2020:

Accounting standards, amendments or Interpretations	Note	Adoption dates by the European Union
Amendments to IFRS 3: Definition of a Business	3.3.1	1 January 2020
Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform	3.3.2	1 January 2020
Amendments to IAS 1 and IAS 8: Definition of Material	3.3.3	1 January 2020
Conceptual Framework for Financial Reporting issued on 29 March 2018	3.3.4	1 January 2020
Amendments to IFRS 16 "Leases" – COVID-19 Rent Concessions	3.3.5	1 January 2020

3.3.1 Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

3.3.2 Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no impact on the consolidated financial statements of the Group as it does not have any benchmark-based interest rate hedge relationships.

3.3.3 Amendments to IAS 1 and IAS 8: Definition of Material

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of the Group, nor is there expected to be any future impact to the Group.

3.3.4 Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

These amendments had no impact on the consolidated financial statements of the Group.

3.3.5 Amendments to IFRS 16: COVID-19 Rent Concessions

The lessee perspective

IASB has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendment has been adopted by the Group from 1 June 2020.

Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications.

Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all of the following criteria are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to the other terms and conditions of the lease.

The Group has applied the practical expedient for rent concessions that meet the above criteria by derecognising a portion of the lease liability and recognising a negative variable lease payment in the profit or loss. Right-of-use asset continues to be depreciated without any changes and interest on the lease liability is accrued at the unchanged incremental borrowing rate.

A change in the scope of a lease, or the consideration of a lease, that was not part of the original terms and conditions meets the standard of a lease modification and the Group continues to apply IFRS 16 for accounting for such modifications.

The Group has assessed that the impacts of all rent concessions as at 31 December 2020 do not present material amounts in any of its subsidiaries.

The lessor perspective

The amendments do not include a practical expedient for lessors. Lessors are still required to assess whether a rent concession granted is a lease modification. If a lessor concludes that a rent concession is a lease modification, then it applies the specific guidance in the standard on accounting for both finance and operating lease modifications. The Group already adheres to the standard concerning lease modifications and no changes are required in the financial statements.

3.4 Standards and interpretations adopted by IASB but not yet applicable at 31 December 2020

IASB publishes accounting standards, amendments and interpretations, some of which have not been adopted by the European Union as at 31 December 2020. They are required to be applied from annual periods beginning on 1 January 2021 at the earliest or on the date of their adoption by the European Union. They were therefore not applied by the Group as at 31 December 2020.

IFRS 17 Insurance contracts

The Group will implement IFRS 17 "Insurance Contracts" including Amendments to IFRS 17 once it becomes effective after 1 January 2023. This new standard will replace IFRS 4 "Insurance Contracts" that was issued in 2004 and which currently allows entities to use national requirements for the accounting of insurance contracts.

IFRS 17 provides new rules for the recognition, measurement, presentation and disclosure of insurance contracts that belong to its application scope (insurance contracts issued, reinsurance contracts held and investment contracts issued with discretionary participation features). The underwriting reserves currently recognised among liabilities in the balance sheet will be replaced by a current value measurement of insurance contracts.

The general model provided for the measurement of insurance contracts in the balance sheet will be based on a building-blocks approach: a current estimate of future cash flows, a risk adjustment, and a contractual service margin.

Positive contractual service margins will be recognised as income over the duration of the insurance service, whereas negative margins will be immediately recognised as expense, as soon as the insurance contract is identified as onerous.

The general model will be the default measurement model for all insurance contracts.

However, IFRS 17 also provides a mandatory alternative model for insurance contracts with direct participation features. Under this model, called "variable fee approach", the measurement of the insurance contract liability shall take into account the obligation to pay to policyholders a substantial share of the fair value returns on the underlying items, less a fee for future services provided by the insurance contract (changes in the fair value of underlying items due to policyholders are then recognised as an adjustment of the contractual service margin).

A simplified measurement (premium allocation approach) is also allowed by the standard under conditions for short-term contracts (12 months or less) and contracts for which the result of premium allocation approach is closed to the general approach.

These measurement models will have to be applied to homogeneous portfolios of insurance contracts. The level of aggregation of these portfolios will be assessed considering:

- contracts that are subject to similar risks and managed together;
- the year during which contracts are issued; and
- at initial recognition, contracts that are onerous, contracts that have no significant possibility of becoming onerous subsequently, and the remaining contracts.

The Group is currently assessing the impact of IFRS 17 and will conclude on its materiality in 2022.

3.5 Consolidation

All Group entities are included within the scope, as described in note 37 "Scope of consolidation". Changes to the scope are presented in note 7 "Changes in the scope of consolidation in the year ended 31 December 2020".

3.5.1 Subsidiaries

Subsidiaries are all entities over which the Group has a controlling interest. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations.

The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the Company acquired and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date in accordance with IFRS 3. The Group recognises any non-controlling interest in the Company acquired on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

Non-controlling interests represent equity interests in subsidiaries owned by outside parties. The share of net assets of subsidiaries attributable to non-controlling interests is presented as a component of equity. Their share of Net income and comprehensive income is recognised directly in equity. Changes in the parent company's ownership interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions.

3.5.2 Associates

Associates are all entities over which the Company has significant influence, but not control. The Company accounts for its investment in associates using the equity method. The Company's share of profits or losses of associates is recognised in the consolidated statement of income and its share of other comprehensive income (loss) of associates is included in other comprehensive income.

Unrealised gains on transactions between the Company and an associate are eliminated to the extent of the Company's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Dilution gains and losses arising from changes in interests in investments in associates are recognised in the consolidated statement of income.

Further details are provided in note 18 "Investments in associates".

3.5.3 Joint arrangements

The Group applies IFRS 11 to all joint arrangements. Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income.

When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures are modified where necessary to ensure consistency with the policies adopted by the Group.

3.5.4 Special purpose companies

The asset-backed securitisation programme (described in note 4 "Financial Risk Management") involved the sale of future lease receivables and related residual value receivables to special purpose companies. Special purpose companies are companies created to accomplish a narrow and well-defined objective, such as the securitisation of leased assets.

The financial statements of special purpose companies are included in the Group's consolidated financial statements where the substance of the relationship is that the Group continues to be exposed to risks and rewards from the securitised leased assets. The Group uses various legal entities, which have been incorporated specifically for the Group's securitisation transactions, and these companies are therefore regarded as subsidiaries and included in the consolidated financial statements of the Group.

3.6 Foreign currency translation

3.6.1 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in millions of Euros, which is the Group's presentation currency and it has been rounded to the nearest million, unless otherwise indicated. In certain cases, rounding may cause non-material discrepancies in the lines and columns showing totals.

3.6.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within "Interest income or charges". All other foreign exchange gains and losses are presented in the income statement within "Leasing contract margin".

3.6.3 Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at weighted-average annual exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in comprehensive income.

The main exchange rates used in the consolidated financial statements for the years ended 31 December 2020 and 31 December 2019 are based on Paris stock exchange rates and are as follows:

	31 December 2020		31 December 2019	
	Period-end Rate	Average Rate	Period-end Rate	Average Rate
EUR/UK Pound:	0.8990	0.8892	0.8508	0.8773
EUR/Danish Krone:	7.4409	7.4544	7.4715	7.4661
EUR/Swedish Krona:	10.0343	10.4881	10.4468	10.5867
EUR/Russia Ruble:	91.4671	82.6454	69.9563	72.4593
EUR/Czech Koruna	26.2420	26.4555	25.4080	25.6698
EUR/Brazilian Real	6.3735	5.8900	4.5157	4.4135
EUR/Ukrainian Hryvnia	34.7501	31.2476	26.6894	28.7625

3.7 Lease operations

The Group classifies its leases as operating leases or finance leases under IFRS 16. The classification is based on the extent to which the lease transfers the risks and rewards resulting from ownership of an underlying asset. A lease is classified as a finance lease if it transfers substantially all the risks and rewards from ownership of an asset. Conversely, an operating lease is a lease that does not transfer substantially all the risks and rewards from ownership of an asset.

3.7.1 Operating lease portfolio

The Group's operating lease portfolio comprises cars leased under operating lease contracts.

The operating lease instalments are fully recognised on a straight-line basis over the lease term, normally 3 to 4 years duration, with the exception of that portion of the instalment that is considered to be services income. Services income is identified as a non-lease component and the Group applies IFRS 15 to allocate the consideration in the contract. The instalments are classified and presented in the following categories in the income statement: (i) Leasing contract revenues; and (ii) Services revenues.

The cost of the operating lease cars comprises of their purchase price and any incremental and directly attributable costs of bringing the assets held for use in operating leases to working condition for its intended use. Import duties and non-refundable purchase taxes are included in the purchase price and any trade discounts are deducted when calculating the purchase price. Furthermore, lease incentives and volume bonuses are also taken into account and depreciated over the expected lease term. The carrying amount of the Operating lease portfolio is presented in the category "Rental Fleet" on the balance sheet. The depreciation policy relating to these assets is detailed in section 3.8.2 "Property and equipment under operating lease and rental fleet".

3.7.2 Finance lease portfolio

Finance leases are recognised as financial assets at an amount equal to the present value of the minimum lease payments (including guaranteed residual value) and the unguaranteed residual value accruing to the Group, after deduction of provisions deemed necessary in respect of bad and doubtful debts and any accumulated impairment losses. Initial direct costs are included in the initial measurement of the finance lease receivables. The assets are presented within the category "Receivables from clients and financial institutions" on the balance sheet (See note 22 for further details).

The finance lease instalments can comprise various components each having its own revenue recognition. The instalments are classified and presented in the following categories in the income statement: (i) interest income from finance lease (the difference between the gross receivable and the present value of the receivable is unearned finance income and is recognised over the term of the lease using the effective interest method); and (ii) revenues (to the extent that services are included in the lease).

Revenue recognition for operating and finance leases is disclosed in more detail in note 3.24.

3.7.3 Fleet Management services

These services include arranging for vehicle delivery and administration of the title and registration process, as well as tax and insurance requirements, ensuring maintenance of the vehicle, pursuing warranty claims, providing fleet policy analysis and recommendations, benchmarking, and providing vehicle recommendations. Vehicles classified under this category are featured within the Off-Balance Sheet fleet and their related revenue is recognised within the Services revenue line.

3.8 Property and equipment

3.8.1 Property and equipment under operating lease and rental fleet

This asset category includes mainly vehicles leased to third parties, but also include other properties owned by the Group (although not significant).

Property and equipment under operating lease and rental fleet are measured at cost less accumulated depreciation and impairment losses. Vehicles are capitalised based on (i) the acquisition price, (ii) all expenditures for items owned by the Company and considered a permanent addition to the vehicle (*e.g.* radios, anti-theft devices, etc.) at the time of contract commencement, (iii) initial external direct costs including commissions and legal fees and (iv) delivery cost where material.

The assets subject to operating leases are presented in the balance sheet according to the nature of the asset. The leased assets are depreciated on a straight-line basis over its contract period to its residual value. The contract period ranges on average between 3 to 5 years.

The assets' residual values are reviewed and adjusted, if appropriate, at each balance sheet date.

Upon termination of the lease or rental contract the relevant assets are reclassified to the caption "Inventories" at their carrying amount, as per IAS 16 paragraph 68A recommendations. The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

3.8.2 Other property and equipment

Other property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. Repairs and maintenance costs are charged to the statement of income during the period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

- property: 30-50 years;
- furniture and fixtures: 3-12 years;
- hardware: 3-5 years;
- company cars: 3-4 years;

The Company allocates the amount initially recognised in respect of an item of property, plant and equipment to its significant parts and depreciates separately each such part. The carrying amount of a replaced part is derecognised when replaced. Residual values, method of amortisation and useful lives of the assets are reviewed annually and adjusted if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

3.9 Right-of-use assets and lease liabilities (where the Group is a lessee)

3.9.1 Scope

IFRS 16 concerns any contract meeting the definition of a lease. There are exceptions in the standard which are not applicable to the Group. Lessees are not required to apply this standard to intangible assets leases (software for example). In preparing the application of the standard, the Group uses this option. All of the Group's right-of-use assets relate to building leases contracted for the lease of commercial and office space.

3.9.2 Lease term

The lease period to be applied in determining the rental payments to be discounted will match the non- cancellable period of the lease adjusted for:

- options to extend the contract that the lessee is reasonably certain to exercise,
- and early termination options that the lessee is reasonably certain not to exercise.

The measurement of the reasonable certainty of exercising or not exercising the extension or early termination options shall take into account all the facts and circumstances that may create an economic incentive to exercise or not to exercise these options.

3.9.3 Changing the lease term

In the event of a change of circumstances of the lessee which has an impact on the certainty of exercise of an option that the lessee has or has not included in its calculation of the lease term, the term must be re-estimated.

Following a change in the lease term (re-estimate or revision), the lease obligation must be reassessed to reflect those changes. The revised rate is the interest rate implicit in the lease for the remaining term of the contract if it is possible to calculate this rate, otherwise the lessee must use its incremental borrowing rate on the date of modification of the lease term.

3.9.4 Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (*i.e.* the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Depreciation expense is recorded in Depreciation and amortisation in the statement of profit or loss. The asset value may be adjusted later if the lease is amended, the lease period is re-estimated or to account for contractual changes in the rental payments related to application of indices or rates. Under IFRS 16, the cost of a right-of-use asset also includes an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

3.9.5 Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable and variable lease payments that depend on an index or a rate. The lease payments also include payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that are indexed based on the use of the leased asset (indexed to revenue or mileage, for example) are excluded from the measurement of lease liability. This variable portion of the rental payments is recorded in the Net income over time according to fluctuations in contractual indexing. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to Leasing contract costs – financing in the statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

3.9.6 Discount rates

The implicit contract rates are not generally known, nor can be easily determined.

Therefore, the Group has decided to use the lessees' incremental borrowing rate to discount rental payments as well as amount of lease liabilities.

The incremental borrowing rate is set by the lessee entity, not by the Group, in consideration of the borrowing terms and that entity's credit risk and the economic environment.

The discount rates used by the Group are then adjusted according to the currency and country of the location of the lessee entities.

The discount rate represents a risk free borrowing rate and liquidity spread by currency. The discount rate is also based on the duration of the lease term, where the duration of the lease is divided by two. Duration of the lease is the total lease term as described in section "Lease term" or remaining lease term for the first time application of the standard as at 1 January 2019.

3.9.7 Short-term leases and low-value assets

Lessees may choose not to apply the new lease treatment to contracts with a term of less than one year (including renewal options), nor to contracts on low-value items. This last simplification applies specifically to small equipment such as personal computers, tablets, telephones, and small items of office furniture.

Lease payments on short-term leases (less than one year) and leases of low-value assets are recognised as expense on a straight-line basis over the lease term and are disclosed in General and administrative expenses.

3.9.8 Income Taxes

Deferred tax will be recorded on the basis of the net amount of taxable and deductible temporary differences. On the date of the initial recording of the right-of-use and the lease liability, no deferred tax is recorded as the asset value is equal to the liability value. The net temporary differences that may result from subsequent changes in the right-to-use and lease liability will result in the recognition of deferred tax.

3.10 Further details are provided in note 16 “Right-of-use Assets and Lease Liabilities”.

3.10.1 Intangible assets

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures and represents the excess of the consideration transferred over the Group’s interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquirer. Goodwill is measured at cost less any accumulated impairment losses. When the excess is negative (negative goodwill), it is recognised immediately in the statement of income.

- For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units (“CGUs”), or groups of CGUs, which is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored as follows:
- at a subsidiary level for all significant and independent countries; In these countries, the activity of the subsidiary is driven independently, either because the market is specific or because the organization has been built in order to drive the business on a standalone basis, helped with the technical support of the central functions of the headquarter; this is the case for most of the large subsidiaries in Europe (such as France, UK and Germany) and some medium and small subsidiaries in Asia;
- at an aggregated level (“hubs”) when internal management reporting is organised to measure performance (and prepare business plans) at a higher level (group of CGUs). The Group identified the 7 following hubs:
  - Benelux Hub: Belgium, Luxembourg, Netherlands,
  - Nordics Hub: Denmark, Finland, Norway, Sweden,
  - Central Europe Hub: Austria, Croatia, Czech Republic, Hungary, Serbia, Slovenia, Slovakia, Switzerland,
  - North Eastern Europe Hub: Estonia, Latvia, Lithuania, Poland, Russia, Ukraine,
  - South Eastern Europe Hub: Bulgaria, Greece, Romania, Turkey,
  - Mediterranean Hub: Algeria, Morocco, Portugal,
  - South America, Africa and Asia: Brazil, Mexico, Chile, Peru, Colombia.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Further details are provided in note 5.1 “Estimated impairment of goodwill”.

3.10.2 Other intangible assets

Internal software development costs are capitalised during the application development stage. The costs capitalised relate to external direct costs of materials and services and employee costs related to the time spent on the project during the capitalisation period. Capitalised software is evaluated for impairment annually or when changing circumstances indicate that amounts capitalised may be impaired. Impaired items are written down to their estimated fair values at the date of evaluation. Internally developed software is normally depreciated over its useful life, generally 3 to 5 years; however in some instances this can be longer.

3.11 Impairment of non-financial assets

Assets that have an indefinite useful life – for example, goodwill or intangible assets – are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill, that suffered impairment, are reviewed for possible reversal of the impairment at each reporting date.

Further details are presented in note 14 “Rental fleet”.

3.12 Non-current assets (or disposal groups) held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal groups is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the consolidated balance sheet.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

Additional disclosures relating to the Group's Discontinued Operations are provided in note 7 "Changes in the Scope of Consolidation".

3.13 Financial assets

Classification

Following the adoption of IFRS 9, the Group classifies its financial assets in the following measuring categories:

(a) those to be measured subsequently at fair value through profit or loss;

(b) those to be measured subsequently at fair value through other comprehensive income; and

(c) those to be measured at amortised cost.

By default, derivative financial instruments will be classified as subsequently measured at fair value through profit or loss.

Recognition and measurement

Regular way purchases and sales of financial assets are recognised on a trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Debt instruments (loans, receivables and bonds) will be measured at amortised cost only if the objective of the entity (business model) is to collect the contractual cash-flows and if these cash flows consist solely of payments of principal and interest. Debt instruments will be measured at fair value through other comprehensive income (with cumulative gain or loss reclassified in profit or loss when the instruments are derecognised) if the objective of the entity (business model) is to collect the contractual cash-flows or to sell the instruments and if these contractual cash-flows consist solely of payments of principal and interest (SPPI).

Equity instruments will be measured at fair value through profit or loss except in case of irrevocable election made at initial recognition for measurement at fair value through other comprehensive income (provided these financial assets are not held for trading purposes and not classified as such in financial assets measured at fair value through profit or loss) without subsequent reclassification in income.

Embedded derivatives will no longer be recognised separately when their host contracts are financial assets and the hybrid instrument in its entirety in most cases will then be measured at fair value through profit or loss.

Impairment of financial assets

The Group assesses expected credit losses (ECL) associated with its assets carried at amortised cost. For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment when the impact of those factors is material to the financial statements.

Further disclosure relating to impairment of financial assets is also provided in note 22 "Receivables from Clients and Financial Institutions".

3.14 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

(a) Financial liabilities at fair value through profit or loss;

(b) Financial liabilities at amortised cost (loans and borrowings).

Financial liabilities at fair value through profit or loss only include derivative financial instruments in the Group's financial statements. For further disclosures see note 3.15 "Derivative financial instruments and hedging activities" and note 19 "Derivative financial instruments".

Financial liabilities at amortised cost (loans, borrowings, funds entrusted and bonds issued) is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Any difference between cost and redemption value is recognised in the income statement over the term of the loans and borrowings.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

For more information, refer to note 28 "Borrowings from financial institutions, bonds and notes issued".

3.15 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 25 "Movements on the hedging reserve in other comprehensive income are shown in consolidated statement of changes in equity". The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The Group designates certain derivatives as either:

(a) **Fair value hedge:** hedges of the fair value of recognised assets or liabilities or a firm commitment.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The Group only applies fair value hedge accounting for hedging fixed interest risk on borrowings. The gain or loss relating to fair value hedges is recognised in the income statement within "unrealised gains/losses on financial instruments".

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity.

No fair value hedge instruments have been recorded by the Group for the year ended 31 December 2020;

(b) **Cash flow hedge:** hedges of a particular risk associated with a recognised asset or liability or a highly probable forecasted transaction.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within "unrealised gains/losses on financial instruments".

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement;

(c) **Derivatives:** Changes in the fair value of derivatives that are not designated as a hedging instrument are recognised immediately in the income statement in the caption "Unrealised gains/(losses) on financial instruments".

The types of risks that the Group is exposed to and derivatives used to hedge these risks can be found in section 4.1.2 Treasury Risk and note 19 "Derivative financial instruments".

3.16 Inventories

Inventories are stated at the lower of cost and net realisable value. Upon termination of the lease or rental contract the relevant assets are reclassified from the caption "Rental fleet" to the caption "Inventories" at their carrying amount. At this point no further depreciation is charged. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

3.17 Receivables from clients and financial institutions

This caption includes:

- lease instalments receivable from the finance and operating lease portfolio, from the rental portfolio and receivables arising from other business activities;
- amounts receivable from French and foreign credit institutions with fixed or determinable payments.

These receivable balances are shown after any accumulated impairment losses and are initially measured at fair value and subsequently at amortised cost using the effective interest method.

3.18 Other receivables and prepayments

Other receivables and prepayments include prepayments in respect of expenses attributable to a subsequent period plus amounts still to be received.

3.19 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities. Cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The short-term characteristic of a cash equivalent is generally taken as a term of three months or less from the date of acquisition.

3.20 Employee benefits

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans.

3.20.1 Pension obligations

Group companies operate various pension' schemes. The Group has both defined benefit plans and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in income statement.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

Further details are provided in note 29 "Retirement benefit obligations and long term benefits".

3.20.2 Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to a termination when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

3.20.3 Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

3.21 Provisions

Provisions for restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Damage risk provision

The Group provides customers with an own damage and repair cover in exchange of the payment of a monthly premium. Own damage revenues are recorded in the caption "Revenues". Further details are provided in note 8 "Revenues and cost of revenues".

In parallel, the Group calculates the own damage reserve based on two elements:

(i) **Open claims reserve:** this reserve corresponds to the amount required to meet the costs of future claims, net of recoverable amounts, which have already occurred and been reported. This reserve is determined as follows: an average cost is calculated on the basis of the incident type and past experience;

(ii) **Allowance for losses incurred but not yet reported (IBNR):** the IBNR is determined based on the average delay between an incident occurring and the claim being reported, average claim frequency and the average cost per claim for the 12 previous months.

At the end of each month, the Group performs an adequacy test in respect of the level of the own damage reserve. In the event that the level of the reserve falls below the amount of open claims reserve plus IBNR, as determined above, then an immediate adjustment is made to adjust the reserve at this level. Open claims remain open so long as it is reasonably considered that the claim will be payable.

Where there is a stop-loss policy in place, limiting the risk of losses above a set level, open claims plus IBNR are booked only up to the level of the stop-loss. Beyond that level, all claims are debited to the reinsurance provider of the stop-loss cover. Any stop-loss cover on individual incidents is also taken into account in evaluation of claims plus IBNR. Gross claim costs are reduced to the level of cap per incident. Even where stop-loss cover is in place, if total claims are anticipated to be below the level of premium and stop-loss cover, then profit is booked in the normal way.

3.22 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

3.23 Current income and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3.24 Revenue recognition

Revenue is recognised in accordance with the following standards:

- IFRS 16 “Leases”;
- IFRS 15 “Revenue from contracts with customers”.

The combined effect of the leases (IFRS 16) and revenues (IFRS 15) standards focus on the identification of lease and non-lease components in order to assess separate performance obligations. Both lessees and lessors consider the right to use an asset as a separate lease component if it meets the following criteria:

- the lessee can benefit from using that underlying asset either on its own or together with other resources that are readily available; and
- the asset is neither highly dependent on, nor highly inter-related with, the other assets in the contract.

Activities or costs that transfer a good or service to the lessee are identified as non-lease components.

Amounts payable for activities and costs that do not transfer a good or service are part of the total consideration and are allocated to the lease and non-lease components identified in the contract.

If a contract contains a lease component and one or additional lease or non-lease components, then IFRS 16 requires a lessor always to allocate the consideration in a contract following the approach in IFRS 15 Revenue recognition.

The 5 steps process required by IFRS 15 is summarised as follows:

Step 1: Identify the contract with customers

Each contract between the Group and the lessee is clearly identified.

Step 2: Identify the performance obligations in the contract

Identifying separate lease components in a lease contract under IFRS 16 is consistent with identifying performance obligations in a revenue contract under IFRS 15.

Revenues also include the various non-lease components of the lease instalment, such as repair, maintenance and tyres, damage risk retention, replacement vehicle etc. Revenues relating to lease components are described in sections (a) and (b) below.

The different services offered by the Group are considered as distinct as they are sold separately and they are separately disclosed in the contract (non-lease components). Each service is priced separately and each contract is built with a basic service and additional options which could be elected by the customer.

Step 3: Determination of transaction price

Transaction price is easily determined as there the Group has no variable consideration at closing of the contract.

Step 4: Allocation of transaction price

A lessor allocates consideration in a contract to the separate lease and non-lease components by applying IFRS 15. The Group allocates transaction prices by estimating standalone selling prices of each performance obligation as each service rendered to the customer has a separate price.

Step 5: Recognise revenue when (or as) a performance obligation is satisfied

All services provided by the Group are considered as performance obligations satisfied over time as customers simultaneously receive and consume all of the benefits provided by the Company.

(a) Operating leases

On operating leases, lease rental revenue (depreciation and interest) is recognised in accordance with IFRS 16 on a straight-line basis over the lease term based on the total of the contractual payments divided by the number of months of the lease term.

(b) Finance leases

Regarding finance leases, IFRS 16 standard is applied and the earnings are allocated between the capital amount and finance income. The capital amount is used to reduce the receivable balance and the income is recognised in the profit and loss in each period so as to give a constant periodic rate of return on the net investment in the lease. The Group uses the net investment method to allocate gross earnings, which excludes the effect of cash flows arising from taxes and financing relating to a lease transaction. In addition:

(i) the amount due from the lessee under a finance lease is recognised in the balance sheet as a receivable at an amount equal to the net investment in the lease. Over the lease term, rentals are apportioned between a reduction in the net investment in the lease and finance income. The net investment in a lease is equivalent to the gross investment discounted at the interest rate implicit in the lease;

(ii) at any point in time during the lease term, the net investment is represented by the remaining minimum lease payments, less that part of the minimum lease payments that is attributable to interest.

Amounts receivable from finance lease contracts are disclosed in note 22.

(c) Other operating revenue for services

(i) *Proceeds of cars sold:* Revenues also include the proceeds of the sale of vehicles from terminated lease contracts and rental revenues from end of contract billing such as repair costs recharged to the customer. The proceeds from the sale of vehicles are recognised when the vehicles are sold.

(ii) *Intermediation fees:* In some instances of service provision, an entity of the Group may be acting as an intermediary between a customer and a third party. Examples of such services include the provision of fuel cards, road taxes, the re-bill of maintenance charges to customers who have chosen not to include maintenance in their leasing contracts, etc. Since no value is added by the Group, they are therefore not presented as revenues.

(iii) *Informal extensions:* where a customer retains the car for a period beyond the normal return date (informal extension), the rent continues to be charged to the customer and the related contractual depreciation will continue to be recognised.

(iv) *Up Front payments:* Regarding operating leases, where significant up front ("balloon") payments (greater than 10% of list price of vehicle) are made by customers at the beginning of the lease agreement, the payments are recognised in the balance sheet and amortised on a straight-line basis over the period of the lease agreement. Regarding finance leases, upfront payments and initial direct costs are taken into consideration in calculating the implicit interest rate in the lease and recognised evenly over the life of the lease as an adjustment of yield.

(v) *Lease incentives:* where incentives are provided to the lessee when negotiating a new or renewed lease (*e.g.* upfront cash payments to the lessee, reimbursement or absorption of costs by the lessor or free or reduced rents given at the beginning of the lease term), such incentives are recognised as a reduction of rental income over the lease term on a straight line basis.

(vi) *Interest on Late Payment:* Where interest on late payment is billed to customers, the related revenue is only recognised when settlements are made by customers.

(vii) *Lease Deposits:* Lease payment advances received in the form of deposits are held on the Balance Sheet and released in accordance with the relevant contractual agreements.

(viii) *Maintenance:* In order to recognize revenue in a pattern that reflects the transfer of control of the services provided, maintenance and tyre income is recognised in line with the normal maintenance cost profile; the resulting "cost curves" are reviewed periodically in order to match local actual historical maintenance expenditures with the expected cost profiles. As a result of application of this policy, the deferred maintenance revenue is recognised in a maintenance income reserve during the early part of the contract, and released from this reserve during the latter part. Maintenance profit or loss on the contract will be recognised during the life of the contract. The monthly profit and loss result will be the difference between the profiled revenue and actual costs.

3.25 Cost of services revenues

Cost of revenues comprises the cost associated with providing the above-mentioned service components of the lease instalment (including: vehicle maintenance, replacement and winter tyres, insurance premiums, accident repair and the provision of short term replacement vehicles).

3.26 Interest income and interest charges

Interest income, interest charges and similar charges for all interest-bearing assets and liabilities are recognised in the income statement on an accrual basis using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability to the carrying amount of the financial asset or liability.

The interest income component in operating lease instalments, which is charged on a straight-line basis to the client, is recognised in the "Leasing contract revenue – operating lease" based on the effective interest method in interest income using the interest rate included in the lease contract and based on the net investment value of the leased asset.

Interest income on finance lease contracts is recognised in the income statement on the basis of accruing interest income on the net investment (using the effective interest method). The receipts under the lease are allocated by the lessor between reducing the net investment and recognising interest income, so as to produce a constant rate of return on the net investment.

3.27 General and administrative expenses

This item includes office overheads, automation costs, advertising costs, professional fees and other general expenses.

3.28 Share-based payments

Share-based compensation benefits are provided to employees *via* the ALD long-term incentive plans, employee share schemes. Information relating to these schemes is set out in note 27.

The fair value of shares granted under the ALD long-term incentive plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the shares granted. The total expense is recognised over the vesting period, which is the period when all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of shares that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

NOTE 4 Financial risk management

4.1 Financial risk factors

4.1.1 Credit risk

The credit risk is the risk of losses arising from the inability of the Group's customers to meet their financial commitments. Credit risk includes the counterparty risk. In addition, credit risk may be further amplified by concentration risk, which arises from a large exposure to a given risk, to one or a few counterparties.

Credit risk management policy

Credit risk is the risk that a customer is not able to fulfil its financial obligations towards ALD. All ALD entities have to comply with risk procedures issued centrally which define the way credit requests have to be studied and validated, as well as the roles and responsibilities of all staff involved in the credit vetting process. Each subsidiary has a specific credit authority approved by ALD General Management and the Risk Department of Societe Generale Group, and determined according to the size of the fleet, the maturity of the subsidiary and the type of customer concerned (corporate, retail, financial institution etc.). Within its credit limit, each subsidiary can decide directly on its counterparty risk. Above this threshold, credit acceptance is made at central level jointly with the Risk Department of Societe Generale.

Regular risk committees are held by ALD in order to review all potential risk issues and to ensure the credit risk procedures are properly applied. All standard risk indicators (arrears/default/Cost of risk) are also monitored centrally. All ALD entities are applying the same process locally.

The primary responsibility for debt collection remains under the direct responsibility of ALD's subsidiaries with dedicated teams in charge of recovering unpaid invoices in compliance with local regulations and market practices. Local processes need, however, to be compliant with the corporate instructions and guidelines distributed to the whole network. Central monitoring of all ageing balances is performed on a monthly basis as part of the regular risk reviews, and actions plans are set up whenever necessary under the supervision of the Country Manager.

Impairment charges on receivables (Cost of risk) has historically remained very low due to the nature of the products proposed by ALD, a strict control of the risk assessment process and a very diversified customer portfolio.

Credit risk measurement

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all sound trade and lease receivables.

For not in default trade receivables and finance lease receivables, the Group does not track changes in credit risk, but instead recognises a loss allowance based on expected lifetime losses from initial recognition of the receivables. These losses are measured based on a provision matrix for receivables associated with sound customers, as described below. Probability of Default (PD) rates are based on observed default rates over the life of the receivables (the average contract length in each entity). Specific PD rates are calculated for each entity and each customer type. This process results in Probability of Default (PD) rates for each age of past-due receivables. The PD rates are applied to the aged receivables of the reporting period to arrive at a total provision. The final impairment allowance is also adjusted to consider Loss Given Default (LGD) specific to the entity.

The historical loss rates are adjusted to reflect current and forward looking information on specific local economies affecting the ability of the customers to settle the receivables.

Expected credit losses and provision matrix are disclosed in note 22 "Receivables from clients and financial institutions".

There is no change in the definition or policy for provisions on doubtful exposure under IFRS 9. The definition of default exposure remains unchanged.

The Group considers that a customer is in default as soon as one of the three following conditions applies:

- legal proceedings (or a similar event in accordance to local legislation) are in progress which has resulted in the customer being placed either in bankruptcy or legal liquidation or receivership;
- one or several overdue invoices for more than 90 days (270 days in the case of public or sovereign counterparties) have been recorded and a settlement procedure has been initiated;
- a significant degradation of the customer's financial situation has taken place, making it likely that the customer will be unable to fulfil its overall commitments and there is therefore a high probability of losses.

When a credit risk emerges, the following processes take place:

- reclassification of the sound outstanding as a doubtful debt;
- impairment made for probable credit loss.

Where the customer is in default, the whole of the customer balance is classified as doubtful as a result of the “contagion principle”. The application of this principle leads to the classification as doubtful of all outstanding amounts relating to a customer that is deemed to be in default regardless of the age of the invoice (*i.e.* a customer is either solvent or not).

If the customer belongs to a group of companies, or in cases where the parent company has been classified as being in default, a case-by-case study is undertaken to establish whether it is necessary to apply the same treatment to all the legal entities included in that group. This “contagion principle” does not apply, however, in the following cases:

- receivables subject to a risk of non-recovery which are affected by isolated legal disputes not related to the solvency of the counterparty;
- credit risk dependent on the solvency of a third party and not the counterparty.

Impairment is only made in respect of customer receivables where the customer is considered to be in default (receivable is impaired). The impairment made for risk of default is consistent with the credit rating of each customer. The impairment must be sufficient to cover the entire probable loss in total or partial non-recovery of the loan.

The impairment is based upon the full amount outstanding for the customer in default.

Generally, ALD remains the owner of the vehicle and impairment is made against the recorded receivables relating to issued invoices. In addition, where it is considered likely that the vehicles will be returned, a further provision is required for the amount of the likely shortfall from the sale of the asset.

Where there are guarantees from the customer providing the right of offset in the event of a default, these amounts are taken into account in assessing the impairment on a customer by customer basis.

Derivative financial instruments

In addition to its natural exposure to credit risk in the leasing of vehicles, the Group is also exposed to credit risk because of its use of derivative financial instruments and because of excess cash being deposited with banks. The Group controls this risk by requiring minimum external rating grades that such external counterparties are assigned.

4.1.2 Treasury risk

Treasury risk entails 3 types of risk: liquidity risk, interest rate risk and foreign exchange risk.

- interest rate risk is the risk that the profitability of the Group is affected by movements in interest rates;
- foreign exchange risk is the risk that the profitability is affected by currency fluctuations;
- liquidity risk is the risk that the Group is not able to meet its cash outflow obligations when they fall due, because of a mismatch between its assets and liabilities.

Group Treasury risk management policy consists in matching assets and liabilities in terms of maturities, currencies, and interest rate exposure. Group procedures defining the sensitivity measurement of such risks and tolerance levels are applied across the Group to allow a close monitoring of the treasury risk. These risks are monitored on a group level by the Group’s central Treasury, which reports on a quarterly basis to the management team of ALD during a dedicated committee. This committee is informed about all relevant developments with regards to the Group’s treasury risk profile and decides any action to mitigate the risks when necessary.

Interest rate risk

ALD policy consists of financing the underlying assets with fixed rate loans as lease contracts are mostly priced at fixed rates, in order to avoid any interest rate mismatch between assets and liabilities. Structural interest rate risk arises from the residual gap (surplus or deficit) in each entity’s fixed-rate forecast position. To this end, any residual interest rate risk exposure must comply with the sensitivity limits set for each entity. The sensitivity is defined as the variation in the net present value of the future residual fixed-rate positions (surplus or deficit) for non–stressed shocks of +100bps and -100bps in the yield curve.

The ALD Group Central Treasury monitors the Group’s interest rate risk exposure and advises subsidiaries to implement adequate hedging operations. A monthly report measuring interest risk exposure is produced by each entity to be reviewed and consolidated by the ALD Group Central Treasury Department.

Each entity and the Group as a whole are subject to sensitivity thresholds and limits validated by the ALM Committee (ALCO). The Group structural risks are discussed on a quarterly basis during ALCO meetings.

Thanks to this close follow up of the interest rate risk exposure by subsidiaries and the supervision of asset and liability monitoring performed at central level, ALD Group interest rate sensitivity has always remained limited.

MEASUREMENT OF THE GROUP SENSITIVITY TO AN INTEREST RATE SHIFT

Range Movement	Income Statement Impact *(in EUR million)*
+100bps	-6.49
-100bps	+6.49

Foreign exchange risk

ALD Group is present in 26 countries outside the Euro zone and is therefore exposed to foreign exchange risks related to cash inflows and outflows from daily business activities as well as participations in subsidiaries outside the Euro zone.

Currency risks related to the current business activities are very limited as there are no cross-border leasing activities. ALD Group policy consists of financing the underlying asset in the same currency as the corresponding lease contract.

The residual foreign exchange risk is managed in order to minimise the impact to the Group due to fluctuations in the currencies it operates.

To achieve this goal, ALD quantifies its exposure to structural exchange rate risks for each subsidiary by analysing all assets and liabilities arising from commercial operations and proprietary transactions. The risk sensitivity is measured by quantifying the impact of a variation of 10% of the exchange rate (hard currencies against local currency) and a threshold is defined for each subsidiary. ALD Group Treasury department is responsible for monitoring structural foreign exchange risk positions and manages the impact on profitability due to foreign exchange rate fluctuations.

Currency risks related to equity invested in foreign currencies are not hedged at a group level, as the risk exposure has been considered insignificant.

Liquidity risk

ALD Group is exposed to liquidity risk which is the risk of not being able to meet cash flow requirements when they fall due. A structural liquidity position is defined as resulting from the maturities of all balance sheet or off-balance sheet outstanding positions according to their liquidity profile.

ALD Group's exposure to liquidity risk is limited as the Group policy consists of financing the underlying asset over the same duration as the corresponding lease contract. A residual liquidity gap is measured on a monthly basis, under the supervision of ALD Group Treasury Department, by assessing the matching of the run-off of the existing leased assets with the remaining liabilities.

The liquidity position measured is then reviewed and consolidated at a group level. Any deviation from the sensitivity threshold is corrected under the supervision of the Group central Treasury.

As part of the funding plan the ALD Group raises external funds through both asset-backed securitisation programmes and the EMTN bonds programme described below.

Most of the funding provided by Societe Generale Group is granted through Societe Generale Luxembourg based in Luxembourg. SG Luxembourg funds ALD Group Central Treasury which then grants loans in different currencies to 19 ALD subsidiaries as well as to the holding companies. The total amount of loans granted by SG Luxembourg amounted to 8,550 million at 31 December 2020 for an average maturity of 1.85 years.

The remaining SG funding is provided either from local SG branches or Societe Generale Group Central Treasury in Paris, representing EUR 3,421 million at 31 December 2020.

32.2% of fiscal year 2020 funding is provided from local external banks or third parties, representing EUR 5,675 million at 31 December 2020.

The following funding arrangements concluded by the Group impacted the assessment of liquidity risk:

Securitisation

As at 31 December 2020, the Group has asset-backed securitisation programmes in four European countries.

These transactions involve the sale of future lease receivables and (for only three of them) related residual value receivables to securitisation special purpose companies. Debt securities were issued by those special purpose companies and sold to external investors. The special purpose companies are responsible for making interest and principal payments to the note-holders. The note-holders do not have any recourse on the Group in case of default of the originating ALD entity or default of the Group.

These funds were all raised with a floating-to-fixed rate hedge (UK, Belgium, Netherlands and Germany).

For further details on the transactions reference is made to Notes 14 and 28.

Corporate bond

The Group is also engaged in a Euro Medium Term Notes (EMTN) programme. The EMTN programme limit is set at EUR 6 billion for the aggregate nominal amount of notes outstanding at any one time. An application has been filed with the Luxembourg Stock Exchange in order for the notes issued under the programme to be listed on the official list and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange. The programme is rated BBB by Standard & Poor's and BBB + by Fitch Ratings.

Other bonds

In 2018 ALD SA issued an inaugural Positive Impact Bond (Green Bond) demonstrating its commitment to implementing innovative financial solutions to fund clean transportation and promote the transition to a low carbon future. The proceeds of the bond are exclusively used to finance or refinance eligible vehicles.

The presentation of financial borrowings by maturity and further information on bonds issued by the Group is provided in note 28.

Capital Management

ALD is a commercial company and as such does not have any regulatory capital requirement.

The Group's objectives when managing capital are to:

- safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- maintain an optimal capital structure to minimise the cost of capital.

To achieve these objectives the Group carefully monitors its leverage ratio, defined as the ratio of Total Equity to Total Assets, for which it has set a target range in its public communications to investors and rating agencies.

The ratio as at 31 December 2020 and 31 December 2019 is as follows:

	As at 31 December	
(in EUR million)	**2020**	**2019**
Total Equity	4,195.2	4,028.8
Total Assets	25,087.6	25,587.9
Leverage ratio	**16.7%**	**15.7%**

In the management of capital and in its definition the instruments at the Group's disposal are:

- annual dividend pay-out policy;
- exceptional dividend returning capital to shareholders;
- new share issuance;
- new debt issuance, including to replace existing debt with difference characteristics.

In addition the Group can effect changes to its asset growth rate in order modify the denominator of this ratio.

4.1.3 Asset risk

The Group is exposed to asset risk, which can be split into two main underlying risk components: the residual value risk and the risk related to service maintenance.

Residual value risk

The residual value, defined as the value of the vehicle at the end of the lease as estimated by ALD at inception of the lease, may differ from the future market value of the car at the end of the contract. This difference is a part of the global risk on used car sales and is managed in ALD Group through robust internal procedures applied to all ALD subsidiaries in order to set, control and revaluate the residual values on the running fleet. The residual value setting procedure defines the processes, roles and responsibilities involved in the definition of residual values that will be used for the quotation of future contracts. Residual value setting is performed locally as the expertise in used car market is local and controlled and approved centrally. Calculation is based on refined market segmentation and on a statistical model using internal used car sales data for each market segment as well as Trade Guides references and country specific factors (inflation, market sector adjustments, life cycle etc.). As part of this process, current external issues are analysed in order to apply a stress factor to the valuation of the current fleet. Residual value setting is reviewed by local general management during a Local Pricing Committee held at least twice a year (quarterly for larger subsidiaries), and then controlled and validated at an ALD Group level.

Residual values of the current running fleet are reviewed at least yearly (twice a year for the entities with more than 5,000 vehicles, one in each semester). It is performed at a local level through a revaluation process which is reviewed and approved at ALD level. The current residual value embedded in the contract is compared with the expected market value on a car by car basis.

Revaluation adjustments are accounted for on a portfolio basis whenever necessary, in order to match the expected market value at contract ending and mitigate any market risk.

In accordance with IAS 8, a residual value is treated as an accounting estimate; as such, all potential car sales losses are recognised on a straight line basis between the date of the revaluation and the end of the contract; where the revaluation in a country produces an overall profit, no adjustment is made. The residual value of the total lease portfolio at 31 December 2020 amounts to EUR 14,039 million.

Risk related to services maintenance and tyres

The maintenance risk is the risk that the actual costs of maintenance incurred during the contract life are greater than the costs forecasted and included in the quotation at the beginning of the contract. Maintenance pricing setting is done locally using local historical statistics, under the supervision of ALD Group. A global review of the maintenance margins is done for each country on a regular basis in order to back test the pricing assumptions in terms of costs and frequencies.

4.1.4 Insurance risk

The Group is exposed to the risk of damage to vehicles within its fleet and also to liability to third parties arising from accidents involving vehicles in its fleet. This risk can take the form of third party liability (TPL), legal defence, material damage or passenger indemnity. Where the Group decides not to retain this risk or is legally obliged to buy insurance, this risk is placed through local insurance companies. However, for some local ALD entities, the Group has selectively decided that the entity should retain the material damage risk to its own vehicles, where it is justified by the fleet size, the fleet risk profile and local market conditions. The entity managing this material damage risk must comply with strict internal procedures in terms of pricing setting, risk selection, and reserve setting. Material own damages reserves are a combination of the estimated amount required to meet the costs of future claims plus an estimation of future claims costs which have been incurred but not reported (IBNR). This IBNR is based on statistical analysis of damage frequency and amounts.

The Group also selectively retains some motor risks (material damages, passenger insurance and TPL risks) within its own reinsurance company, ALD Re DAC (ALD Re). ALD Re is based in Ireland and is regulated by the Central Bank of Ireland. The Company reinsures TPL, material damages and related ancillary covers for approximately 500,000 vehicles and has reinsurance liabilities covering 25 entities within the Group. ALD Re strictly monitors its risk universe, including underwriting, market, credit and operational risk, *via* a strong corporate governance structure, a clearly defined risk appetite and a developed risk monitoring process. In addition, in order to minimize the financial impact of a single event, ALD Re purchases reinsurance protection for claims above a specified amount. This reinsurance strategy is reviewed at least annually.

In addition, every year, an external independent actuary must opine on whether the level of technical reserves held by ALD Re are considered adequate to meet its future obligations as determined by that independent actuary.

4.2 Fair value estimation

The Group analyses financial assets and liabilities by various valuation methods. The different levels have been defined as follows:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2);
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The fair value of financial assets and liabilities is measured at amortised cost, except for receivables for which fair value is deemed to be the nominal amount.

Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily cash and cash equivalents and long-term investments (please refer to note 20 "Other non-current and current financial assets")

Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- quoted market prices or dealer quotes for similar instruments;
- the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value;
- other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

Refer to note 25 "Financial assets and liabilities by category".

NOTE 5 Critical accounting estimates, judgements

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In preparing the Group's consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were largely the same as those that applied to the consolidated financial statements for the year ended 31 December 2019. However, as a result of the uncertainty associated with the unprecedented nature of the COVID-19 pandemic, the Group has continually reviewed its selection of appropriate assumptions and development of reliable estimates that underlie various accounting conclusions. The main assumptions and estimates that have undergone significant revision are those concerning expected credit losses and residual value risk management. Further details can be found in note 2.1 "COVID-19 Pandemic".

5.1 Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated presented in note 3.10.1 of these consolidated financial statements. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. The key assumptions calculating the value in use are those regarding discount rates, growth rates and other expected changes in cash flows. The Group uses a five-year business plan for each of the CGUs or group of CGUs identified. The business plans used incorporated assumptions relevant to the current economic climate such as fleet growth, used car market and credit risk.

Based on all the assumptions made by the Group, no need for impairment on goodwill has been identified.

Sensitivity tests are carried out to measure the impact on each CGU's recoverable value based on certain assumptions. At 31 December 2020, sensitivities to variations in the cash flows and discount rates were measured.

According to the results in these tests:

- a decrease in operating cash flows by 10% compared to management's estimates would lead to a decrease of 10% in recoverable value and would not generate any additional impairment;
- an increase of 50 basis points applied to all discount rates estimated by management would lead to a decrease of 7.1% in recoverable value and would not generate any additional impairment.

Further details are provided in note 17 "Goodwill".

5.2 Impairment of rental fleet

In the annual assessment of whether there is any indication that an asset may be impaired, the Group considers both external as well as internal sources of information. If such indication for impairment exists, an analysis is performed to assess whether the carrying value of the asset or cash generating unit under an operating lease exceeds the recoverable amount, being the higher of the fair value less costs to sell and the value in use. The value in use is determined at the present value of the future cash flows expected to be derived from the object or cash generating unit. The management closely monitors residual values, which are reviewed internally at least each financial year, in accordance with internal procedures. The original residual values within internal systems will be compared to the revised residual values expected at contract termination, following a review. The results of this exercise will be used to assess the level of exposure, reserves held and potential impairment required. To prevent impairment on residual values, each country completes a minimum of one annual review of pricing under the supervision of the Group to ensure that assumptions used in pricing reflect expected future market conditions, thus ensuring residual values are predicted with a reasonable degree of accuracy and on a consistent basis going forward.

At the end of 2020, no provision for impairment on rental fleet was required.

5.3 Fair value of derivatives and other financial instruments

The fair value of certain financial instruments is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. The Group has used discounted cash flow analysis for various available-for-sale financial assets that are not traded in active markets. Such assets do not present material amounts in the financial statements.

5.4 Pension benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/(income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that is used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation.

If the discount rate used were to differ by +0.5% from management’s estimates, the carrying amount of pension obligations would be an estimated EUR 1.7 million lower.

Further details are provided in note 29 “Retirement benefit obligations and long term benefits”.

5.5 Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

5.6 Own damage reserve

The own damage reserve is based on assumptions such as technical damage risk principles, policyholder behaviour, inflation and court decisions. The assumptions may differ from the actual data as a result of changes in economic and market conditions.

NOTE 6 Segment information

Geographically, management considers the performance in Western Europe, Continental and Eastern Europe, Nordic and South America, Africa, Asia and rest of the world.

The central treasury function based in Luxembourg provides funding to 19 ALD entities located in 13 countries. The total loans in place to these entities amounts to EUR 13.5 billion.

Loans by the central treasury to ALD entities are at arm’s length according to OECD guidelines and supported by relevant transfer pricing documentation.

This department is responsible for monitoring the funding requirements and structural risks of the Group. Furthermore, it provides technical advice on financial instruments, including derivatives and on the various securitisations and bond issue program of the Group.

The Group’s Management assesses the performance of the operating segments based on a measure of revenue and profit before tax as presented in consolidated financial statements. They also check to ensure that no customer represents more than 10% of the total revenue.

Revenue and Profit before tax

Sales between segments are carried out at arm's length. The revenue from external parties reported to the Board of Directors is measured in a manner consistent with that in the income statement.

(in EUR million)	Year ended 31 December 2020		Year ended 31 December 2019	
	Profit before tax	Revenue from external customers	Profit before tax	Revenue from external customers [1]
Western Europe [1]	364.9	7,596.8	474.0	7,378.9
Nordic	73.8	953.2	79.9	898.1
Continental & Eastern Europe	135.2	1,023.3	101.9	981.0
LatAm, Africa, Asia & Rest of world	40.8	361.0	37.4	435.4
TOTAL	**614.6**	**9,934.2**	**693.2**	**9,693.5**

(in EUR million)	Year ended 31 December 2020	Year ended 31 December 2019
	Revenue from external customers	Revenue from external customers [1]
Leasing contract revenues [1]	4,428.0	4,417.7
Service revenues	2,127.9	2,178.4
Proceeds of cars sold	3,378.3	3,097.4
TOTAL	**9,934.2**	**9,693.5**

OTHER DISCLOSURES

(in EUR million)	Year ended 31 December 2020		
	Rental fleet	Total assets	Net financial debt [2]
Western Europe	15,871.9	20,401.6	15,509.4
Nordic	1,817.7	1,981.8	85.5
Continental & Eastern Europe	1,797.0	1,934.5	1,235.7
LatAm, Africa, Asia & Rest of world	590.4	769.6	620.3
TOTAL	**20,077.0**	**25,087.6**	**17,451.0**

(in EUR million)	Year ended 31 December 2019		
	Rental fleet [3]	Total assets [3]	Net financial debt [2]
Western Europe	15,870.6	20,547.9	16,027.1
Nordic	1,811.2	1,999.8	70.9
Continental & Eastern Europe	1,928.6	2,109.3	1,412.6
LatAm, Africa, Asia & Rest of world [3]	755.5	930.9	764.7
TOTAL	**20,365.8**	**25,587.9**	**18,275.2**

Revenue from external customers and Rental Fleet by countries with Revenues in excess of EUR 500 million are detailed below:

	Year ended 31 December 2020	Year ended 31 December 2019	Year ended 31 December 2020	Year ended 31 December 2019
	Revenue from external customers *(in EUR million)*	**Revenue from external customers** *(in EUR million)* (1)	**Rental Fleet** *(in EUR million)*	**Rental Fleet** *(in EUR million)* (4)
France	2,053.4	2,074.8	4,630.6	4,571.5
Italy	1,524.2	1,546.6	2,397.7	2,824.8
UK	900.7	903.6	1,677.4	1,875.5
Germany	788.9	696.1	1,972.4	1,535.1
Spain	716.3	687.3	1,700.1	1,711.2
Netherlands	661.7	561.1	1,374.3	1,343.9
Belgium	590.4	571.0	1,340.3	1,243.9
Other Countries	2,698.6	2,653.0	4,984.2	5,259.9
	9,934.2	**9,693.5**	**20,077.0**	**20,365.8**

(1) Revenues from external customers for the year ended 31 December 2019 have been restated due to reclassification of EUR 84 million between "Leasing contract revenues" and "Leasing contract costs – financing" for correct presentation of finance lease revenue. Impact of this reclassification on "Leasing contract margin" is nil. Details of this restatement are disclosed in note 8 "Revenues and Cost of Revenues".

(2) Net financial debt is defined as the sum of Borrowings from financial institutions (non-current and current) minus cash and cash equivalents, as presented in the Group's consolidated balance sheet.

(3) Balances include assets/liabilities of the disposal group held-for-sale.

(4) Including rental fleet of the disposal group classified as held for sale.

NOTE 7 Changes in the scope of consolidation in the year ended 31 December 2020

At 31 December 2020, all companies are fully consolidated, except two companies accounted using the equity method (Note 18). Changes in the scope of consolidation compared to December 2019 are as follows:

Discontinued operation – ALD Fortune Auto Leasing & Renting (Shanghai) Co. Ltd.

On 28 February 2020 ALD disposed of its 50% equity stake in ALD Fortune Auto Leasing & Renting (Shanghai) Co. Ltd. in China, which was sold along with the 50% equity stake held by its joint venture partner. The entity was deconsolidated from the Group's financial statements from 1 January 2020.

Financial information relating to the discontinued operation is set out below.

(in EUR million)	
Disposal consideration received (cash)	16.0
Carrying amount of net assets sold	(5.3)
GAIN ON SALE BEFORE INCOME TAX AND RECLASSIFICATION OF FOREIGN CURRENCY TRANSLATION RESERVE	**10.7**
Reclassification of foreign currency translation reserve	(0.6)
Income tax expense on gain	(0.1)
GAIN ON SALE AFTER INCOME TAX	**10.0**
The net cash flows generated from the sale of subsidiary are as follows:	
Cash received from sale of the discontinued operations	16.0
Cash sold as a part of discontinued operations	(1.9)
NET CASH INFLOW ON DATE OF DISPOSAL	**14.1**
Basic earnings per share from discontinued operations (in EUR)	0.02
Diluted earnings per share from discontinued operations (in EUR)	0.02

NOTE 8 Revenues and cost of revenues

8a Leasing contract margin

(in EUR million)	Year ended 31 December 2020	2019*
Leasing contract revenue -operating leases	4,376.6	4,370.2
Interest income from finance lease [(1)]	39.0	35.8
Other interest income	12.4	11.6
LEASING CONTRACT REVENUES [(1)]	**4,428.0**	**4,417.7**
Leasing contract costs – depreciation	(3,612.8)	(3,559.5)
Leasing contract costs – financing:		
• *Interest charges on loans from financial institutions [(1)]*	*(156.2)*	*(165.9)*
• *Interest charges on issued bonds*	*(14.5)*	*(13.5)*
• *Other interest charges*	*(8.8)*	*(31.5)*
Total interest charges [(1)]	(179.5)	(210.8)
LEASING CONTRACT COSTS – DEPRECIATION AND FINANCING	**(3,792.3)**	**(3,770.3)**
Trading derivatives	4.7	(14.3)
Imperfectness of derivatives at fair value hedges	–	–
Imperfectness of derivatives at cash flow hedges	(1.2)	(0.4)
Unrealised gains/losses on derivative financial instruments	3.5	(14.7)
Unrealised Foreign Exchange Gains or Losses	(13.1)	31.3
TOTAL UNREALISED GAINS/LOSSES ON FINANCIAL INSTRUMENTS	**(9.6)**	**16.7**
LEASING CONTRACT MARGIN	**626.1**	**664.1**

(1) Reclassification of EUR 84 million between "Leasing contract revenues" and "Leasing contract costs – financing" was required to present revenues from finance leases correctly in the Group's subsidiary in the UK. In the 2019 income statement the full amount of the lease instalment was allocated to finance lease revenue. In order to reduce the capital amount of the finance lease receivable, a charge was posted in the income statement in the "Leasing contract costs – financing". Subsequently, grossing up the revenue resulted in the interest income and interest charges to be overstated by the same amount. After reclassification, the earnings from finance leases are now allocated directly between the capital amount in the finance lease receivable and finance lease revenue. There has been no change in the "Leasing contract margin" after this reclassification.

"Other interest income" comprises of income received from financial instruments and also income received for cash deposits with third party counterparts.

Leasing contract costs – depreciation is comprised of both regular depreciation costs and it also includes movement in the provision for excess depreciation which is booked in each entity following the fleet revaluation process which detailed in note 4.1.3 "Asset Risk".

On a periodic basis, the Group performs fleet revaluations to identify and calculate any impacts of changes in the estimated residual value of the vehicles under operating leases. Any potential risks are provided for prospectively over the remaining estimated useful life and then released upon disposal. The net impact of this provisioning is included within the Depreciation cost. In 2020 the impact of the movement in excess depreciation was a net cost of EUR 39 million (2019: EUR 20.4 million net release). See note 2.1 "COVID-19 Pandemic" for further details.

8b Service margin

Revenues and costs are derived from the various service components included within the contractual lease instalments, such as maintenance and tyres, damage risk retention and replacement vehicles.

(in EUR million)	Year ended 31 December 2020	2019
Services revenue	2,127.9	2,178.4
Cost of services revenues	(1,497.6)	(1,546.1)
Services margin	**630.3**	**632.3**

8c Used car sales result

(in EUR million)	Year ended 31 December 2020	2019
Proceeds of cars sold	3,378.3	3,097.4
Cost of cars sold	(3,317.1)	(3,022.4)
Used Car Sales result	**61.1**	**75.0**

For details in relation to Proceeds of cars sold, refer to note 3.24 (c)(i).

Cost of cars sold represents the written down value of the vehicle and any additional disposal costs.

The reduction in the Used Car Sales result is driven by the anticipated decrease in the car sales profit per unit, however this decrease was limited by the shortage of supply and increased demand experienced during the COVID-19 pandemic.

8d Revenues

Revenues that are included within the margins analysed in 8a, 8b and 8c are shown in the following table. They are analysed into Revenues derived from the Rental activity and Proceeds of Cars sold at the end of the leasing period.

(in EUR million)	Year ended 31 December 2020	2019 (1)
Services Revenues	**2,127.9**	**2,178.4**
Leasing contract revenue – operating leases	4,376.6	4,370.2
Interest revenue (1)	51.5	47.4
Leasing contract revenues (1)	**4,428.0**	**4,417.7**
SUB-TOTAL – REVENUES FROM RENTAL ACTIVITY	**6,555.9**	**6,596.1**
Proceeds of Cars Sold	3,378.3	3,097.4
TOTAL REVENUES	**9,934.2**	**9,693.5**
TOTAL REVENUES EXCLUDING INTEREST INCOME	**9,098.7**	**8,858.8**

(1) See Note (1) under 8a.

NOTE 9 Impairment charges on receivables

(in EUR million)	Note	Year ended 31 December 2020	2019
Impairment		(142.0)	(101.5)
Reversal of impairment*		70.9	56.5
Impairment charges on receivables	**2.1, 22**	**(71.1)**	**(45.0)**

** Reversal of impairment represents doubtful receivables recovered in the year and the movement in IFRS 9 provision.*

NOTE 10 Staff expenses

(in EUR million)	Year ended 31 December 2020	2019
Wages and salaries	(316.7)	(312.6)
Social security charges	(65.0)	(65.2)
Defined benefit post-employment costs	(2.3)	(1.8)
Other staff costs	(24.4)	(29.7)
TOTAL	**(408.4)**	**(409.3)**

The average number of staff employed (including temporary staff) by the Group during the year was 6,543 (2019: 6,626). At year-end, the full time equivalent number of staff employed by the Group was 6,606 (2019: 6,715).

NOTE 11 General and administrative expenses

General and administrative expenses mainly include IT costs, professional fees and marketing. ALD continues to accelerate the IT investment programme as part of the Group's commitment to be the preferred choice for mobility solutions within the market. There has been a specific focus on digital solutions in order to further enhance customer experience, including fleet manager and driver web portals as well as investment in the development of new flexible products for our customers. Due to implementation of IFRS 16 in 2019, rental charges are no longer reported in general and administrative expenses. Rental charges have been replaced with depreciation of right-of-use assets which are reported under the heading Depreciation and amortisation (see note 12) and interest costs which are reported in Leasing contract margin.

NOTE 12 Depreciation and amortisation

		Year ended 31 December	
(in EUR million)	**Notes**	**2020**	**2019**
Depreciation of other property and equipment	15	(25.7)	(26.2)
Depreciation of intangible assets	15	(16.0)	(12.9)
Depreciation of right of use asset	16	(21.1)	(19.8)
TOTAL		**(62.9)**	**(58.8)**

NOTE 13 Income tax expense

	Year ended 31 December	
(in EUR million)	**2020**	**2019**
Current tax	(64.6)	(22.1)
Deferred tax	(44.3)	(100.1)
Income tax expense	**(108.9)**	**(122.2)**

In 2020 there was a EUR 37 million benefit (EUR 49.6 million in 2019) in the current tax due to the 2016 and 2017 Stability law introduced in Italy which provides a tax benefit to encourage the purchase of new tangible assets. This benefit allows an additional 40% increase of depreciation that can be deducted from the taxable base and is only available to businesses receiving income and not individuals.

ALD Automotive Italia SRL (Italy) had joined Societe Generale tax consolidation group in Italy in 2016. This regime allows the determination of a single IRES taxable base comprised of the taxable income and losses of each of the participating entities. In 2019 there was a reclassification between deferred and current tax for the amount of EUR 65.1 million due to group relief which resulted in transfer of Italy's tax losses to another tax group entity. No such reclassification is required in 2020 as the tax benefit is recorded in current tax. Payment for group relief is made equal to the tax benefit and amounts are included in current tax.

EFFECTIVE TAX RATE RECONCILIATION

(in EUR million)	Year ended 31 December 2020	2019
Profit before tax	**614.6**	**693.2**
Standard tax rate in France	**32.02%**	**34.43%**
Tax expense at standard rate	**(196.8)**	**(238.7)**
Tax calculated at domestic tax rates applicable to profits in the respective countries	62.0	74.6
Tax effects of:		–
Associates' results reported net of tax	0.6	0.6
Income not subject to tax	(12.3)	0.5
Expenses not deductible for tax purposes	23.4	33.2
Utilisation of previously unrecognised tax losses	0.3	0.2
Tax losses for which no deferred income tax asset was recognised	(1.5)	–
Re-measurement of deferred tax	22.6	(36.6)
Adjustment in respect of prior years	(0.7)	35.9
Other	(6.6)	8.2
TOTAL	**(108.9)**	**(122.2)**
Effective rate of income tax	17.73%	17.62%

Increase in income not subject to tax is due to deductible capital gains as a result of the Group restructuring (intercompany sale of subsidiaries).

The positive impact in expenses not deductible for tax purposes continues to be driven by the benefit of the Stability law in Italy.

Significant positive impact in re-measurement of deferred tax in 2020 in comparison to 2019 is explained as follows:

- in 2019 there was a reclassification between deferred and current tax for the amount of EUR 31.9 million due to group relief which resulted in transfer of Italy's tax losses to another tax group entity;
- EUR 25 million is attributable to a decrease in future tax rate for the French subsidiaries.

Of the tax calculated at domestic rates applicable to profits in the respective countries in 2020, the major contributors are Luxembourg, UK, Ireland, Italy, Belgium, Spain, Netherlands and Russia where effective tax rates are lower than in France (with applicable tax rates of 18.9%, 19%, 12.5%, 24%, 25%, 25%, 25% and 20% respectively).

NET DEFERRED TAX VARIATION

The gross movement on the net deferred tax account is as follows:

(in EUR million)	As at 31 December 2020	2019
Net deferred tax liabilities at 1 January	**(220.0)**	**(122.2)**
Income statement charge	(44.3)	(100.1)
Tax charged/(credited) directly to equity	(0.3)	1.0
Exchange differences	9.0	1.2
Scope changes	(2.0)	0.4
Transfer to assets held for sale	–	(0.4)
Other	–	0.0
Net deferred tax liabilities at 31 December	**(257.6)**	**(220.0)**

DEFERRED INCOME TAX BY NATURE

(in EUR million)	As at 31 December 2020	2019
Accelerated tax depreciation	(511.0)	(457.1)
Provisions	143.9	145.0
Impairment losses	–	–
Tax losses	76.0	44.0
Fair value gains	(1.6)	11.4
Retirement benefit obligation	4.1	4.2
Other timing differences	30.7	32.3
Other	0.3	0.3
Net deferred tax asset/(liability)	**(257.6)**	**(220.0)**

Due to the current adverse challenges caused by COVID-19 the Group has considered the effect of changes to the projections and probability of future taxable profits on the recognition and subsequent recoverability of deferred tax assets. There have been no indicators to suggest that availability of qualifying taxable temporary differences, as well as future taxable profits, have been impacted and deferred tax assets will not be recoverable in the future.

The Group's subsidiaries locally monitor developments in the income tax law introduced as part of a government's measures in response to COVID-19 – *e.g.* tax reliefs for certain types of income, additional tax deductions, a reduced tax rate or an extended period to use tax losses carried forward. As at 31 December 2020 there has been no substantively enacted changes which had material impacts on the Group's statements.

Tax losses

The majority of the 2020 tax losses EUR 76 million (2019: EUR 44 million) are attributable to Norway EUR 23 million (2019: EUR 18.8 million), France EUR 40.1 million (2019: EUR 23.9 million) and Belgium EUR 9.7 million. These entities utilised the strategy of accelerated depreciation which lead to the recognition of fiscal losses and deferment of tax liabilities. No significant unrecognised accumulated tax losses have been incurred over the last two financial years.

NOTE 14 Rental Fleet

(in EUR million)	Rental fleet
At 1 January 2019	
Cost	25,062.9
Accumulated depreciation & impairment	(6,639.1)
Carrying amount as at 1 January 2019	**18,423.9**
Year ended 31 December 2019	
Opening net book amount	18,423.9
Additions	8,328.3
Disposals	(3,044.4)
Acquisition of a subsidiary	239.6
Depreciation charge	(3,686.1)
Transfer to assets qualified as held-for-sale	(29.1)
Currency translation differences	104.5
Closing net book amount as at 31 December 2019	**20,336.7**
At 31 December 2019	
Cost	27,563.4
Accumulated depreciation & impairment	(7,226.7)
Carrying amount as at 31 December 2019	**20,336.7**
Year ended 31 December 2020	
Opening net book amount	20,336.7
Additions	7,195.6
Disposals	(3,231.9)
Depreciation charge	(3,824.3)
Transfer from goodwill	0.9
Currency translation differences	(400.1)
Closing net book amount as at 31 December 2020	**20,077.0**
At 31 December 2020	
Cost	27,749.3
Accumulated depreciation & impairment	(7,672.3)
Carrying amount as at 31 December 2020	**20,077.0**

At the 31 December 2020 and 31 December 2019 there were no impairments on the “Rental fleet”.

ALD continues to retain substantially all of the risks and rewards of the lease receivables as in all asset-backed securitisation programmes they subscribed to the first class of notes which will result in ALD bearing any realised losses. Therefore ALD continues to recognise the transferred lease receivables in their entirety for a present value of EUR 1.852 million and a net book value of EUR 1.801 million at 31 December 2020. The transferred lease receivables cannot be sold.

At 31 December 2020, the accounting value of the associated liabilities is GBP 414 million in the UK, EUR 360 million Belgium, EUR 236 million in the Netherlands and EUR 350 million in Germany.

For further details on the transactions reference is made to the Financial Risks Management Section (Liquidity risks).

NOTE 15 Other property and equipment and other intangible assets

OTHER PROPERTY AND EQUIPMENT:

(in EUR million)	Note	Land	Property	Equipment	Total
At 1 January 2019					
Cost		6.8	70.0	124.4	201.2
Accumulated depreciation & impairment			(28.3)	(66.4)	(94.7)
Carrying amount As at 1 January 2019		**6.8**	**41.7**	**58.0**	**106.5**
Year ended 31 December 2019					
Opening net book amount		6.8	41.7	58.0	106.5
Additions		0.0	17.6	44.8	62.5
Disposals		(2.3)	(7.5)	(15.7)	(25.5)
Depreciation charge	12	–	(6.0)	(20.2)	(26.2)
Transfer to assets qualified as held-for-sale		–	–	(0.1)	(0.1)
Transfer from intangible assets		–	0.0	0.0	0.1
Scope changes		–	–	0.1	0.1
Currency translation differences		–	0.2	0.7	0.9
Closing Net book amount As at 31 December 2019		**4.5**	**46.1**	**67.6**	**118.2**
At 31 December 2019					
Cost		4.5	72.7	144.2	221.4
Accumulated depreciation & impairment			(26.6)	(76.6)	(103.2)
Carrying amount As at 31 December 2019		**4.5**	**46.1**	**67.6**	**118.2**
Opening net book amount		**4.5**	**46.1**	**67.6**	**118.2**
Additions		–	18.1	33.5	51.7
Disposals		–	(7.3)	(11.7)	(18.9)
Depreciation charge	12	–	(6.3)	(19.4)	(25.7)
Currency translation differences		–	(0.6)	(1.9)	(2.4)
Closing Net book amount As at 31 December 2020		**4.5**	**50.1**	**68.2**	**122.8**
At 31 December 2020					
Cost		4.5	80.9	152.3	237.6
Accumulated depreciation & impairment			(30.8)	(84.1)	(114.9)
Carrying amount As at 31 December 2020		**4.5**	**50.1**	**68.2**	**122.8**

OTHER INTANGIBLE ASSETS:

(in EUR million)	Note	Software	Other	Total
At 1 January 2019				
Cost		70.2	15.6	85.9
Accumulated amortisation and impairment		(42.7)	(1.0)	(43.7)
Carrying amount As at 31 December 2019		**27.6**	**14.6**	**42.2**
Year ended 31 December 2019				
Opening net book amount		27.6	14.6	42.2
Additions		13.2	1.3	14.5
Divestments		(0.0)	(0.0)	(0.0)
Amortization	12	(11.8)	(1.0)	(12.9)
Transfer to other property and equipment		(0.1)	(11.1)	(11.2)
Scope changes		–	7.6	7.6
Currency translation differences		0.0	0.1	0.1
Closing net book amount As at 31 December 2019		**28.8**	**11.5**	**40.4**
At 31 December 2019				
Cost		77.3	12.7	90.0
Accumulated amortisation and impairment		(48.4)	(1.2)	(49.6)
Carrying amount As at 31 December 2019		**28.8**	**11.5**	**40.4**
Year ended 31 December 2019				
Opening net book amount		28.8	11.5	40.4
Additions		10.3	3.7	14.0
Divestments		(0.3)	(2.2)	(2.5)
Amortization	12	(14.6)	(1.5)	(16.0)
Transfer from goodwill		–	0.8	0.8
Currency translation differences		(0.1)	(0.0)	(0.1)
Closing net book amount As at 31 December 2020		**24.1**	**12.4**	**36.5**
At 31 December 2020				
Cost		85.3	15.0	100.3
Accumulated amortisation and impairment		(61.2)	(2.6)	(63.9)
Carrying amount As at 31 December 2020		**24.1**	**12.4**	**36.5**

NOTE 16 Right-of-use assets and lease liabilities

(in EUR million)	Right-of-use assets (property leases)	Lease liabilities
As at 1 January 2019	**134.3**	**137.1**
Additions	32.7	32.6
Disposals	(10.0)	(9.9)
Accumulated depreciation	(23.2)	-
Transfer to assets held for sale	0.1	(0.1)
Transfer from trade and other payables	(2.5)	-
Interest	-	1.9
Payments	-	(25.7)
As at 31 December 2019	**131.4**	**135.9**
As at 1 January 2020	**131.4**	**135.9**
Additions	30.1	30.7
Disposals	(8.5)	(8.5)
Accumulated depreciation	(24.9)	-
Interest	-	1.8
Payments	-	(27.2)
As at 31 December 2020	**128.0**	**132.7**

NOTE 17 Goodwill

(in EUR million)	Goodwill
At 1 January 2019	
Cost	532.4
Accumulated impairment	–
Carrying amount As at 1 January 2019	**532.4**
Year ended 31 December 2019	
Opening net book amount	532.4
Additions	1.7
Divestments	–
Impairment	–
Scope changes	41.6
Currency translation differences	–
Closing net book amount As at 31 December 2019	**575.7**
At 31 December 2019	
Cost	575.7
Accumulated impairment	–
Carrying amount As at 31 December 2019	**575.7**
Year ended 31 December 2020	
Opening net book amount	575.7
Additions	2.0
Divestments	–
Impairment	–
Transfer to rental fleet	(0.9)
Transfer to other intangibles	(0.8)
Scope changes	–
Currency translation differences	–
Closing net book amount As at 31 December 2020	**576.0**
At 31 December 2020	
Cost	576.0
Accumulated impairment	–
Carrying amount As at 31 December 2020	**576.0**

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GOODWILL BY CASH-GENERATING UNITS

(in EUR million)	As at 1 January 2020	Addition	Decrease	Scope changes	As at 31 December 2020
France	212.0	–	–	–	212.0
Germany	37.9	–	–	(2.7)	35.2
Italy	50.2	–	–	–	50.2
Spain	109.1	–	–	–	109.1
UK	22.6	–	–	–	22.6
Benelux	54.9	2.0	–	–	56.9
Ireland	24.1	–	–	–	24.1
Mediterranean Hub	4.2	–	(1.7)	–	2.5
Nordics Hub	18.3	–	–	–	18.3
South Eastern Europe Hub	9.5	–	–	–	9.5
North Eastern Europe Hub	1.4	–	–	2.7	4.1
Central Europe Hub	31.5	–	–	–	31.5
TOTAL	**575.7**	**2.0**	**(1.7)**	**–**	**576.0**

(in EUR million)	As at 1 January 2019	Addition	Decrease	Scope changes	As at 31 December 2019
France	212.0	–	–	–	212.0
Germany	37.9	–	–	–	37.9
Italy	50.2	–	–	–	50.2
Spain	109.1	–	–	–	109.1
UK	22.6	–	–	–	22.6
Benelux	13.3	–	–	41.6	54.9
Ireland	24.1	–	–	–	24.1
Mediterranean Hub	2.5	1.7	–	–	4.2
Nordics Hub	18.3	–	–	–	18.3
South Eastern Europe Hub	9.5	–	–	–	9.5
North Eastern Europe Hub	1.4	–	–	–	1.4
Central Europe Hub	31.5	–	–	–	31.5
TOTAL	**532.4**	**1.7**	**–**	**41.6**	**575.7**

On an annual basis, ALD performs an impairment test for each cash-generating unit (CGU) to which goodwill has been allocated.

An impairment loss is recognised in the income statement if the carrying amount of CGU, including its allocated goodwill, is higher than its recoverable amount. This impairment loss is then allocated first to reduce the carrying amount of goodwill.

The recoverable amount of cash-generating unit is calculated using the most appropriate method, generally the discounted cash flow (DCF). Cash flows were projected on actual financial results and the 5-year business plans, for which Management has assessed and approved the reasonableness of its assumptions by examining the causes of differences between past cash flow projections and actual cash flows.

A discount rate was applied which is built up of a risk-free interest, a market premium multiplied by a market specific beta.

Due to the potential reduced demand for leasing and Fleet Management services worldwide and other uncertainties regarding the resale value of vehicles the Group has performed additional "stressed" scenario for the future cashflow projections on the 7 cash generating units which represent 88% of the total goodwill. The scenario had the following stresses:

- 10% decrease in expected fleet growth in 2021-2025;
- 10% reduction in proceeds from used car sales in 2021 and 2022.

Historically, the greatest reduction in our sales proceeds on a per vehicle basis was just over 7% in the 2009 financial crisis compared to the pre-crisis levels.

Based on the assumptions made by the Group, even with these severe stresses, no need for impairment of goodwill has been identified in 2020. There was no impairment recognised in 2019.

The key assumptions used for value-in-use calculations in 2020 and 2019 are as follows:

ASSUMPTIONS IN 2020 AND 2019

	Discount Factor 2020	Discount Factor 2019	Perpetuity rate (2020 and 2019)
France	9.30%	9.20%	2.00%
Germany	9.30%	9.20%	2.00%
Italy	9.30%	9.20%	2.00%
Spain	9.30%	9.20%	2.00%
UK	9.30%	9.20%	2.00%
Ireland	10.39%	9.20%	2.00%
Benelux	9.30%	9.20%	2.00%
Mediterranean Hub	9.30%	9.20%	2.00%
Nordics Hub	9.30%	9.20%	2.00%
South Eastern Europe Hub	16.90%	15.42%	2.00%
North Eastern Europe Hub	9.60%	9.20%	2.00%
Central Europe Hub	11.92%	11.63%	2.00%

NOTE 18 Investments in associates

(in EUR million)	Year ended 31 December 2020	2019
Balance as at 1 January	**9.0**	**7.6**
Share of results	1.2	1.3
Currency translation differences	(0.1)	0.1
Balance as at 31 December,	**10.2**	**9.0**

Name	Country of incorporation	Assets	Liabilities*	Revenues	Profit/(Loss)	% interest held
As at 1 January 2019						
ALD Automotive SA Morocco	MOROCCO	50.7	44.3	20.7	1.5	35%
Nedderfeld 95 Immobilien GmbH & Co. KG	GERMANY	1.2	0.0	–	–	35%
TOTAL		**51.9**	**44.3**	**20.7**	**1.5**	
As at 31 December 2019						
ALD Automotive SA Morocco	MOROCCO	58.3	50.5	21.5	1.8	35%
Nedderfeld 95 Immobilien GmbH & Co. KG	GERMANY	1.2	0.0	–	–	35%
TOTAL		**59.5**	**50.5**	**21.5**	**1.8**	
As at 31 December 2020						
ALD Automotive SA Morocco	MOROCCO	53.2	44.2	22.3	1.9	35%
Nedderfeld 95 Immobilien GmbH & Co. KG	GERMANY	1.2	0.0	–	–	35%
TOTAL		**54.4**	**44.3**	**22.3**	**1.9**	

* *Excluding net equity*

NOTE 19 Derivative financial instruments

Derivative instruments are used as part of the overall strategy to manage exposure to market risks primarily associated with fluctuations in interest rates and foreign exchange rates through interest rate and currency swaps respectively. As a matter of policy, derivatives are not used for speculative purposes. Derivative instruments that are measured at fair value on a recurring basis are included in the caption "Derivative financial instruments" in the consolidated balance sheet.

	Year ended 31 December 2020		Year ended 31 December 2019	
(in EUR million)	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Interest rate swaps – cash flow hedge	0.5	10.2	0.8	14.4
Interest rate swaps – fair value hedge	–	–	–	–
Foreign Exchange swaps	47.4	4.1	5.2	14.4
Trading derivatives	16.9	9.4	12.8	6.3
TOTAL	**64.7**	**23.7**	**18.7**	**35.1**
Less non-current portion:				
Interest rate swaps – cash flow hedge	0.1	7.3	0.7	12.8
Interest rate swaps – fair value hedge	–	–	–	–
Foreign Exchange swaps	24.4	2.8	3.7	12.0
Trading derivatives	8.6	2.4	3.4	4.2
TOTAL NON-CURRENT PORTION	**33.1**	**12.4**	**7.8**	**28.9**
CURRENT PORTION	**31.6**	**11.3**	**10.9**	**6.2**

The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months.

Foreign exchange swaps

Foreign exchange swaps are used as hedging instruments for financial debt.

The notional principal amounts of the foreign exchange swaps contracts at 31 December 2020 were EUR 320.8 million (2019: EUR 316.7 million).

The hedged, highly probable forecast transactions denominated in foreign currency are expected to occur at various dates during the next 12 months. Gains and losses recognised in the hedging reserve in equity on forward foreign exchange contracts as of 31 December 2020 are recognised in the income statement in the period or periods during which the hedged forecast transaction affects the income statement. This is generally within 12 months of the end of the reporting period.

Interest rate swaps

Interest rate swaps are concluded to cover cash-flows or fair value of its main borrowings.

The notional principal amounts of the outstanding interest rate swap contracts at 31 December 2020 were EUR 2,294 million (2019: EUR 2,566 million).

At 31 December 2020, the main floating rates used are EURIBOR, GBP LIBOR, NIBOR (Norway) and STIBOR (Sweden). Gains and losses recognised in the hedging reserve in equity on interest rate swap contracts as of 31 December 2020 will be continuously released to the income statement within finance charges until the repayment of the financial debt.

NOTE 20 Other non-current and current financial assets

(in EUR million)	Year ended 31 December	
	2020	**2019**
Long-term investments (10 years)	386.9	469.1
Other current financial assets	350.4	326.3
Other	4.7	0.1
TOTAL	**742.0**	**795.5**

Long-term investments are a resource resulting from the policy of the Group and of its main shareholder, Societe Generale, to monitor the Group's interest rate risk through the matching of assets and liabilities by maturity. Available equity is considered as a long term resource which needs to be matched with long-term assets (refer to Interest rate risks management in financial risk management section above). Equity reinvestments are made in long term amortising deposits within Societe Generale in order to remain within the interest rate sensitivity limit set for each entity (variation in the net present value of the future residual fixed rate positions, surplus or deficit, for a 1% parallel increase in the yield curve). These deposits will roll-out in approximately 6 years' time and will not be renewed.

NOTE 21 Inventories

(in EUR million)	As at 31 December	
	2020	**2019**
Inventories – gross value	348.5	392.2
Valuation allowance	(23.9)	(20.7)
Inventories net	**324.6**	**371.6**

Inventories are stated at the lower of cost or net realisable value.

NOTE 22 Receivables from clients and financial institutions

This item includes amounts receivable under lease contracts and trade receivables, after deduction of allowances for debtor risks, where necessary.

	As at 31 December	
(in EUR million)	**2020**	**2019**
Amounts receivable under finance lease contracts	762.5	856.6
Provision for impairment of Finance lease receivables	(14.2)	(10.7)
Amounts receivable from credit institutions*	35.3	32.3
Trade receivables	977.2	993.1
Provision for impairment of trade receivables	(178.1)	(136.6)
TOTAL RECEIVABLES	**1,582.6**	**1,734.7**

* *Mainly towards Societe Generale – no impairment provision has been calculated on these receivables due to their inter-group nature and immaterial size.*

The fair value of receivables is equivalent to the carrying value.

Expected Credit Losses

The below table presents analysis of receivables which are in and out of scope of the simplified approach of IFRS 9 for sound customers.

	31 December 2020			31 December 2019		
(in EUR million)	**In scope**	**Out of scope**	**Total**	**In scope**	**Out of scope**	**Total**
Amounts receivable under finance lease contracts	749.3 (1)	13.2 (2)	762.5	846.8 (1)	9.9 (2)	856.6
Provision for impairment of receivables under finance lease contracts	(4.7)	(6.7)	(11.4)	(4.8)	(5.9)	(10.7)
Provision for impairment of receivables under finance lease contracts – forward looking	(2.7)	–	(2.7)	–	–	–
Amounts receivable from credit institutions	-	35.3	35.3	–	32.3	32.3
Trade receivables	580.4	396.7 (2)	977.2	643.4	349.7 (2)	993.1
Provision for impairment of trade receivables	(14.5)	(150.9)	(165.4)	(15.5)	(121.1)	(136.6)
Provision for impairment of trade receivables – forward looking	(12.7)	–	(12.7)	–	–	–
TOTAL RECEIVABLES	**1,295.1**	**287.6**	**1,582.7**	**1,469.9**	**264.8**	**1,734.7**

(1) Including remaining capital.
(2) These amounts represent doubtful and non-lease receivables.

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Based on the receivables which are in the scope, the loss allowance as at 31 December 2020 and 31 December 2019 was determined as follows for both trade and finance lease receivables:

PROVISION MATRIX 31 DECEMBER 2020

(in EUR million)	**Not past due**	**0 -30 days past due**	**31-60 days past due**	**61-90 days past due**	**> 90 days past due**	**Total**
Loss rate	1%	5%	11%	17%	21%	
Gross carrying amount of receivables in IFRS 9 scope	1,139.5	98.3	33.0	14.3	44.6	1,329.7
Loss Allowance	(14.7)	(4.5)	(3.5)	(2.4)	(9.6)	(34.6)
Net carrying amount of receivables in IFRS 9 scope	**1,124.8**	**93.8**	**29.5**	**12.0**	**35.1**	**1,295.1**

PROVISION MATRIX 31 DECEMBER 2019

(in EUR million)	Not past due	0-30 days past due	31-60 days past due	61-90 days past due	> 90 days past due	Total
Loss rate	1%	2%	4%	8%	13%	
Gross carrying amount of receivables in IFRS 9 scope	1,248.7	134.4	52.8	15.6	38.5	1,490.1
Loss Allowance	(8.9)	(3.2)	(2.0)	(1.2)	(5.0)	(20.3)
Net carrying amount of receivables in IFRS 9 scope	**1,239.8**	**131.2**	**50.8**	**14.4**	**33.5**	**1,469.9**

The increase in the provision for impairment of receivables under finance lease contracts and trade receivables is due to the forward looking provision. For further details see note 2.1 "COVID-19 Pandemic".

Information on past due and impaired finance lease receivables

The amounts presented in the tables below include loans and finance receivables by Basel II portfolio that are not past due and that are past due but not individually impaired.

LOANS AND RECEIVABLES TO CUSTOMERS, YEAR ENDED 31 DECEMBER 2020

(in EUR million)	Banks	Corporates	Small and medium enterprises*	Credit to individuals	Very small companies	Total
Amounts not past due	3.6	300.7	64.3	106.4	214.6	689.5
Amounts including past due between 1 to 30 days	0.1	11.0	8.6	0.1	4.4	24.1
Amounts including past due between 31 to 60 days	–	2.5	2.5	0.0	5.3	10.4
Amounts including past due between 61 to 90 days	–	1.7	3.5	0.1	1.6	6.9
Amounts including past due between 91 to 180 days	0.3	4.3	1.0	0.1	1.0	6.8
Amounts including past due between 181 days to 1 year	0.8	4.6	0.7	0.2	2.7	9.0
Amounts including past due over 1 year		2.2	0.1	0.0	0.2	2.6
TOTAL	**4.8**	**327.0**	**80.7**	**107.0**	**229.7**	**749.3**

* *There has been a reclassification between portfolios in 2020*

LOANS AND RECEIVABLES TO CUSTOMERS, YEAR ENDED 31 DECEMBER 2019

(in EUR million)	Banks	Corporates	Small and medium enterprises	Credit to individuals	Very small companies	Total
Amounts not past due	6.8	80.4	401.2	118.2	158.0	764.6
Amounts including past due between 1 to 30 days	0.1	5.1	42.6	1.9	4.3	54.1
Amounts including past due between 31 to 60 days	0.0	0.9	16.5	0.2	2.2	19.9
Amounts including past due between 61 to 90 days	0.0	0.5	1.9	0.1	0.3	2.8
Amounts including past due between 91 to 180 days	–	0.1	2.7	0.3	1.0	4.1
Amounts including past due between 181 days to 1 year	–	0.2	0.6	–	0.3	1.0
Amounts including past due over 1 year	–	0.0	0.0	(0.0)	0.2	0.2
TOTAL	**7.0**	**87.2**	**465.5**	**120.7**	**166.4**	**846.8**

The decrease in amounts not past due is related to fleet decrease.

A full description of the impairment policy is contained in the Credit Risk Measurement section of the Financial Risk Factors.

The movement in impairment of trade lease receivables is as follows:

(in EUR million)	Note	As at 31 December 2020	2019
Balance at 1 January		**(136.5)**	**(118.2)**
Net Impairment charges	9	(71.1)	(45.0)
Receivables written off		20.7	23.0
Movement in Finance Lease Provision		3.5	0.9
Other and currency translation differences		5.4	2.7
Balance at 31 December		**(178.1)**	**(136.5)**

The maturity analysis is as follows:

(in EUR million)	As at 31 December 2020	2019
Trade receivables not overdue	623.3	638.4
Past due up to 90 days	160.8	194.7
Past due between 90-180 days	41.5	35.1
Past due over 180 days	151.6	124.9
TOTAL	**977.2**	**993.1**

The deterioration in the maturity profile in 2020 is due to the impact of the COVID-19 pandemic and the associated economic decline. The main impact on customer payments has been in the private individual, sole trader and small and medium enterprise sectors. In response to this situation entities have mitigated the impact by focusing on collection procedures, outsourcing of payment collections and direct debit payments. The result of these methods is seen in the reduction of past due up to 90 days and not due receivables.

NOTE 23 Other receivables and prepayments

(in EUR million)	As at 31 December 2020	2019
VAT and other taxes	237.1	276.7
Prepaid motor vehicle tax and insurance premiums	108.1	116.2
Reclaimable damages	8.5	14.8
Prepaid expenses	296.4	305.6
Other	263.7	244.0
Other receivables and prepayments	**913.9**	**957.3**

The majority of the other receivables and prepayments have a maturity of less than one year.

The other receivables balance includes EUR 105.8 million (2019: EUR 132.5 million) relating to rebates receivable from dealers and manufacturers.

NOTE 24 Cash and cash equivalents

(in EUR million)	As at 31 December 2020	2019
Cash at bank and on hand	122.6	117.3
Short-term bank deposits	72.1	38.2
Cash and cash equivalents excl. bank overdrafts	**194.7**	**155.5**
Bank overdrafts	(315.7)	(272.2)
Cash and cash equivalents, net of bank overdrafts	**(121.0)**	**(116.7)**

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 31 December 2020:

(in EUR million)	As at 31 December 2020	2019
Cash at bank and on hand	122.6	117.3
Short-term bank deposits	72.1	38.2
Cash at bank and short-term bank deposits attributable to disposal group	–	1.9
Cash and cash equivalents excl. bank overdrafts	**194.7**	**157.4**
Bank overdrafts	(315.7)	(272.2)
Cash and cash equivalents, net of bank overdrafts	**(121.0)**	**(114.9)**

As ALD operates its own re-insurance program the cash balance includes funds required for this business.

NOTE 25 Financial assets and liabilities by category

The Company's financial assets and liabilities are categorised as follows:

FINANCIAL ASSETS

As at 31 December 2020 *(in EUR million)*	Assets at amortised cost	Assets at fair value through profit and loss	Assets at fair value through OCI	Total net book value per balance sheet	Fair value	Level [1]
Derivative financial instruments		16.9	47.8	64.7	64.7	Level 2
Receivables from clients and from financial institutions	1,582.6			1,582.6	1,582.6	Level 2
Other non current and current financial assets	–	742.0		742.0	742.0	Level 1 and level 2
Cash and cash equivalents		194.7		194.7	194.7	Level 1
TOTAL	**1,582.6**	**953.5**	**47.8**	**2,584.0**	**2,584.0**	

(1) Refers to valuation method.

As at 31 December 2019 *(in EUR million)*	**Assets at amortised cost**	**Assets at fair value through profit and loss**	**Assets at fair value through OCI**	**Total net book value per balance sheet**	**Fair value**	**Level [1]**
Derivative financial instruments		12.8	6.0	18.7	18.7	Level 2
Receivables from clients and from financial institutions	1,734.7			1,734.7	1,734.7	Level 2
Other non current and current financial assets	–	795.5		795.5	795.5	Level 1 and level 2
Cash and cash equivalents		155.5		155.5	155.5	Level 1
TOTAL	**1,734.7**	**963.8**	**6.0**	**2,704.5**	**2,704.5**	

(1) Refers to valuation method.

FINANCIAL LIABILITIES

As at 31 December 2020 *(in EUR million)*	**Liabilities at amortised cost**	**Liabilities at fair value through profit and loss**	**Liabilities at fair value through OCI**	**Total net book value per balance sheet**	**Fair value**	**Level**
Bank borrowings	12,734.1			12,734.1	12,734.1	Level 2
Bonds issued	4,911.6			4,911.6	4,946.2	Level 2
Derivative financial instruments		9.4	14.3	23.7	23.7	Level 2
Trade payables	757.2			757.2	757.2	Level 2
TOTAL	**18,402.9**	**9.4**	**14.3**	**18,426.6**	**18,461.2**	

As at 31 December 2019 *(in EUR million)*	**Liabilities at amortised cost**	**Liabilities at fair value through profit and loss**	**Liabilities at fair value through OCI**	**Total net book value per balance sheet**	**Fair value**	**Level**
Bank borrowings	13,408.1		–	13,408.1	13,408.1	Level 2
Bonds issued	4,986.8		–	4,986.8	5,023.0	Level 2
Derivative financial instruments		6.3	28.9	35.1	35.1	Level 2
Trade payables	778.6	–	–	778.6	778.6	Level 2
TOTAL	**19,173.5**	**6.3**	**28.9**	**19,208.7**	**19,244.9**	

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There were no transfers between levels 1 and 2.

NOTE 26 Shareholders' equity

Share Capital and Share Premium

At 31 December 2020, the authorised capital amounted to EUR 606.2 million (2019: EUR 606.2 million), divided into 404,103,640 ordinary shares with a nominal value of EUR 1.5 each.

At 31 December 2020, share premium amounted to EUR 367 million (2019: EUR 367 million).

All shares issued by ALD SA were fully paid.

The holders of the shares are entitled to receive dividend as declared at Annual General Meetings and are entitled to vote per share at meetings of the Company.

Other Equity – Treasury Shares

Following the combined General Meeting held in 2020, 2019 and 2018, ALD SA was authorised to purchase its own shares for the purposes of attributing, covering and paying off any scheme for the allocation of free shares, employee savings scheme and any other form of allocation to employees and executive directors of the Company or of companies related to it under the conditions set out in applicable legislative and regulatory provisions, in particular in terms of sharing in the benefits of the Company's expansion, the allocation of free shares, all schemes for employee shareholding and to carry out all hedging operations relating to the said employee shareholding schemes.

	Number of shares	EUR million
Opening balance 1 January 2019	**389,053**	**(5.8)**
Acquisition of treasury shares employee share schemes	260,104	(3.2)
Employee share scheme issue	–	–
Liquidity contracts	1,427	0.0
BALANCE AT 31 DECEMBER 2019	**650,584**	**(9.0)**
Opening balance 1 January 2020	**650,584**	**(9.0)**
Acquisition of treasury shares employee share schemes	383,314	(3.6)
Employee share scheme issue	(12,907)	0.1
Liquidity contracts	41,914	(0.5)
BALANCE AT 31 DECEMBER 2020	**1,062,905**	**(12.9)**

Retained earnings and other reserves

Movements in retained earnings and other reserves are presented in the Statement of changes in equity.

NOTE 27 Share-based payments

In 2020 three new equity-settled share-based payment plans were approved by the ALD Board of Directors. The plans are designed to provide long-term incentives for selected employees across the Group to deliver long-term shareholder returns. Under the plans, participants are granted free shares in the parent company ALD SA which will only vest if certain performance and service conditions are met. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits. Shares are granted under the plans for no consideration and carry no dividend or voting rights. Prior to approval of the plans ALD SA did not hold any shares bound to be distributed to own employees, therefore ALD SA can either issue new shares or acquire its own shares on the market between the grant date and vesting date in order to settle the obligation to its employees.

SUMMARY OF 2020 LONG-TERM INCENTIVES PLANS APPROVED BY ALD BOARD OF DIRECTORS

	Plan 5	Plan 6.A	Plan 6.B
Date of Board Meeting	27 March 2020	27 March 2020	27 March 2020
Total number of shares granted	353,281	17,316	17,319
Vesting date	31 March 2023	31 March 2022	31 March 2023
Holding period end date	no holding period	30 September 2022	30 September 2023
Fair value (in EUR)	7.25	7.25	7.25
Number of employees in the plan	264	5	5

SUMMARY OF 2019 LONG-TERM INCENTIVES PLANS APPROVED BY ALD BOARD OF DIRECTORS

	Plan 3	Plan 4.A	Plan 4.B
Date of Board Meeting	28 March 2019	28 March 2019	28 March 2019
Total number of shares granted	235,475	16,614	16,617
Vesting date	31 March 2022	31 March 2021	31 March 2022
Holding period end date	no holding period	30 September 2021	30 September 2022
Fair value (in EUR)	10.16	10.16	10.16
Number of employees in the plan	229	6	6

SUMMARY OF 2018 LONG-TERM INCENTIVES PLANS APPROVED BY ALD BOARD OF DIRECTORS

	Plan 1	Plan 2.A	Plan 2.B
Date of Board Meeting	29 March 2018	29 March 2018	29 March 2018
Total number of shares granted	276,980	12,907	12,907
Vesting date	31 March 2021	31 March 2020	31 March 2021
Holding period end date	no holding period	30 September 2020	30 September 2021
Fair value (in EUR)	11.31	11.31	11.31
Number of employees in the plan	195	4	4

Vesting conditions are based on ALD's profitability, as measured by the average Group Net income over the 3 or 2 years of the vesting period. The ALD Group Net income corresponds to the published ALD Group Net income.

At 31 December 2020 403 employees (286 employees as at 31 December 2019) benefit from the long-term incentives plans.

The following table shows the shares granted and outstanding at the beginning and end of the reporting period.

	Number of shares
As at 1 January 2019	**296,810**
Granted during the year	268,706
Vested during the year	–
Forfeited during the year	(10,288)
As at 31 December 2019	**555,228**
As at 1 January 2020	**555,228**
Granted during the year	387,916
Vested during the year	(12,907)
Forfeited during the year	(58,674)
As at 31 December 2020	**871,563**

For equity settled share-based payments, the fair value of these instruments, measured at the grant date, is spread over the vesting period and recorded in shareholders' equity under Retained earnings and other reserves. At each accounting date, the number of these instruments is revised in order to take into account vesting conditions and adjust the overall cost of the plan as originally determined. Expenses recognised under Staff expenses from the start of the plan are then adjusted accordingly.

The Group was involved in another free share plan as of 31 December 2019 granted by the parent company Societe Generale. Free shares plan ("AGA") was granted to a limited number of managers, subject to attendance conditions. At 31 December 2019 163 employees benefited from 26,600 shares in all existing plans. All shares in these plans have vested in March 2020 and no new plans have been issued.

EXPENSES RECORDED IN THE INCOME STATEMENT

(in EUR Million)	31 December 2020	31 December 2019
Net expenses from free share ALD plans	(2.3)	(1.8)
Net expenses from free share Societe Generale plan	(0.0)	(0.4)
TOTAL EXPENSE	**(2.3)**	**(2.2)**

NOTE 28 Borrowings from financial institutions, bonds and notes issued

(in EUR million)	As at 31 December 2020	2019
Bank borrowings	7,763.5	8,607.9
Non-current borrowings from financial institutions	**7,763.5**	**8,607.9**
Bank overdrafts	315.7	272.2
Bank borrowings	4,655.0	4,528.0
Current borrowings from financial institutions	**4,970.6**	**4,800.2**
TOTAL BORROWINGS FROM FINANCIAL INSTITUTIONS	**12,734.1**	**13,408.1**
Bonds and notes-originated from securitisation transactions	1,267.8	993.9
Bonds and notes-originated from EMTN programme	2,200.0	2,900.0
Other non-current bonds issued	–	–
Non-current bonds and notes issued	**3,467.8**	**3,893.9**
Bonds and notes-originated from securitisation transactions	138.7	88.0
Bonds and notes-originated from EMTN programme	1,305.2	1,004.9
Other current bonds issued	–	–
Current bonds and notes issued	**1,443.9**	**1,092.9**
TOTAL BONDS AND NOTES ISSUED	**4,911.6**	**4,986.8**
TOTAL BORROWINGS FROM FINANCIAL INSTITUTIONS AND BONDS	**17,645.7**	**18,394.9**

There are no non-cash items from all outstanding sources of borrowings.

MATURITY OF BORROWINGS AND BONDS

(in EUR million)	As at 31 December 2020	2019
Less than 1 year	6,414.5	5,893.1
1-5 years	11,106.8	12,216.8
Over 5 years	124.4	285.0
TOTAL BORROWINGS AND BONDS	**17,645.7**	**18,394.9**

Currencies

The carrying amounts of the Group's borrowings are denominated in the following currencies:

(in EUR million)	As at 31 December 2020	2019
Euro	13,268.0	13,540.3
UK Pound	2,052.7	2,248.6
Danish Krone	363.3	339.4
Swedish Kronor	424.6	396.7
Other currencies	1,537.1	1,870.0
TOTAL BORROWINGS AND BONDS	**17,645.7**	**18,394.9**

External funding

Local external banks and third parties provide 32.2% of total funding, representing EUR 5,675 million at 31 December 2020 (31.7% and EUR 5,826 million at 31 December 2019).

An amount of EUR 764 million or 4% of total funding is provided by external banks. The residual external funding (EUR 4,912 million) has been raised through asset-backed securitisations and unsecured bonds.

Included within this amount is loan of EUR 250 million granted by the European Investment Bank in September 2019. This will enable the Group to develop its range of hybrid and electric vehicles across the EU, particularly in France, Germany, Italy, Spain, Belgium and the Netherlands.

Asset-backed securitisation programme

In June 2015 a private securitisation deal was set up in Belgium for EUR 300 million. This deal was renewed and increased by EUR 60 million in June 2018. In June 2020 this EUR 360 million deal was renewed for two additional years.

The private securitisation deal set up in December 2013 in the Netherlands was renewed for EUR 236 million in December 2020 for 6 additional months.

The following debt securities are currently issued:

A private securitisation deal was set up in the UK in December 2018 for GBP 414 million with a revolving period of 1 year. The deal has been renewed in December 2019 for two additional years.

A public securitisation deal has been set up in Germany in October 2020 for EUR 350 million with a revolving period of 1 year.

Programme and special purpose company	Originator	Country	Currency	Amount [(1)]
ALD Funding Limited	ALD	UK	GBP	414 million
Axus Finance NL B	ALD	Netherlands	EUR	236 million
Axus Finance SPRL	ALD	Belgium	EUR	360 million
Red & Black Auto Lease Germany SA, compartment 3	ALD	Germany	EUR	350 million

(1) Transaction outstanding amount at 31 December 2020.

The maturity of the asset-backed securitisation programmes is as follows:

(in EUR million)	31 December 2020	31 December 2019
Less than 1 year	138.7	88.0
1-5 years	1,267.8	993.9
Over 5 years	–	–
TOTAL SECURITISATION PROGRAMME	**1,406.4**	**1,082.0**

The Group has deposited cash collateral (reserves) for these securitisation transactions for a total amount of EUR 45 million as at 31 December 2020.

EMTN programme

Within this programme, the Group has the following outstanding bonds issued as at 31 December 2020:

- a bond in July 2017 for an amount of EUR 600 million maturing in July 2022 at a fixed rate of 0.875%;
- a bond in February 2018 for an amount of EUR 800 million maturing in February 2021 at floating rate of Euribor 3M +34bps;
- a bond in July 2018 for an amount of EUR 500 million maturing in July 2021 at floating rate of Euribor 3M + 62bps;
- a bond in July 2019 for an amount of EUR 500 million maturing in July 2023 at a fixed rate of 0.375%;
- a bond in October 2020 for an amount of EUR 600 million maturing in October 2023 at a fixed rate of 0.375%;

In addition, in October 2018 the Group issued an inaugural Positive Impact Bond (Green Bond), a EUR 500m 4-years senior note at a fixed rate of 1.250%.

Societe Generale funding

Following the external funding raised in recent years, the funding raised through Societe Generale has remained stable at 68% as at 31 December 2020.

Most of the funding provided by the Societe Generale Group is granted through Societe Generale Luxembourg. SG Luxembourg provides funds to the ALD Group Central Treasury which then grants loans in different currencies to 19 ALD subsidiaries as well as to the holding companies. The total amount of loans granted by SG Luxembourg amounted to EUR 8,550 million at 31 December 2020 (EUR 8,598 million at 31 December 2019) with an average maturity of 1.85 years.

The remaining SG funding is provided either by local SG branches or Societe Generale Group Central Treasury in Paris, representing EUR 3,421 million at 31 December 2020 (EUR 3,972 million at 31 December 2019).

At 31 December 2020 the Group has undrawn borrowing facilities of EUR 3,7 billion (EUR 2,8 billion at 31 December 2019) of which EUR 549 million are committed undrawn borrowing facilities. Providing there is a market liquidity, these facilities are readily available to ALD entities.

Guarantee given

A first demand guarantee has been granted to an English Financial institution for an amount of GBP 120 million on behalf of ALD Automotive UK, under the conditions negotiated in the frame of the distribution agreement concluded with this financial institution.

A first demand guarantee has been granted to ING Luxembourg for an amount of EUR 52 million on behalf of Axus Luxembourg SA, under the condition negotiated in the frame of the distribution agreement concluded with this financial institution.

A first demand guarantee has been granted to Banque Internationale à Luxembourg for an amount of EUR 20 million on behalf of Axus Luxembourg SA, under the conditions negotiated in the frame of the distribution agreement concluded with this financial institution.

A first demand guarantee has been granted to a landlord for an amount of EUR 6.5 million on behalf of ALD RE DAC Ireland, under the conditions negotiated in the frame of the premises rental agreement concluded with this landlord.

NOTE 29 Retirement benefit obligations and long term benefits

- Defined contribution plans

  Defined contribution plans limit ALD's liability to contributions paid to the plan but do not commit ALD to a specific level of future benefits.

  Main defined contribution plans provided to employees of the Group are located in France. They include state pension plans and other national pension plans such as ARRCO and AGIRC, as well as pension schemes put in place by some entities of the Group for which the only commitment is to pay annual contributions (PERCO).

- Post-employment benefit plans (Defined benefit plans)

  Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

  Main defined benefit plans provided to employees of the Group are located in Belgium, Germany, Italy and Switzerland.

Reconciliation of assets and liabilities recorded in the balance sheet

The amount recognised in the balance sheet is determined as follows:

(In EUR million)	31 December 2020	31 December 2019
A – Present value of defined benefit obligations	24.7	23.4
B – Fair Value of plan assets	(13.5)	(13.3)
C – Fair value of separate assets	–	–
D – Change in asset ceiling	–	–
A + B - C + D = Net balance recorded in the balance sheet	**11.2**	**10.1**

Post-employment benefit plans include annuity payments, end-of-career indemnities as well as mixed plans (cash balance). Annuity payments are added to pension plans paid by state and mandatory benefit plans.

The present values of defined benefit obligations have been valued by independent qualified actuaries.

Components of the cost of the defined benefits

(In EUR million)	2020	2019
Current service cost including social security contributions	1.1	1.0
Employee contributions	(0.2)	(0.2)
Past service cost/curtailments	–	–
Transfer *via* the expense	–	–
Net interest	0.1	0.1
Components recognised in income statement	*1.0*	*1.0*
Actuarial gains and losses due to assets*	0.1	(0.2)
Actuarial gains and losses due to changes in demographic assumptions	–	–
Actuarial gains and losses due to changes in economical and financial assumptions	1.3	2.3
Actuarial gains and losses due to experience	(0.7)	(0.1)
Change in asset ceiling	–	–
Components recognised in unrealised or deferred gains and losses	*0.7*	*2.0*
TOTAL COMPONENTS OF THE COST OF THE DEFINED BENEFITS	**1.7**	**3.0**

* *Actuarial gains and losses due to assets from which the actuarial gains and losses due to assets included in the net interest cost is deducted*

Changes in net liabilities of post-employment benefit plans recorded in the balance sheet

Changes in the present value of defined benefit obligations:

(In EUR million)	2020	2019
Balance at 1 January	**23.5**	**20.7**
Current service cost including social security contributions	1.1	1.0
Employee contributions	–	–
Past service cost/curtailments	–	–
Settlement	–	–
Net interest	0.2	0.3
Actuarial gains and losses due to changes in demographic assumptions	–	–
Actuarial gains and losses due to changes in economical and financial assumptions	1.3	2.3
Actuarial gains and losses due to experience	(0.7)	(0.1)
Foreign exchange adjustment	–	0.1
Benefit payments	(0.7)	(0.8)
Acquisition/(Sale) of subsidiaries	–	–
Transfers and others	–	–
BALANCE AT 31 DECEMBER	**24.7**	**23.5**

Changes in fair value of plan assets and separate assets:

(In EUR million)	2020	2019
Balance at 1 January	**13.3**	**12.3**
Expected return on plan assets	0.1	0.2
Expected return on separate assets	–	–
Actuarial gains and losses due to assets	(0.1)	0.2
Foreign exchange adjustment	–	0.0
Employee contributions	0.2	0.2
Employer contributions to plan assets	0.6	0.6
Benefit payments	(0.5)	(0.2)
Acquisition/(Sale) of subsidiaries	–	–
Transfers and others	–	–
BALANCE AT 31 DECEMBER	**13.5**	**13.3**

Information regarding funding assets (for all benefits and future contribution)

The breakdown of the fair value of plan assets is as follows: 37% bonds, 44% equities, 4% money market instruments and 15% others.

Employer contributions to be paid to post-employment defined benefit plans for 2021 are estimated at EUR 0.6 million.

Actual returns on funding assets

The actual returns on plan and separate assets were:

(In EUR million)	2020	2019
Plan assets	0.0	0.4
Separate assets	–	–

The assumptions on return on assets are presented in the following section.

Main assumptions detailed by geographical area

The significant actuarial assumptions used to determine the pension benefit obligation amount are as follows:

	2020	2019
Discount rate Europe	0.3%	0.7%
Long-term inflation Europe	1.2%	1.2%
Future salary increase Europe	1.4%	1.4%
Average remaining working lifetime of employees *(in years)* Europe	14.5	14.7
Duration *(in years)* Europe	12.0	11.9

The assumptions by geographical area are averages weighted by the present value of the liabilities (DBO).

The yield curves used to discount the liabilities are corporate AA yield curves (source: Merrill Lynch) observed in the end of October for GBP and EUR, and corrected at the end of December if the decrease in discount rates had a significant impact.

Inflation rates used are the long-term targets of the central banks of the monetary areas above.

The average remaining working lifetime of employees is calculated taking into account withdrawal assumptions.

The assumptions described above have been applied on post-employment benefit plans.

Obligations sensitivities to main assumptions ranges

(Percentage of item measured)	31 December 2020*	31 December 2019*
Variation of +1% in discount rate		
Impact on the present value of defined benefit obligations at 31 December N	-6.9%	-7.0%
Variation of +1% in long terme inflation		
Impact on the present value of defined benefit obligations at 31 December N	3.0%	3.1%
Variation of +1% in future salary increases		
Impact on the present value of defined benefit obligations at 31 December N	7.4%	8.5%

* *Variation of +0.5% in the measured item*

The disclosed sensitivities are averages of the variations weighted by the present value of defined benefit obligations.

Breakdown of future payments

(In EUR million)	2020	2019
N + 1	0.5	0.4
N + 2	0.4	0.5
N + 3	0.4	0.3
N + 4	1.0	0.4
N + 5	1.2	0.9
N + 6 to N + 10	5.7	6.3

Other long-term benefits

Some entities of ALD may award their employees other long-term benefits, like long-term deferred variable remunerations, time saving accounts (French Term) “Comptes Epargne Temps” or long service awards. They are different from post-employment benefits and termination benefits, which are not fully due within twelve months following the financial year during which the services are rendered by the employees.

The net balance of other long-term benefits is EUR 12 million. The total amount of charges for other long-term benefits is EUR 1.3 million.

NOTE 30 Provisions

(in EUR million)	Damage risk retention	Other	Total
At 1 January 2019	**198.1**	**59.3**	**257.4**
Additions	93.2	7.2	100.5
Reversal (utilisation)	(82.5)	(14.7)	(97.2)
Currency translation differences	0.1	1.0	1.1
Scope changes	0.8	0.1	0.9
At 31 December 2019	**209.7**	**52.9**	**262.6**
Of which current	**104.6**	**39.2**	**143.8**
As at 1 January 2020	**209.7**	**52.9**	**262.6**
Additions	82.4	7.3	89.7
Reversal (utilisation)	(84.9)	(4.1)	(89.0)
Currency translation differences	(0.1)	(1.2)	(1.3)
Scope changes	–	–	–
As at 31 December 2020	**207.2**	**54.8**	**262.0**
Of which current	**97.6**	**39.2**	**136.8**

Other provisions relate mainly to provisions made against disputed invoices. These are considered separately to impairment of receivables and do not represent a credit risk.

NOTE 31 Trade and other payables

	As at 31 December	
(in EUR million)	**2020**	**2019**
Trade payables	757.2	778.6
Deferred leasing income (1)	404.5	411.8
Other accruals and other deferred income	429.1	418.7
Advance lease instalments received	336.4	315.6
Accruals for contract settlements (2)	132.8	84.9
VAT and other taxes	215.9	194.3
Other	0.2	0.5
TRADE AND OTHER PAYABLES	**2,276.3**	**2,204.4**

(1) Deferred leasing income relates to maintenance and tyre revenue which is profiled in line with historical maintenance expenditure in order to match revenue and costs. This policy is explained further in note 4 "Financial Risk Management".
(2) The increase in accruals for contract settlements is due to a balance sheet reclassification between this account and trade notes and accounts receivables.

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NOTE 32 Dividends

A dividend related to the period ended 31 December 2019 for an amount of EUR 253.9 million (EUR 0.63 per share) was paid to ALD shareholders on 3 June 2020 of which dividend paid to Societe Generale is EUR 203.2 million (a dividend related to the period ended 31 December 2018 for an amount of EUR 234 million (EUR 0.58 per share) was paid to ALD shareholders on 31 May 2019 of which dividend paid to Societe Generale was EUR 187 million).

NOTE 33 Earnings per share

BASIC EARNINGS PER SHARE

	As at 31 December 2020	2019
Net income attributable to owners of the parent *(in EUR million)* [(1)]	509.8	564.2
Weighted average number of ordinary shares with voting rights *(in thousands)*	403,247	403,584
TOTAL BASIC EARNINGS PER SHARE *(IN EUR)*	**1.26**	**1.40**

(1) Net income includes continuing and discontinued operations

	As at 31 December 2020	2019
Profit for the period from continuing operations attributable to the owners of the parent *(in EUR million)*	499.9	564.2
Weighted average number of ordinary shares with voting rights *(in thousands)*	403,247	403,584
TOTAL BASIC EARNINGS PER SHARE FROM CONTINUING OPERATIONS *(IN EUR)*	**1.24**	**1.40**

Following the combined General Meetings held in 2020, 2019 and 2018, ALD SA was authorised to purchase its own shares for the purposes of attributing, covering and paying off any scheme for the allocation of free shares, employee savings scheme and any other form of allocation to employees and executive directors of the Company or of companies related to it under the conditions set out in applicable legislative and regulatory provisions. Total number of shares making up current share capital 404,103,640. As at 31 December 2020 total number of shares to which voting rights are attached, excluding shares without voting rights (treasury shares, etc.) is 403,040,735. Weighted average number of ordinary shares with voting rights is 403,246,896.

DILUTED EARNINGS PER SHARE

	As at 31 December 2020	2019
Net income attributable to owners of the parent *(in EUR million)**	509.8	564.2
Weighted average number of ordinary shares *(in thousands)*	404,104	404,104
TOTAL DILUTED EARNINGS PER SHARE (IN EUR)	**1.26**	**1.40**

* *Net income includes continuing and discontinued operations*

	As at 31 December 2020	2019
Profit for the period from continuing operations attributable to the owners of the parent *(in EUR million)*	499.9	564.2
Weighted average number of ordinary shares *(in thousands)*	404,104	404,104
TOTAL DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS *(IN EUR)*	**1.24**	**1.40**

Rights to free shares granted to employees will be settled with treasury shares under the long-term incentives employee plans. Treasury shares are included in the calculation of diluted earnings per share assuming all outstanding rights will vest.

NOTE 34 Related parties

Identity of related parties

The Group is controlled by Societe Generale Group. Transactions with Societe Generale and its subsidiaries have been identified as related party transactions. All business relations with Societe Generale Group are handled at normal market conditions.

In addition, one member of ALD Board of Directors was also a non-executive director at the Supervisory Board of a company based in the US, MT Americas (Virginia, US) until March 2020. The Company operates within the recycling industry in the US and South America. There is no business relationship between MT Americas and ALD Group.

Key management compensation

Key management includes the following members of the Executive Committee: Chief Executive Officer, two Deputy Chief Executive Officers, Chairman of the Board and the Board of Directors.

The compensation paid or payable to key management for employee services is shown below:

(in EUR million)	As at 31 December 2020	2019
Salaries and other short-term employment benefits	2.5	2.7
Post employment benefits	1.2	–
Attendance fees for the Board members	0.2	0.2
Other long-term benefits	0.7	0.9
TOTAL	**4.6**	**3.8**

Since the listing of the Company in June 2017, ALD SA is supervised by a new Board Committee which has been implemented according to the AFEP-MEDEF rules. The Board is composed of employees and Executive Directors of ALD SA and Societe Generale as well as independent Board members who benefit from a compensation.

Sales of goods and services

Societe Generale ("SG") and its subsidiaries are customers of ALD Group. Total fleet leased to SG and its subsidiaries amounts to 7,246 cars in 22 countries. Rentals have been priced at normal market conditions. More than 50% of the total fleet leased to Societe Generale Group is leased by ALD France. Rental paid by Societe Generale Group to ALD France accounts for EUR 17 million and EUR 18.1 million in the years ended 31 December 2020 and 31 December 2019, respectively.

Purchases of goods and services

Information Technology ("IT") Services

ALD Group has a contract with SG Global Services centre (India), with which ALD subcontracted IT services including development, maintenance and support of international applications. The main advantage is to facilitate the roll out of common tools to all subsidiaries while ALD IT teams at a Group level still keep the knowledge of each project, train users and follow up the set-up, usage and evolution locally. ALD has also subcontracted some technical infrastructure services to SG, mainly in France. Overall amount of IT services subcontracted to SG and its subsidiaries amounts to EUR 20.55 million in fiscal year 2020 (2019: EUR 20.62 million).

Premises

Some Group entities share premises with SG or with SG business divisions in some countries (mainly ALD France and ALD Denmark which represent around 90% of the total rentals paid to SG). Rentals have been priced at arm's length and amounted to EUR 0.7 million in fiscal year 2020 (2019: EUR 0.5 million) for ALD France and ALD Denmark.

Brokerage

Societe Generale retail banking network sells long term rental contracts to customers on behalf of ALD against a commission for each contract sourced. In year 2020, around 12,000 contracts have been signed through Societe Generale distribution network in 3 different countries. 78% of contracts originated through this channel come from the French banking networks of Societe Generale Group. The commission paid to SG by ALD France represented EUR 3 million for the year ended 31 December 2020 (2019: EUR 2.9 million).

Third Party Liabilities (TPL) Insurance policy

ALD Italy has subscribed to a TPL insurance policy for part of their fleet through Sogessur, the Car insurance company of Societe Generale Group. Sogessur acts as a frontier and is reinsured through ALD Re, the reinsurance company of ALD Group. Insurance premiums have been fixed at arm's length. The overall amount of insurance premium paid by ALD Italy to Sogessur amount EUR 66.5 million in fiscal year 2020 (2019: EUR 80.4 million).

Corporate services

Societe Generale Group, as a shareholder, provides ALD Group with the following intercompany corporate services:

- providing support and advice regarding general secretary, tax or compliance matters at a holding level;
- performing periodical audits in order to verify the effectiveness of governance, risk management, and permanent control;
- supervising the Human Resources Departments of the subsidiaries.

These Corporate services provided by Societe Generale have been subject to compensation of EUR 9.5 million (estimated) in fiscal year 2020 (2019 Actual: EUR 7.9 million (9.5 million disclosed in Financial Statements for the Year Ended 31 December 2019 was estimated)).

In addition, in fiscal year 2020, there were 59 employees coming from SG (65 in 2019) with a temporary detachment contract in ALD Group with duration of 3 to 5 years; they are part of the local management teams and most of them are included in ALD payroll during the detachment period and are therefore not re-billed to SG. Only the employees based in ALD France and ALD SA are still paid by SG and re-billed to ALD; the amount re-billed by SG was EUR 13.9 million in 2020 and 12.1 million in 2019.

Loans with related parties

Societe Generale and its affiliates provide ALD Group with funding either through ALD Treasury centre or directly to ALD subsidiaries at a market rate. 68% of the Group's funding was provided through SG in fiscal year 2020, *i.e.* EUR 11,970 million.

Societe Generale provides also bank guarantees on behalf of ALD and its subsidiaries in case of external funding. Overall guarantees released by Societe Generale Group amounted up to EUR 1,015.5 million as of 31 December 2020 (2019: EUR 1057.7 million).

Societe Generale also provides ALD Group with derivatives instruments which have a nominal amount of EUR 3,860.4 million, and are represented on the balance sheet for a total amount of EUR 50.9 million in assets and EUR 12.6 million in liabilities.

In compliance with the Asset Liability Management policies of Societe Generale, ALD Group reinvested its equity in long term assets in the form of deposits with the central treasury of Societe Generale. These deposits will roll-out in approximately 6 years' time from now on and will not be renewed. All of the interest rate swaps were cancelled in Q1 2017 and the decision was made not to renew any of the deposits as they mature. At 31 December 2020 the total amount of these long term deposits was EUR 455.0 million (2019: EUR 581.1 million).

Tax consolidation agreement

Several ALD entities have entered into tax consolidation agreements or group relief with Societe Generale entities:

- ALD Automotive A/S (Denmark) had signed a tax consolidation agreement with Societe Generale Group in 2005 (ALD Automotive A/S Denmark and SG Finans), with Denmark NF Fleet joining in 2006. Danish companies, regarded as separate taxable entities, are covered by the rules of national joint taxation which implies that the loss in one company can be set off against the taxable income in another company. SG Finans has been sold in October 2020;
- ALD Automotive Italia SRL had joined SG tax consolidation group in Italy in 2016. This regime allows the determination of a single IRES taxable base comprised of the taxable income and losses of each of the participating entities;
- ALD Automotive Group PLC (UK) had joined Societe Generale Group relief in 2001, allowing members of the group of companies to transfer certain Corporate Tax losses to other members of the Group;
- Merrion Fleet Management Ltd and Merrion Fleet Finance Ltd (Ireland) had joined Societe Generale Group relief in 2017, allowing members of the group of companies to transfer certain Corporate Tax losses to other members of the Group. Merrion Fleet Finance Ltd has been merged in Merrion Fleet Management Ltd in December 2020.

NOTE 35 Auditors' fees

The total fees of the Company's auditors, as charged to the consolidated income statement for the year ended 31 December 2020, amounted to:

- for Deloitte & Associés: EUR 1.4 million for the certification of the accounts;
- for Ernst & Young & Associés: EUR 2.1 million for the certification of the accounts.

Services other than the certification of the accounts mainly consisted of compliance assignments related to regulatory requirements, internal controls review concerning the compliance with ISAE regulation (International Standard on Assurance Engagements), defined procedures, complementary audit assignments in the case of certification issuances or CSR report (Corporate Social Responsibility), audit assignments related to acquisition projects, as well as services specifically and exclusively assigned to Statutory auditors. Fees for such services amounted to:

- for Deloitte & Associés: EUR 0 million
- for Ernst & Young & Associés: EUR 0.4 million

NOTE 36 Events after the reporting period

There are no events after the reporting period for the year ending 31 December 2020.

NOTE 37 Scope of consolidation

(in%)	As at 31 December 2020	2019
ALD International SA	**Parent company**	**Parent company**
Consolidated companies under global integration	**interest%**	**interest%**
ALD Autoleasing D GmbH – GERMANY*	100.00	100.00
ALD Automotive OOO – RUSSIA	100.00	100.00
ALD Automotive A/S – DENMARK	100.00	100.00
ALD Automotive AB – SWEDEN	100.00	100.00
ALD Automotive AG – SWITZERLAND	100.00	100.00
ALD Automotive AS – NORWAY	100.00	100.00
ALD Automotive DOO BEOGRAD – SERBIA	100.00	100.00
ALD Automotive DOO ZA Operativni i Financijski Leasing – CROATIA*	100.00	100.00
ALD Automotive for Cars Rental and Fleet Management SAE – EGYPT	100.00	100.00
ALD Automotive Fuhrparkmanagement und Leasing GmbH – AUSTRIA	100.00	100.00
ALD Automotive Group Limited – UK*	100.00	100.00
ALD Automotive SA – BRAZIL	100.00	100.00
ALD Automotive Magyarorszag Autopark – kezelo es Finanszirozo KFT – HUNGARY*	100.00	100.00
ALD Automotive Operational Leasing DOO – SLOVENIA	100.00	100.00
ALD Automotive Polska Sp z o.o. – POLAND	100.00	100.00
ALD Automotive Private Limited – INDIA	100.00	100.00
ALD Automotive Russie SAS	100.00	100.00
ALD Automotive SA de CV – MEXICO	100.00	100.00
ALD Automotive SA Lease of Cars – GREECE	100.00	100.00
ALD Automotive SAU – SPAIN*	100.00	100.00
ALD Automotive SRO – CZECH REPUBLIC	100.00	100.00
ALD Automotive Turizm Ticaret Anonim Sirketi – TURKEY	100.00	100.00
ALD Fleet SA de CV SOFOM ENR	100.00	100.00
ALD International Participations SAS	100.00	100.00
ALD International SAS & CO KG*	100.00	100.00
ALD Re Designated Activity Company – IRELAND	100.00	100.00
Axus Finland OY	100.00	100.00
ALD Automotive Italia SRL	100.00	100.00
Axus Luxembourg SA	100.00	100.00
Axus Nederland BV*	100.00	100.00
AXUS SA NV – BELGIUM*	100.00	100.00
ALD Automotive Ukraine Limited Liability Company	100.00	100.00
SG ALD Automotive Sociedade Geral de Comercio e Aluguer de Benz SA – PORTUGAL	100.00	100.00
TEMSYS – France*	100.00	100.00
ALD Automotive Algerie SPA	99.99	99.99
ALD Automotive SRL – ROMANIA	80.00	80.00
NF Fleet A/S – DENMARK	80.00	80.00
NF Fleet OY – FINLAND	80.00	80.00
NF fleet AB – SWEDEN	80.00	80.00
NF Fleet AS – NORWAY	80.00	80.00
ALD Automotive Eesti AS – ESTONIA	75.01	75.01
ALD Automotive SIA – LATVIA	75.00	75.00
UAB ALD Automotive – LITHUANIA	75.00	75.00
ALD Automotive EOOD – BULGARIA	100.00	100.00
ALD Fortune Auto Leasing and Renting ShanghaiCo. Ltd – CHINA	–	50.00
ALD Automotive Limitada – CHILE	100.00	100.00
ALD Automotive Peru SAC	100.00	100.00
ALD Automotive SAS – COLOMBIA	100.00	100.00
Merrion Fleet Management Limited*	100.00	100.00
ALD Automotive Slovakia SRO	100.00	100.00
Consolidated companies under equity method		
ALD Automotive SA Maroc	35.00	35.00
Nedderfeld 95 Immobilien GmbH & Co. KG	35.00	35.00

* *Including subsidiaries.*

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6.3 Statutory auditors' report on the consolidated financial statements

Year ended December 31, 2020

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users. This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report and other documents provided to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Annual General Meeting of ALD,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meetings, we have audited the accompanying consolidated financial statements of ALD for the year ended December 31, 2020.

In our opinion, the consolidated financial statements give a true and fair view of assets and liabilities and of the financial position of the Group as at December 31, 2020 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with the independence requirements applicable to us for the period from January 1, 2020 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5 (1) of Regulation (EU) No 537/2014 or in the French Code of Ethics *(Code de déontologie)* for statutory auditors.

Emphasis of Matter

We draw attention to the matter described in Note 8 to the consolidated financial statements relating to the change in accounting method regarding the classification of finance lease revenue in the consolidated balance sheet. Our opinion is not modified in respect of this matter.

Justification of Assessments - Key Audit Matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements for this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the health emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties regarding their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on companies' internal organization and on the performance of audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

REVALUATION OF THE VEHICLES' RESIDUAL VALUE

Risk identified	Our response
The rental fleet represents around 80% of the ALD Group's total balance sheet as at December 31, 2020, with a net value of € 20.1 billion. The residual value of the vehicles representing the Group's fleet is defined at the beginning of the lease agreements. They are reviewed at a minimum annually to obtain an estimate close to the sale value of the vehicle at the end of the contract. The terms and conditions used to determine this residual value is set by ALD and shared by all the Group's entities. Residual value is calculated locally by each entity, but controlled and approved centrally. Calculations are based on market segmentation and on a statistical model using ALD's internal used car sales data, as well as country specific factors calibrated by countries. As specified in Note 2.1 to the consolidated financial statements, ALD has considered the health crisis linked to the Covid-19 pandemic in its estimates of the residual value of its fleet as at December 31, 2020. The residual value that is remeasured during the fleet's revaluation may differ from the initial residual value. Potential losses on future vehicle sales are amortized on a straight-line basis over the remaining term of the lease. We considered the revaluation of the residual value to be a key audit matter as it is based on an estimate of the future market values of vehicles reported on the balance sheet and on a statistical model, and it integrates assumptions based on judgement, particularly in the context of the Covid-19 crisis.	We familiarized ourselves with the process used by ALD Group to reevaluate the residual value. We examined the efficiency of the key controls set up by local and central management, in particular those used to determine the assumptions and parameters used for the revaluation. Assisted by our IT experts we examined the general IT-controls covering the application used to revaluate the fleet as well as the key controls implemented for the input of data from the local entities. Our work consisted in: • Analyzing, with the assistance of our specialists, the appropriateness of the statistical model and the main assumptions and parameters used particularly in the context of the Covid-19 crisis. • Examining that accounting information comes from the fleet management system and testing data security key controls; • Examining the assumptions and parameters used for a selection of vehicles whose residual value was revaluated; • Verifying that the estimates adopted are based on documented methods that comply with the principles set out in the notes to the consolidated financial statements.

EVALUATION OF DIFFERED REVENUE RELATED TO THE VEHICLES' FLEET MAINTENANCE

Risk identified	Our response
ALD invoices its maintenance revenue on a straight-line basis over the term of the lease. As disclosed in Note 3.24 "Revenue recognition" to the consolidated financial statements, in order to record the revenue based on a model reflecting the transfer of control of the services provided, the revenue resulting from the maintenance and tyres are deferred to be recorded at the same rate as the expected costs based on the standard maintenance cost curve. The Group's entities evaluate the maintenance revenue to be deferred using a mathematical sequence that models the standard cost curve of a lease. As indicated in Note 31 to the consolidated financial statements, deferred leasing revenue represents nearly € 404 million in the ALD Group's financial statements as at December 31, 2020. We considered the valuation of deferred maintenance revenue to be a key audit matter as: • it is an estimation and it is based on the modeling of a mathematical sequence; • it represents a significant amount of the Group's balance sheet.	Our audit response consisted in familiarizing ourselves with the process used to determine the provisions for deferred maintenance revenue and the performance of substantive tests. Our work consisted in: • examining the consistency of the calculation model implemented and the main parameters used with historical accounting data; • comparing, on a sample basis, the data used for the calculation with that from the fleet management system of entities; • recalculating the amount of deferred maintenance revenue, based on a sample of leases; • analyzing, at the level of the most significant group entities, the evolution of deferred revenue and the ex post verification of assumptions on costs and frequencies carried out by the company; • verifying that the estimates adopted are based on documented methods that comply with the principles.

IMPAIRMENT TESTS ON GOODWILL

Risk identified	Our response
The recognition of external growth transactions leads the ALD Group to record goodwill on the assets side of its consolidated balance sheet. As indicated in Note 5.1 "Estimated impairment of goodwill", goodwill is subject to impairment tests performed annually or more frequently that compare their accounting value with a value in use generally calculated based on the discounting of the CGU's or groups of CGUs' future cash flows. The cash flows are based on the five-year business plans of each UGT or UGT group. Within the ALD Group, each of the most significant countries that are managed independently represent one UGT (France, Spain, Italy for example), the other countries are groups by poles covering homogeneous geographical areas. As at December 31, 2020, the net value of balance sheet goodwill stood at € 576 million, of which € 212 million for the France CGU, € 109 million for the Spain CGU, € 57 million for Benelux CGU and € 50 million for the Italy CGU, as indicated in Note 17 to the consolidated financial statements. We considered the valuation of goodwill to be a key audit matter due to the judgement involved regarding the models used, the financial forecasts, particularly in the context of the Covid-19 pandemic, the parameters retained for the calculations, and the importance of the total amount of goodwill accumulated over successive external growth transactions.	Our audit response consisted in examining the processes set up by the Group to identify the indicators of value decrease and any need to impair goodwill, particularly in the context of the Covid-19 pandemic. This work also consisted of: • a critical analysis of the valuation methods used to calculate values in use; • Tthe input of our valuation specialists to assess the main assumptions retained for the calculation models and their sensitivity; • a consistency check for the future discounted cash flows used for the impairment tests with the financial trajectories prepared by ALD's management and the market reporting; • a verification that the impairment test results and sensitivity to certain parameters were correctly transcribed in the Notes to the consolidated financial statements.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations on the information relating to the Group given in the Board of Directors' management report.

We have no matters to report as to its fair presentation and consistency with the consolidated financial statements.

We attest that the consolidated non-financial performance statement provided in Article L. 225-102-1 of the French Commercial Code *(Code de commerce)* is included in the information relating to the Group given in the management report, it being specified that, in accordance with Article L. 823-10 of this Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein. This information should be reported on by an independent third party.

Other Legal and Regulatory Verifications or Informations

Format of presentation of the consolidated financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by statutory auditors regarding to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the English translation, reviewed by the Board of Directors, of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L.451-1-2, I of the French Monetary and Financial Code *(Code monétaire et financier),* prepared under the responsibility of the Chief Executive Officer, complies with the single electronic format defined in Commission Delegated Regulation (EU) No 2019/815 of December 17, 2018. Regarding consolidated financial statements, our work includes verifying that the tagging of the English translation thereof complies with the format defined in the above delegated regulation.

Based on the work we have performed, we conclude that the presentation of the English translation of the consolidated financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the English translation of the consolidated financial statements that will ultimately be included by your company in the annual financial report filed with the *Autorité des Marchés Financiers* (AMF) agree with the one on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed as statutory auditors of ALD by the annual general meeting held on June 3, 2013 for DELOITTE ET ASSOCIÉS and on November 7, 2001 for ERNST & YOUNG et Autres.

As at December 31, 2020, DELOITTE ET ASSOCIÉS was in the 8th year of total uninterrupted engagement and ERNST & YOUNG et Autres was in the 20th year of total uninterrupted engagement (which is the 8th year since securities of the Company have been admitted to trading on a regulated market).

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code *(Code de commerce),* our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the consolidated financial statements and assesses whether these consolidated statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit to the Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code *(Code de commerce)* and in the French Code of Ethics *(Code de déontologie)* for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense, April 26, 2021

The Statutory Auditors

French original signed by

ERNST & YOUNG et Autres

Micha MISSAKIAN

DELOITTE & ASSOCIÉS

Pascal COLIN

6.4 Information on the individual financial statements of ALD SA

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6.4.1 Development of activity in 2020 for ALD SA

The COVID-19 pandemic has caused an unprecedented health and economic shock. The lockdown measures taken by many governments to stem the spread of the virus led to a collapse in global activity in 2020:

The crisis is affecting the supply of goods and services as severely as it is demand, which has been affected by the decline in corporate and household incomes. The financial consequences of the crisis and consideration of them in preparing the financial statements have been studied and detailed in the consolidated financial statements of each country.

These analyses did not lead to the recognition of any specific provision in ALD SA's financial statements. In addition, the Company has not called on any support from the French government.

During the 2020 financial year, the Company continued to assist and advise its subsidiaries and sub-subsidiaries, both in France and abroad.

The Company renewed its liquidity contract for a period of one year on 1 January 2020.

ALD SA proceeded with the buyback of its own shares with the aim of assigning them under a free share plan intended for certain of the Group's employees.

In the context of its EMTN programme of EUR 6 billion, ALD SA issued a bond for a total of EUR 600 million over the 2020 financial year, in part renewing a mature bond, bringing the stock of bonds to EUR 3,500 million at the end of 2020, compared with EUR 3,900 million at the end of 2019, representing an increase of 11%.

6.4.2 Presentation of the annual financial statements of ALD SA

The annual financial statements for the financial year ended 31 December 2020 were prepared in accordance with the presentation rules and evaluation methods specified by the regulations in force.

No notable change in the evaluation method and presentation method occurred during the financial year.

6.4.3 Explanation of the economic and financial results of ALD SA

Pursuant to the financial year ended 31 December 2020.

6.4.3.1 Income statement

Total operating income rose by EUR 6 million from EUR 101 million in 2019 to EUR 107 million.

Operating expenses for the financial year stood at EUR 130 million compared to EUR 122 million in 2019.

The result was a loss of EUR 22 million, down by EUR 2 million compared to 2019.

The average salaried headcount stood at 124 in 2020 compared to 118 in 2019 (excluding expatriates).

Financial income stood at EUR 416 million compared to EUR 479 million in 2019. This decrease is due to a smaller increase in dividends from subsidiaries and sub-subsidiaries compared to the previous year.

The pre-tax profit/loss for the financial year stood at EUR 394 million in 2020 compared with EUR 459 million at 31 December 2019.

Income tax for the year amounted to EUR 18.5 million compared to EUR 13.8 million in 2019.

Given these elements, the net profit/loss after tax for the 2020 financial year stood at a profit of EUR 376 million compared with EUR 445 million for the previous financial year.

6.4.3.2 Assets

At 31 December 2020, the balance sheet total stood at EUR 5,909 million compared with EUR 6,180 million at 31 December 2019.

Non-current assets amounted to EUR 5,842 million compared to EUR 6,098 million at the end of the previous financial year.

Current assets stood at EUR 67 million at 31 December 2020 compared to EUR 82 million at the end of the previous financial year, representing a decrease of EUR 15 million.

6.4.3.3 Liabilities

The amount of equity rose from EUR 1,756 million at 31 December 2019 to EUR 1,877 million at 31 December 2019.

Financial debts stood at EUR 3,944 million compared to EUR 4,330 million at the end of 2019, representing a decrease of EUR 386 million.

Operating debts at the end of December 2020 amounted to EUR 63 million compared to EUR 70 million in 2019.

6.4.3.4 Off-balance sheet

The ALD Group provided guarantees and counter-guarantees on behalf of its subsidiaries in the event of external financing or property leases of a total amount of EUR 226 million in 2020. All of these guarantees amounted to EUR 180 million in 2019.

6.4.4 Payment terms

6.4.4.1 Suppliers

6.4.4.1.1 Invoices due, received and not settled at the reporting date of the financial year

(in EUR thousand)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total
Number of invoices concerned	8	5	4	8	25
Total amount including VAT of invoices concerned	336	5	14	27	382
Total amount including VAT of credit notes and advances paid	(171)	(4)	(7)	(1)	(183)
Net total amount including VAT of invoices concerned	165	1	8	26	200
Percentage of total number of purchases including VAT for the financial year	0.2%	0.0%	0.0%	0.0%	0.2%

6.4.4.1.2 Invoices excluded relating to debts and disputed receivables not recognised

Number of invoices excluded	None
Total amount including VAT of invoices excluded	None

6.4.4.1.3 Reference payment terms used

Statutory payment delays used for calculating late payment	Date of invoice end of month +45 days/Date of invoice end of month +45 days/60 days date of invoice
Contractual payment delays used for calculating late payment	Upon receipt of invoice/Invoice date +15, 30, 45 end of month/Invoice date +5, 7, 8, 10, 12, 14, 15, 20, 30, 40, 45, 50, 60 days

6.4.4.2 Customers

6.4.4.2.1 Invoices issued and not settled at the reporting date of the financial year

(in EUR thousand)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total
Number of invoices concerned	1	28	17	235	281
Total amount including VAT of invoices concerned	0	5,149	167	10,804	16,120
Total amount including VAT of credit notes and advances received	(2,535)	(1,246)	(14)	(10,386)	(14,181)
Net total amount including VAT of invoices concerned	(2,535)	3,903	153	418	1,939
Percentage of total number of sales including VAT for the financial year	-3.1%	4.7%	0.2%	0.5%	2.3%

6.4.4.2.2 Invoices excluded relating to disputed debts and receivables not recognised

Number of invoices excluded	None
Total amount including VAT of invoices excluded	None

6.4.4.2.3 Reference payment terms used

Statutory payment delays used for calculating late payment	Date of invoice +30 days
Contractual payment delays used for calculating late payment	Date of invoice +30 days

6.4.5 Table of financial results for ALD SA

The table below specified by Article R. 225-102 subparagraph 2 of the French Commercial Code (*Code de commerce*), shows the financial results for the Company over the last five financial years.

Type of information **I. Capital at the end of the reporting date**	**2020 Financial year**	**2019 Financial year**	**2018 Financial year**	**2017 Financial year**	**2016 Financial year**
a) Share capital *(in EUR thousand)*	606,155	606,155	606,155	606,155	606,155
b) Number of ordinary shares outstanding	404,103,640	404,103,640	404,103,640	40,410,364	40,410,364
c) Number of priority dividend shares (without voting rights) outstanding					
d) Maximum number of future shares to be created					
(1) by conversion of bonds					
(2) by exercise of subscription rights					
II. Profit (loss) for the period ***(in EUR thousand)***					
a) Revenue excluding tax	101,213	96,457	97,456	88,503	87,250
b) Profit before tax and expenses calculated	401,253	461,724	541,056	42,708	316,894
c) Income tax	18,487	13,862	1,447	(2,780)	11,698
d) Employee profit-sharing due in respect of the financial year	-	-	-	-	-
e) Depreciation, amortisation and provisions	7,100	3,042	3,921	1,930	(1,781)
f) Earnings after tax and expenses calculated	375,667	444,820	535,689	43,557	306,977
g) Net income distributed in respect of the financial year	254,585	254,585	214,173	214,175	155,580
III. Earnings per share ***(in EUR)***					
a) Earnings after tax but before expenses calculated	0.99	1.11	1.34	13.35	13.35
b) Earnings after tax and expenses calculated	0.93	1.10	1.33	1.08	7.60
c) Net ordinary dividend assigned to each share					
IV. Personnel					
a) Average salaried workforce	124	118	101	106	89
b) Payroll expenditure for the financial year	11,299	10,151	10,938	11,362	7,259
c) Amounts paid in respect of social benefits for the financial year (social security, pensions, etc.) *(in EUR)*	5,990	5,600	5,197	4,559	3,790

6.4.6 Proposed allocation of earnings of ALD SA

At the Shareholders' Meeting of 19 May 2021, the Board of Directors will propose an allocation of earnings for the financial year ended 31 December 2020 of EUR 375,667 thousand as follows:

- a profit balance for the financial year: EUR 375,667 thousand;
- to which is added retained earnings of: EUR 467,946 thousand;
- forming a distributable profit of: EUR 843,613 thousand;
- dividend deducted from the distributable profit: EUR 254,585 thousand (representing EUR 0.63 per share);
- balance of retained earnings: EUR 589,028 thousand.

Total amount of the distribution based on capital of 404,103,640 shares at 31 December 2020: EUR 254,585 thousand

Regarding taxation, for individual shareholders resident for tax purposes in France, it should be noted that this dividend of EUR 0.63 per share is subject to income tax at a flat rate of 12.8% but may be taxed, according to the overall option specified in item 2 of Article 200 A of the General Tax Code relating to shareholders, at the gradual income tax scale; in this case, the dividend is eligible for the deduction of 40% pursuant to Article 158-3-2° of the French General Tax Code.

The ex-dividend date will be 28 May 2021 with payment as of 1 June 2021.

6.4.7 Sumptuary expenses and non tax-deductible expenses of ALD SA

In accordance with the provisions of Articles 223 *quarter* and *quinquies* of the French General Tax Code, it is specified that the financial statements for the financial year just ended include sumptuary expenses not deductible from the taxable profit in the amount of EUR 275 thousand relative to non-deductible depreciation of the fleet held by ALD SA for its employees.

6.5 Annual financial statements

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6.5.1 Assets

(in EUR thousand)	2020 Financial year Gross	Depreciation	Net	2019 Financial year Net
Capital subscribed not called (I)				
Start-up expenses				
Development expenses				
Concessions, patents and similar rights	34,078	22,522	11,556	7,727
Goodwill				
Other intangible assets				
Advances on intangible assets				
TOTAL INTANGIBLE ASSETS	**34,078**	**22,522**	**11,556**	**7,727**
Land				
Buildings				
Technical installations, equipment				
Other property and equipment	3,194	1,706	1,488	1,795
Capital assets under construction	16,659		16,659	10,604
Advances and down-payments				
TOTAL PROPERTY, PLANT AND EQUIPMENT	**19,852**	**1,706**	**18,147**	**12,399**
Equity investments using the equity method				
Other equity investments	1,651,280	41	1,651,239	1,453,306
Receivables related to equity investments				
Other capitalised securities				
Loans	4,158,663		4,158,663	4,623,259
Other long-term financial assets	1,947		1,947	1,667
TOTAL NON-CURRENT FINANCIAL ASSETS	**5,811,890**	**41**	**5,811,849**	**6,078,232**
TOTAL NON-CURRENT ASSETS (II)	**5,865,821**	**24,269**	**5,841,552**	**6,098,358**
Advances and down payments made on orders				
Accounts Receivable	34,621		34,621	43,162
Other receivables	7,517		7,517	14,926
Capital subscribed and called, not paid				
TOTAL RECEIVABLES	**42,138**		**42,138**	**58,087**
Investment securities	11,491		11,491	8,517
of which treasury shares:				
Cash at bank and on hand	1,710		1,710	2,602
TOTAL LIQUID ASSETS	**13,201**		**13,201**	**11,119**
Prepaid expenses	11,657		11,657	12,684
TOTAL CURRENT ASSETS (III)	**66,997**		**66,997**	**81,891**
Loan issue costs to be spread (IV)				
Bond redemption premium (V)				
Currency translation losses (VI)				
GENERAL TOTAL (I TO VI)	**5,932,817**	**24,269**	**5,908,549**	**6,180,248**

6.5.2 Equity and liabilities

(in EUR thousand)	2020 Financial year	2019 Financial year
Share or individual capital		
of which paid:	606,155	606,155
Share, merger, contribution premiums	367,050	367,050
Legal reserve	60,616	59,555
Statutory or contractual reserves		
Regulated reserves		
of which reserve for currency fluctuations:		
Other reserves		
of which reserve for the purchase of original works by artists:	56	56
TOTAL RESERVES	**60,672**	**59,611**
Retained earnings	467,946	278,087
RESULT OF THE FINANCIAL YEAR (profit or loss)	**375,667**	**444,820**
Investment subsidies		
Regulated provisions		
TOTAL EQUITY (I)	**1,877,491**	**1,755,723**
Provisions for risks	321	127
Provisions for liabilities	6,525	3,724
TOTAL PROVISIONS FOR RISKS AND LIABILITIES (II)	**6,846**	**3,851**
Other bond loans	3,505,176	3,904,852
Loans and debts with lending institutions	438,368	425,262
TOTAL FINANCIAL DEBT	**3,943,544**	**4,330,114**
Advances and down payments received on current orders		
Accounts payable	43,179	41,234
Tax and social-security debts	5,032	5,579
Debts on capital assets and related accounts payable		
Other debts	15,259	23,434
TOTAL OPERATING DEBTS	**63,470**	**70,247**
Prepaid income	17,198	20,312
TOTAL DEBTS (IV)	**4,024,212**	**4,420,674**
GENERAL TOTAL – LIABILITIES (I TO V)	**5,908,549**	**6,180,248**

6.5.3 Income statement

(in EUR thousand)	2020 Financial year	2019 Financial year
Service production sold	101,213	96,457
France	26,682	10,038
Expo	74,531	86,419
NET REVENUE	**101,213**	**96,457**
Reversals of impairment and provisions, transfer of expenses	6,523	5,108
Other income	13	0
TOTAL OPERATING INCOME (I)	**107,748**	**101,565**
Purchases of raw materials and other supplies (including customs duties)	22,012	24,202
Other purchases and external expenses	79,385	74,945
Taxes, duties and similar payments	250	177
Wages and salaries	11,299	10,151
Social security charges	5,990	5,600
• Operating allocations		
Allocations to amortisation	3,909	2,622
Allocations to provisions		
• On current assets: allocations to provisions		
• For risks and liabilities: allocations to provisions	3,191	420
Other expenses	3,775	3,905
TOTAL OPERATING EXPENSES (II)	**129,810**	**122,022**
OPERATING INCOME	**-22,062**	**-20,457**
Financial income from equity investments	420,164	481,211
Income from other securities and receivables from non-current assets	21,053	19,585
Other interest and similar income	32	111
Reversals of provisions and transfers of expenses		
Positive exchange-rate differences		
Net income on sales of investment securities		
TOTAL FINANCE INCOME (V)	**441,249**	**500,906**
Financial allocations to impairment and provisions		
Interest and similar expenses	25,033	21,765
Negative exchange-rate differences		
Net expenditure on sales of investment securities	1	2
TOTAL FINANCIAL EXPENSES (VI)	**25,034**	**21,767**
FINANCIAL PROFIT/LOSS	**416,216**	**479,139**
CURRENT PROFIT BEFORE TAX (I - II + III-IV + V-VI)	**394,154**	**458,682**
Exceptional income on management transactions		
Exceptional income on capital transactions		
Reversals of provisions and transfers of expenses		
TOTAL EXCEPTIONAL INCOME (VII)		
Exceptional expenses on management transactions		
Exceptional expenses on capital transactions		
Exceptional allocations to impairment and provisions		
TOTAL EXCEPTIONAL EXPENSES (VIII)		
Exceptional profit/loss (vii-viii)		
Employee profit sharing (IX)		
Tax on profit (X)	18,487	13,862
TOTAL INCOME (I + III + V + VII)	**548,998**	**602,471**
TOTAL EXPENSES (II + IV + VI + VIII + IX + X)	**173,331**	**157,651**
PROFIT OR LOSS (TOTAL INCOME – TOTAL EXPENSES)	**375,667**	**444,820**

6.5.4 Appendix

General information

The information below constitutes the notes to the balance sheet before distribution for the financial year ended 31 December 2020 of which the total amounted to EUR 5,908,549 thousand and the profit amounted to EUR 375,667 thousand

The financial year has a duration of 12 months covering the period from 1 January to 31 December 2020.

The notes or tables below form an integral part of the annual financial statements.

ALD SA is a French limited company (*société anonyme*). Its registered office is located at the following address: 1-3, rue Eugène et Armand Peugeot, Le Corosa, 92500 Rueil-Malmaison, France.

The Company is a subsidiary of Societe Generale (79.82% ownership).

The consolidated financial statements are presented in thousands of euros, which is the Group's presentation currency and values are rounded to the nearest thousand, unless otherwise indicated. In certain cases, rounding may cause non-material discrepancies in the lines and columns showing totals.

Accounting policies

The annual financial statements were closed in accordance with the provisions of the French Commercial Code (*Code de commerce*) and general chart of accounts.

The general accounting conventions have been applied in compliance with the principle of prudence, in accordance with the basic assumptions:

- continuity of operation;
- permanence of the accounting policies from one financial year to another;
- independence of financial years,

and in accordance with the general rules for preparing and presenting annual financial statements.

The basic method adopted for valuing elements booked to the accounts is the historical cost method.

ALD SA applies regulation CRC no. 2002-10 and regulation CRC no. 2005-04 which eliminate the qualification of provision booked to liabilities and reserve the use of the term "provision" for corrections for "risks and liabilities" for records on the liability side of the balance sheet and the use of the term "impairment" for corrections to records on the asset side of the balance sheet.

Additional information

Property, plant and equipment

Tangible items are valued:

- their acquisition cost, which corresponds to the purchase price increased by ancillary expenses (goods acquired in return for payment);
- their production cost (goods produced);
- their market value (goods acquired free of charge).

Impairment is calculated according to the straight-line or diminishing-balance methods, according to their periods of use.

Technical installations	Straight-line	Over 5 years
Installations, fixtures and fittings	Straight-line	Over 5 years
Office and IT equipment	Straight-line	Over 3 years
Office furniture	Straight-line	Over 10 years
Servers	Straight-line	Over 5 years
Software	Straight-line	Over 3 years

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Intangible assets

Intangible assets were valued at their acquisition cost, after deduction of rebates, discounts and cash discounts, or at their production cost.

Impairment is booked when the current value of an asset is below the net carrying amount.

Impairment is calculated according to the straight-line or diminishing-balance methods, according to their periods of use:

Equity investments and other capitalised securities

Equity securities and other capitalised securities were valued at the price for which they were acquired, excluding acquisition costs.

In the event of a sale of a set of securities of the same type conferring the same rights, the value of the securities sold is estimated using the weighted average unit cost.

Impairment is constituted when the inventory value is below the acquisition value.

Investment securities

The investment securities were valued at their acquisition cost, excluding acquisition expenses.

In the event of a sale of a set of securities of the same type conferring the same rights, the value of the shares sold was estimated using the FIFO (first in, first out) method

The securities were depreciated through a provision in order to take into account:

- listed securities, the average price during the last month of the financial year;
- unlisted securities, their probable trading value at the close of the financial year.

Receivables

Receivables are valued at their nominal value. An impairment loss is recognised when the inventory value is lower than the carrying amount.

Receivables are depreciated by means of a provision to take into account the difficulties of collection which they are likely to give rise to.

Treasury shares

As of the date of this Universal Registration Document, the Company directly holds 1,075,812 ALD shares, with a view to their allocation to employees or as part of its liquidity contract (details available on www.aldautomotive.com ALD Investor Section). None of these shares are held by its subsidiaries or by a third-party in its name.

Free shares plan

From 2018, certain employees of the ALD Group have benefited from a long-term incentive program in the form of ALD shares. To be granted shares, employees or Corporate Officers must remain part of the entity at the end of the plan, and performance conditions must be achieved.

Year	2018	2019	2020
Type of plan	Total number of shares granted	Total number of shares granted	Total number of shares granted
Total number of shares granted	302,794	268,706	387,916
Fair value *(in euros)*	11.31	10.16	7.25
Performance conditions	Yes	Yes	Yes
Condition of presence	Yes	Yes	Yes

Compensation of Board of Directors and management bodies

The amount of directors' fees paid to directors of the Company during the 2020 financial year was EUR 195 thousand.

The compensation paid in 2020 to the management bodies (Chief Executive Officer and the Deputy CEOs) amounted to EUR 2.5 million. The Chairperson does not receive any remuneration for her position as Chairperson of the Board of Directors of ALD. She is directly remunerated by Societe Generale in her capacity as Deputy CEO of Societe Generale.

Defined contribution plans

The defined contribution pension plans provided to employees of ALD SA are based in France. They include, in particular, the basic state pension scheme and the national employee pension plan, AGIRC-ARRCO.

The Company finances pension rights from its cash flow. The average age of ALD SA's active employees at 31 December 2020 was 38.8. No retirement occurred during the financial year. The provision for pension commitments at 31 December 2020 stood at EUR 0.21 million, including 47.8% of employer contributions.

Significant events of the year

Subsidiaries and equity interests

In order to simplify the shareholding structure, ALD SA took two subsidiaries, previously held through holding companies, back under direct control.

- ALD Automotive Russia SAS for EUR 157.15 million;
- ALD Serbia (ALD Automotive DOO Beograd) for EUR 36 million.

These companies were historically wholly owned by other entities of the ALD Group.

Dividends

All dividends received pursuant to the 2020 financial year came to EUR 420 million. Dividend paid to the shareholders in respect of the result for the 2019 financial year was EUR 254 million.

Changes of method

During the financial year, there were no changes in method. Consequently, the financial years are comparable without restatement.

6.5.5 Information on balance sheet and profit/loss

Capital assets

	Gross value at the beginning of the financial year	Increases		Reductions		Gross value at the end of the financial year	Revaluation
		Revaluation	Acquisitions and contributions	Transfer	Original value		Original value
Start-up and development expenses (I)							
Other intangible asset items (II)	26,694		7,384			34,078	
Land							
Technical installations, equipment and industrial tools							
Other property and equipment							
• general installations, fixtures, miscellaneous fittings	1,952		9			1,961	
• transport equipment							
• office equipment, IT and movables	1,195		38			1,233	
• recoverable packaging and miscellaneous							
Capital assets under construction	10,604		6,055			16,659	
Advances and down-payments							
TOTAL (III)	**13,750**		**6,102**			**19,852**	
Equity investments valued by the equity method							
Other equity investments	1,453,347		197,933			1,651,280	
Other capitalised securities							
Loans and other long-term financial assets	4,624,926		-464,316			4,160,610	
TOTAL (IV)	**6,078,273**		**-266,383**			**5,811,890**	
GENERAL TOTAL (I + II + III + IV)	**6,118,717**		**-252,897**			**5,865,821**	

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Depreciation charge

SITUATION AND MOVEMENTS CONCERNING IMPAIRMENT FOR THE FINANCIAL YEAR

Capital assets subject to impairment	Start of financial year	Allocations	Reversal	End of financial year
Start-up and development expenses (I)				
Other intangible asset items (II)	18,967	3,555		22,522
Land				
Technical installations, equipment and tools				
Other tangible assets				
• general installations, miscellaneous fixtures				
• transport equipment	535	197		732
• office equipment, IT and movables	817	157		974
• recoverable packaging and miscellaneous				
TOTAL PROPERTY, PLANT AND EQUIPMENT (III)	**1,352**	**354**		**1,706**
GENERAL TOTAL (I + II + III)	**20,319**	**3,909**		**24,228**

Provisions and depreciation

Category of provisions	Start of financial year	Allocations	Reversal	End of financial year
Provisions for litigation	127	194		321
Development expenses				
Provisions for losses on forward markets				
Provisions for fines and penalties				
Provisions for foreign exchange losses				
Provisions for pensions	264	21		285
Provisions for tax				
Provisions for renewal of capital assets				
Provisions for major maintenance				
Provisions for social-security and tax expenses on leave to be paid	3,461	2,780		6,240
Other provisions for risks and liabilities				
TOTAL (I)	**3,851**	**2,995**		**6,846**
Provisions on intangible assets				
Provisions on property and equipment				
Provisions on securities by the equity method				
Provisions on equity investment securities	41			41
Provisions on other long-term financial assets				
Inventory provisions				
Provisions on accounts receivable				
Other provisions for depreciation				
TOTAL (II)	**41**			**41**
GENERAL TOTAL (I + II)	**3,892**	**2,995**		**6,887**
Of which operational allocations and reversals		2,995		
Of which financial allocations and reversals				
Of which exceptional allocations and reversals				
Impairment of investments in associates				

Statements of due dates of receivables and debts

A – STATEMENT OF RECEIVABLES

	Gross amount	At a maximum of one year	At more than one year
Receivables related to equity investments			
Loans	4,158,663	1,594,663	2,564,000
Other long-term financial assets	1,947	1,947	
TOTAL RECEIVABLES RELATED TO FIXED ASSETS	**4,160,610**	**1,596,610**	**2,564,000**
Doubtful or disputed accounts receivable			
Other receivables	34,621	34,621	
Receivables representative of loaned securities			
Personnel and related accounts	194	194	
Social security and other social organisations	15	15	
State and other public authorities			
• tax on profit			
• value added tax	6,601	6,601	
• other taxes	613	613	
Groups and associates			
Miscellaneous debtors	159	159	
TOTAL RECEIVABLES RELATED TO CURRENT ASSETS	**42,203**	**42,203**	
Prepaid expenses	11,657	9,323	2,334
TOTAL RECEIVABLES	**4,214,471**	**1,648,136**	**2,566,334**
Loans granted during the financial year			
Repayments obtained during the financial year			
Loans and advances granted to associates			

B – STATEMENT OF DEBTS

Statement of debts	Gross amount	At a maximum of one year	At more than one year and less than five years	At more than five years
Convertible bond loans				
Other bond loans	3,505,176	1,305,176	2,200,000	
Loans with lending institutions originally less than 1 year	845	845		
Loans with lending institutions originally more than 1 year	437,523	62,523	375,000	
Miscellaneous financial debts and loans				
Accounts payable	43,179	43,179		
Personnel and related accounts	1,463	1,463		
Social security and other social organisations	932	932		
State and other public authorities				
• tax on profit				
• value added tax	2,642	2,642		
• guaranteed bonds				
• other taxes	61	61		
Debts on capital assets and related accounts payable				
Groups and associates	13,962	13,962		
Other debts	1,297	1,297		
Debt representative of borrowed securities				
Prepaid income	17,198	3,635	13,563	
TOTAL DEBTS	**4,024,277**	**1,435,713**	**2,588,563**	
Loans subscribed during the financial year			Loans from natural person partners	
Loans repaid during the financial year				

Detail of expenses to be paid

Expenses to be paid	Amount
Convertible bond loans	
Other bond loans	
Loans and debts with lending institutions	223
Miscellaneous financial debts and loans	
Advances and down payments received on current orders	
Accounts payable	37,513
Tax and social-security debts	1,539
Debts on capital assets and related accounts payable	
Other debts	1,297
TOTAL	**40,571**

Details of accrued income

	Amount
Receivables related to equity investments	
Other long-term financial assets	6,638
Accounts receivable	24,389
Personnel and related accounts	
Social security and other social organisations	15
State and other public authorities	
Other receivables	
Cash at bank and on hand	
TOTAL	**31,043**

Proposed allocation of earnings

	12/31/2020
Retained earnings shown on the balance sheet for the financial year	467,946
Profit/loss for the financial year	375,667
Deductions from reserves	
TOTAL DISTRIBUTABLE AMOUNTS	**843,613**
Assignment to reserves:	
• legal	
• other	
Dividends	254,585
Other distributions	
Retained earnings	589,028
TOTAL ALLOCATIONS	**843,613**

Prepaid expenses

Prepaid expenses	Operations	Financial	Exceptional
Discount on customer volume	207	1,557	
Interest on bond loans		4,486	
IT rental	880		
Software license fees	1,563		
Financial data	1,324		
IT maintenance	840		
Rental expenses	319		
Maintenance of premises	55		
Professional fees	123		
Personnel other expenditure	3		
Events	300		
TOTAL	**5,614**	**6,043**	

Prepaid income

Prepaid income	Operations	Financial	Exceptional
Volume Premium2018	3,634		
Volume Premium 2019	6,819		
Volume Premium 2020	6,745		
TOTAL	**17,198**		

Number and nominal value of components of the share capital

	Number at the start of the financial year	Created during the financial year	Redeemed during the financial year	Number as at 31 December 2020	Par value
Ordinary shares	404,103,640			404,103,640	1.5
Amortised shares					
Priority dividend shares (without voting rights)					
Preferential shares					
Share capital					
Investment certificates					
TOTAL	**404,103,640**			**404,103,640**	

Changes in equity

Shareholders' equity	Opening	Increase	Decrease	Distribution Dividends	Appropriation of earnings N-1	Contributions and mergers	Closing
Share or individual capital	606,155						606,155
Share premium, merger, contribution premiums….	367,050						367,050
Revaluation differences							
Legal reserve	59,555				1,061		60,616
Statutory or contractual reserves							
Regulated reserves							
Other reserves	56						56
Retained earnings	278,087		189,174	253,900	254,585		468
Profit/loss for the financial year	444,820	375,667	444,820				375,667
Investment subsidies							
Regulated provisions							
TOTAL EQUITY	**1,755,723**	**375,667**	**444,820**	**254,585**	**445,506**		**1,877,491**

Subsidiaries and equity interests

Total number of subsidiaries held by the Company at more than 10% of the share capital: 10

Identification		Capital held	Address				
Company name	SIREN	% holding	Number	Address	Postcode	City	Country
ALD International GmbH		100	1	Nedderfeld	22529	Hamburg	Germany
ALD International Participations SAS	485131155	100	1	Cours Valmy	92800	Puteaux	France
ALD Automotive Russia SAS		100	1	Rue Eugène et Armand Peugeot	92400	Rueil-Malmaison	France
ALD Automotive Algeria SPA		99		Plateau des Annasseurs	16050	Alger	Algeria
TEMSYS	351867692	100	1	Allées de l'Europe	92588	Clichy Cedex	France
Axus Finance SPRL		48	1	RUE DU COLONEL BOURG	1140	Evere	Belgium
ALD Automotive LLC		99	70	ST. Myasnikova	220030	Minsk	Belarus
ALD MUL Mobility Services Malaysia Sdn. Bhd.		60	13	Khoo Kay Kim, Seksyen	46200	Petaling Jaya	Malaysia
Ford Fleet Management BV		50	60	Hoeksteen	2132MS	Hoofddorp	Netherlands
ALD Automotive DOO Beograd (Serbia)		100	48b	Bulevar Zorana Djindjica	11070	Belgrade	Serbia

6.6 Statutory Auditors' report on the financial statements

For the year ended December 31, 2020

This is a translation into English of the statutory auditors' report on the financial statements of ALD, issued in French and it is provided solely for the convenience of English speaking users. This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to the shareholders.This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Annual General Meeting of ALD

Opinion

In compliance with the engagement entrusted to us by your annual general meetings, we have audited the accompanying financial statements of ALD for the year ended December 31, 2020.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company, as at December 31, 2020 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "*Statutory Auditors' Responsibilities for the Audit of the Financial Statements*" section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (code de commerce) and the French Code of Ethics (code de déontologie) for statutory auditors, for the period from January 1, 2020 to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

Justification of Assessments – Key Audit Matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole and we do not provide a separate opinion on specific items of the financial statements.

EQUITY SECURITIES EVALUATION

Identified risk	Our response
As at December 31, 2020, equity investments were recorded in the balance sheet for a net value amounting to M€ 1,651, or 28% of total assets. As mentioned in the "Investments and other long-term securities" note to the financial statements, investments are recognized at their acquisition cost date. An impairment loss is recognized if the inventory value is lower than the gross value. The estimation of the carrying amount of these securities requires the exercise of Management's judgment in determining future cash flow projections and the main assumptions used. Given the weight of equity securities on the balance sheet and the assumptions underlying their valuation, we considered the valuation of equity securities as a key audit matter with a risk of material misstatement.	We examined the procedures implemented by Management to estimate the carrying amount of equity securities. Our work consisted mainly in verifying, on the basis of the information provided to us, that the estimate of these values, determined by Management, is based on an appropriate method and the figures used. In addition, we performed the following procedures according to the concerned securities: • for valuations based mainly on historical data, compared the data used with the accounting data extracted from the annual financial statements and from the IT tool, in particular those relating to the net value of the concerned subsidiaries; • for valuations based on an estimate of the inventory value, assessed the consistency of revenue and margin rate projections with past performance, and the economic and financial context; • checked the consistency of the approach adopted by Management of your Company and the one adopted by the group in the context of the evaluation of goodwill; Finally, we have verified the appropriateness of the information provided in the notes to the financial statements;

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to Shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the board of directors and in the other documents with respect to the financial position and the financial statements provided to the shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D.441-6 of the French Commercial Code (code de commerce).

Information relating to corporate governance

We attest that the section of the management report on corporate governance sets out the information required by Article L. 225-37-4, L.22-10-10 and L. 22-10-9 of the French Commercial Code (code de commerce).

Concerning the information given in accordance with the requirements of Article L. 22-10-9 of the French Commercial Code (code de commerce) relating to remunerations and benefits received by or allocated to the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from controlled enterprises included in the scope of consolidation. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your Company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to Article L. 22-10-11 of the French Commercial Code (code de commerce), we have agreed this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information.

Other Information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Other Legal and Regulatory Verifications or Information

Format of presentation of the financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the financial statements translated in English and examined by the board of directors, intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (code monétaire et financier), prepared under the responsibility of the Chairman, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of 17 December 2018.

Based on the work we have performed, we conclude that the presentation of the financial statements translated in English, intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the financial statements translated in English that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed as statutory auditors of ALD by the annual general meeting held on June 3, 2013 for DELOITTE & ASSOCIES and on November 7, 2001 for ERNST & YOUNG et Autres.

As at December 31, 2020, DELOITTE & ASSOCIES and ERNST & YOUNG et Autres were in the eight year and twentieth year of total uninterrupted engagement (which is the eight year since securities of the Company were admitted to trading on a regulated market).

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit to the Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris La-Défense, April 26, 2021

The Statutory Auditors

French original signed by

ERNST & YOUNG et Autres	**Deloitte & Associés**
Micha MISSAKIAN	Pascal COLIN

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7.1 Share capital

7.1.1 Share capital amount

AFR

As of the date of this Universal Registration Document, the Company's share capital amounts to EUR 606,155,460 divided into 404,103,640 fully subscribed and paid-up shares with a par value of EUR 1.5 each.

The table below presents the financial resolutions for share capital increases, approved by the Combined Shareholders' Meetings on 22 May 2018, 22 May 2019 and the Ordinary Shareholders' Meeting on 20 May 2020.

Shareholders' Meeting Resolution no.	Purpose of the Resolution	Maximum amount (in EUR)	Duration of authorisation	Use of existing authorisations during year ended 31/12/2020
Authorisations and Delegations				
22 May 2019 (Twenty-fourth Resolution)	Delegation of authority granted to the Board of Directors to increase the share capital through the issuance of shares or equity securities providing access to other equity securities of the Company or providing rights to the allocation of debt securities and the issuance of securities providing access to equity securities of the Company to be issued, with preferential subscription rights.	300,000,000	26 months	None
22 May 2019 (Twenty-fifth Resolution 25)	Delegation of authority granted to the Board of Directors to increase the share capital through the issuance of shares or equity securities providing access to other equity securities of the Company or providing rights to the allocation of debt securities and the issuance of securities providing access to equity securities of the Company to be issued, without preferential subscription rights and through a public offering.	60,000,000	26 months	None
22 May 2019 (Twenty-sixth Resolution)	Delegation of authority granted to the Board of Directors to increase the share capital through the issuance of shares or equity securities providing access to other equity securities of the Company or providing rights to the allocation of debt securities and the issuance of securities providing access to equity securities of the Company to be issued, without preferential subscription rights and through a private placement.	60,000,000	26 months	None
22 May 2019 (Twenty-seventh Resolution)	Delegation of authority granted to the Board of Directors to increase the number of securities to be issued in the event of a capital increase with or without preferential subscription rights.	15% of the initial issuance	26 months	None
22 May 2019 (Twenty-eighth Resolution)	Delegation of authority granted to the Board of Directors to increase the share capital *via* the incorporation of reserves, profits, premiums of other amounts whose capitalisation would be permitted	300,000,000	26 months	None
22 May 2019 (Twenty-ninth Resolution)	Delegation of powers granted to the Board of Directors to increase the share capital *via* the issue of equities or equity securities giving access to other equity securities or providing rights to the allocation of debt securities and to issue securities giving access to equity capital to be issued in order to remunerate contributions in kind.	10% of share capital	26 months	None

Shareholders' Meeting Resolution no.	Purpose of the Resolution	Maximum amount (in EUR)	Duration of authorisation	Use of existing authorisations during year ended 31/12/2020
	Authorisations and delegations for employees and/or Executive Corporate Officers			
22 May 2019 (Thirtieth Resolution)	Delegation of authority to the Board of Directors to carry out capital increases reserved for participants in Company savings plans without preferential subscription rights for shareholders.	0.3% of the share capital	26 months	None
22 May 2018 (Thirteenth Resolution)	Authorisation to the Board of Directors to grant performance shares (existing or newly issued) to some or all of the Group's employees.	0.3% of share capital	38 months	Used at the Board meetings of 28 March 2019 and 27 March 2020.
	Share buyback authorisations			
22 May 2019 (Twenty-second Resolution)	Authorisation granted to the Board of Directors to trade in Company shares up to a limit of 5% of share capital.	5% of share capital at the time of purchase	18 months	See Section 2.7.2
20 May 2020 (Fourteenth Resolution	Authorisation granted to the Board of Directors to trade in Company shares up to a limit of 5% of share capital	5% of share capital at the time of purchase	18 months	See Section 2.7.2

7.1.2 Non-equity securities

As of the date of this Universal Registration Document, the Company has not issued any securities not representing share capital other than bonds for a total issuance of 600 million euros in October 2020.

7.1.3 Other securities giving access to share capital

As of the date of this Universal Registration Document, the Company has not issued any stock options or any securities giving access to its share capital.

7.1.4 Terms of any vesting rights and/or any obligation overauthorised but unissued capital

None.

7.1.5 Share capital of any member of the Group that is the subject of an option or of an agreement to put it under option

None.

7.2 Other information

7.2.1 Equity

Information on the Group's equity is provided in Chapter 2 of this Universal Registration Document.

7.2.2 Restrictions on the use of capital

Not applicable.

7.2.3 Anticipated sources of funds needed to fulfil planned acquisitions and commitments

As of the date of the Universal Registration Document, the Group does not have any planned acquisitions or commitments which will require additional sources of funding.

7.3 Information about the Company

7.3.1 Company name

The corporate name of the Company is ALD.

7.3.2 Place of registration and registration number

The Company is registered with the Nanterre Trade and Companies Register under number 417 689 395.

7.3.3 Date of incorporation and duration

7.3.3.1 Date of incorporation

The Company was incorporated on 19 February 1998.

7.3.3.2 Duration

The Company's duration is 99 years from the date of its registration with the Trade and Companies Register subject to early dissolution or extension.

7.3.4 Registered Office, Legal Form and Applicable Legislation

7.3.4.1 Registered office

The Company's registered office is located at 1-3 Rue Eugène et Armand Peugeot, 92500 Rueil-Malmaison – France.

Telephone: +33 (0)1 58 98 79 31

7.3.4.2 Legal Form and Applicable Legislation

As of the date of this Universal Registration Document, the Company is a limited liability company with a Board of Directors *(société anonyme à conseil d'administration)* governed by French law, including, in particular, Book II of the French Commercial Code and its Bylaws.

7.3.4.3 Financial year

The Company has a financial year of twelve months, beginning on 1 January, and ending on 31 December of each year.

7.4 Bylaws

AFR

The Bylaws were prepared in accordance with the laws and regulations applicable to French limited liability companies with a Board of Directors *(société anonyme à Conseil d'administration)*. The principal provisions described below have been taken from the Company's Bylaws as adopted by the Combined Shareholders' Meeting on 20 April 2017. The Combined Shareholders' Meeting on 22 May 2018 ratified the transfer of the Company's registered office from La Défense to Rueil-Malmaison, which had been decided at the Board of Directors' Meeting on 2 November 2017, thus amending the Bylaws.

7.4.1 Corporate purpose

Pursuant to Article 2 of the Bylaws, the Company's purpose is, in France and abroad, directly or indirectly:

- the acquisition, management and operation, in particular under a lease, with or without an option to purchase, and incidentally the sale, of any equipment, fixed, mobile or rolling stock, machinery and tooling, as well as all land, sea or air vehicles;
- the study, creation, development, operation, management of any business or commercial, industrial, real estate or financial companies;
- the purchase, lease, rental, with or without promise to sell, the building and operation of any plants, workshops, offices and premises;
- the direct or indirect participation in any transactions or undertakings by incorporation of companies, facilities or groups of a real estate, commercial, industrial or financial nature, the participation in their incorporation or the share capital increase of existing companies;
- the management of a portfolio of investments and securities as well as related transactions;
- the ownership and management of all buildings;
- generally, all industrial, commercial, financial, movable or immovable transactions, directly or indirectly relating to this purpose or any similar or related purpose, or that may be useful or likely to facilitate the successful accomplishment of this purpose.

7.4.2 Board of Directors and Board members

7.4.2.1 Appointment of directors (Article 13)

The Company is administered by a Board of Directors composed of at least nine (9) members and no more than twelve (12) members, subject to the exceptions set forth in the applicable legal and regulatory provisions.

During the lifetime of the Company, directors are appointed, co-opted, reappointed or dismissed in accordance with legal and regulatory provisions in force and the present Bylaws.

Directors are appointed for a four-year term as from the Shareholders' Meeting on 20 April 2017, without change to the terms of office underway at this date. As an exception, the Shareholders' Meeting on 20 April 2017 appointed/renewed the term of several director(s) for a period of two or three years, to ensure staggered renewal of the directors' term.

In accordance with the legal and regulatory provisions in force, directors who are appointed to replace another director, only serve for the remaining term of office of their predecessor.

The duties of a director end at the close of the Ordinary Shareholders' Meeting called to approve the financial statements for the year preceding that in which his/her term of office expires.

No person may be appointed or renewed as a director if he/she is over seventy (70) years. Where the permanent representative of a legal entity member of the Board of Directors exceeds the age of seventy (70), the legal entity must, within a three-month period, provide for his/her replacement. Failing this, the legal entity will automatically be deemed to have resigned.

7.4.2.2 Chairmanship of the Board (Article 15)

The Board of Directors elects a Chairperson from among the members of the Board of Directors who are natural persons and determines the term of his/her office, the term of which may not exceed his/her director's term.

The Chairperson organises and manages the work of the Board of Directors and reports on such work to the Shareholder's Meeting. The Chairperson oversees the proper functioning of the Company's governing bodies and ensures that the directors are able to carry out their duties.

7.4.2.3 Chief Executive Officer (Article 17)

The Company may be managed either by the Chairman of the Board of Directors or a natural person appointed by the Board of Directors with the title of Chief Executive Officer (the "CEO").

The Board of Directors chooses which one of the two general management methods to adopt. Shareholders and third parties are informed of this choice in the conditions defined by legal and regulatory provisions in force.

The Board of Directors determines the term of the Chief Executive Officer.

If the Chairman of the Board of Directors is in charge of the Company's general management, the legal, regulatory and Bylaws provisions concerning the Chief Executive Officer apply to the Chairman.

The Chief Executive Officer is vested with the most extensive powers to act in all circumstances on behalf of the Company. He exercises these powers within the limits of the corporate purpose and in accordance with those which the legal and regulatory provisions in force expressly granted to Shareholders' Meetings and to the Board of Directors.

The Chief Executive Officer represents the Company in its relations with third parties. The powers of the Chief Executive Officer are limited by the purpose of the Company and those that the applicable laws and regulations expressly confer to the Shareholders' Meetings and to the Board of Directors, it being specified that the publication alone of these Bylaws is sufficient proof.

On the proposal of the Chief Executive Officer, the Board of Directors may appoint up to five (5) natural persons to assist the Chief Executive Officer with the title of Deputy Chief Executive Officer.

The Deputy Chief Executive Officer(s) may be removed at any time by the Board of Directors only and on the recommendation of the CEO.

If the Chief Executive Officer ceases to, or cannot exercise his duties, the Deputy Chief Executive Officers continue to exercise their functions and powers until a new Chief Executive Officer is appointed, unless there is a decision to the contrary by the Board.

The Board of Directors determines with the Chief Executive Officer the scope and duration of the powers granted to the Deputy Chief Executive Officers. The Deputy Chief Executive Officers have the same powers with regard to third parties as the Chief Executive Officer.

7.4.2.4 Functioning of the Board (Article 16)

The Board of Directors meets as often as necessary in the Company's interest upon convocation by its Chairman or, in the event of his/her incapacity, by at least one-third (1/3) of its members, or, if he/she is a director, by the CEO.

If the members of the Board of Directors have not met for more than two (2) months, at least one-third (1/3) of the members of the Board of Directors may require the Chairman to convene the Board of Directors on a specific agenda.

The Chief Executive Officer may also require the Chairman to convene the Board of Directors on a specific agenda.

Decisions are made under the conditions of quorum and majority set forth by the applicable legal and regulatory provisions.

In compliance with legal and regulatory provisions, the internal regulations of the Board of Directors may stipulate that the directors who participate in the meeting of the Board of Directors by means of videoconference or telecommunications equipment meeting the technical specifications required by the applicable legal and regulatory provisions are deemed to be present for the calculation of the quorum and the majority.

The Board of Directors sets its operating procedures in the Internal Regulations in accordance with the law and regulatory provisions and the Bylaws of the Company. It can decide to create committees in charge of the study of questions that the Board of Directors or its Chairman submit to their review. The composition and powers of each of these committees, which carry out their activities under its responsibility, are set by the Board of Directors in its Internal Regulations.

7.4.3 Shareholders' Meetings (Article 18)

Duly constituted Shareholders' Meetings represent the shareholders as a whole. They are convened and held in accordance with the applicable laws and regulations.

Any shareholder has the right to attend Shareholders' Meetings and participate in the deliberations personally or through a proxy, under the conditions defined by the applicable laws and regulations, with proof of his/her identity and the ownership of his/her shares.

At all Shareholders' Meetings, voting rights attached to shares include a right of usufruct, which shall be exercised by the usufructuary.

The proxy appointed on behalf of shareholders may take part in meetings under the conditions set by the applicable legal and regulatory provisions.

On decision of the Board of Directors published in the notice of meeting to use such telecommunications methods, shareholders who attend the meeting *via* videoconference or other telecommunication or electronic transmission methods, including Internet, which allow identification under the conditions required by the applicable legal and regulatory provisions, are deemed present for the calculation of quorum and majority.

On decision of the Board of Directors, any shareholder may vote remotely or give his/her proxy pursuant to the applicable laws and regulations using a form prepared by the Company and sent to the Company under the conditions defined by the applicable laws and regulations, including electronic or broadcast transmission methods. Voting forms must be received by the Company at least two (2) days prior to the Shareholders' Meeting, unless a shorter period is mentioned within the notice of meeting or any legal or regulatory provisions state otherwise.

Public broadcasting of the meeting *via* electronic communications is authorized by the Board of Directors in accordance with conditions that it shall define. Notice thereof is given in the notice of meeting and/or call to meeting.

Meetings are chaired by the Chairman of the Board of Directors, or in his/her absence, by a member of the Board specifically delegated in this purpose by the Board of Directors. If not, the meeting elects its own Chairman.

7.4.4 Annual financial statements – Allocation of profits (Articles 20 and 21)

7.4.4.1 Financial year (Article 20)

The Company has a financial year of twelve months, beginning on 1 January and ending on 31 December of each year.

7.4.4.2 Annual Financial Statements (Article 20)

At the end of each financial year, the Board of Directors prepares the inventory and the financial statements as well as a written management report. In addition, all other documents required by the applicable laws and regulations shall be drawn up.

7.4.4.3 Allocation of Profits (Article 21)

The annual results are determined in accordance with applicable laws and regulations.

On the profit of a financial year, less any prior losses if any, it is first collected at least 5% for the constitution of a reserve fund as required by applicable laws and regulations. This collection ceases to be mandatory when the reserve fund reaches one-tenth of the share capital.

The Shareholders' Meeting may freely dispose of the surplus, and on proposal of the Board of Directors, may either decide to allocate it to the retained earnings account in whole or in part, or to the reserves in whole or in part. It may also decide the distribution in whole or in part.

The Shareholders' Meeting will have the right to grant to each shareholder, for all or part of the dividends distributed or of the interim dividends, an option between payment in cash and payment in shares.

7.4.5 Control of the Company

There are no provisions in the Bylaws or in the Internal Regulations that could have the effect of delaying, postponing or preventing a change of control of the Company.

7.5 Other legal points

AFR

7.5.1 Rights and obligations attached to shares (Article 8 of the Bylaws)

Each share gives entitlement to a share in the ownership of the Company, a share in the profits and in the liquidation surplus, in proportion to the number of existing shares, taking into account, if applicable, amortized and non-amortized capital, paid-up or otherwise, the nominal amount of shares and rights attached to the different classes of shares. Furthermore, it gives entitlement to vote at and be represented in Shareholders' Meetings, under the legal and statutory conditions.

Each share gives the right to one vote. The double voting right provided for by Article L. 225-123 of the French Commercial Code is expressly excluded.

Every time it is necessary to possess several shares to exercise any right, the shares of a lower number than that required give no rights to their owners against the Company, with the shareholders being responsible, in this case, for grouping together the necessary number of shares.

7.5.2 Shareholders' agreements

To the Company's knowledge, there is no shareholders' agreement as of the date of this Universal Registration Document.

7.5.3 Agreements likely to lead to a change in control

To the Company's knowledge, there is no agreement as of the date of this Universal Registration Document whose implementation might lead to a change of control.

7.5.4 Items likely to have an impact in the event of a public offering (Article L. 225-37-5 of the French Commercial Code)

AFR

Legislative or regulatory reference	Elements liable to have an incidence in the event of a public offering	Chapters/sections of the Universal Registration Document
L. 225-37-5 of the French Commercial Code	The structure of the Company's capital.	2.7.5 "Shareholder structure"
	Statutory restrictions on the exercise of voting rights and share transfers or clauses of agreements provided for in the constitution brought to the Company's attention pursuant to Article L. 233-11 of the French Commercial Code.	2.7.5 "Shareholder structure". 2.7.5 "Rights, privileges and restrictions attached to shares" (Articles 8, 11 and 12 of the Bylaws).
	Direct and indirect holdings in the Company's capital of which it is aware, pursuant to Articles L. 233-7 and L. 233-12 of the French Commercial Code.	2.7.5 "Shareholder structure".
	A list of holders of any share comprising special rights of control and description of these shares.	N/A
	The control mechanisms provided for any employee shareholding system when the control rights are not exercised by employees.	N/A
	Shareholder agreements of which the Company is aware and that could restrict share transfers and the exercise of voting rights.	N/A
	The rules applicable to the appointment and replacement of members of the Board of Directors and to the amendment of the Company's Bylaws.	2.7.5 "Shareholder structure". 7.4 "Bylaws". 7.4.3 "Shareholders' Meetings" (Article 18 of the Bylaws).
	The powers of the Board of Directors, in particular, share issues or buybacks.	7.1.1 "Subscribed share capital but not paid up".
	The agreements concluded by the Company which end in the event of change of control of the Company, except if this disclosure, apart from cases of mandatory disclosure under the law, would be adversely affect its interests.	2.7.5.1 "Control of the Company". In addition, the Company is party to a number of agreements containing change of control provisions, including in particular customer agreements (International Commitment Agreement), a licensing agreement with Societe Generale covering the ALD Automotive trademark associated with the red and black SG logo, partnership agreements and joint venture agreements.
	The agreements providing for compensation to members of the Board of Directors or employees if they resign or are dismissed without due and genuine cause or if their employment ends on account of a take over bid.	3.7 "Compensation of the CEO and the Deputy CEOs". 3.7.2 "Employment contracts, supplementary pension schemes and departure compensation of Executive Corporate Officers".

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8.1 Person responsible

8.1.1 Person responsible for the Universal Registration Document

Mr. Tim ALBERTSEN, Chief Executive Officer of ALD.

8.1.2 Certification of the person responsible for the Universal Registration Document

AFR

I hereby certify that the information contained in this Universal Registration Document is, to my knowledge, in accordance with the facts and contains no omission likely to affect its meaning.

I certify, to the best of my knowledge, that the accounts have been prepared in accordance with applicable accounting standards and are a fair reflection of the assets, liabilities, financial position and profit or loss of the Company and all the undertakings included in the consolidation scope, and that the management report (the cross-reference table of the annual financial report, in Chapter 9, indicates the contents of said report) presents a fair view of the Company's business, performance and financial position and that of all the undertakings included in the consolidation scope, as well as a description of the main risks and uncertainties to which they are exposed.

I have received a completion letter from the Statutory Auditors, stating that they have audited the information contained in this Registration Document about the financial position and accounts contained herein, and that they have read this Universal Registration Document in its entirety.

26 April 2021

Mr. Tim ALBERTSEN

Chief Executive Officer of ALD

8.1.3 Person responsible for financial information

Mr. Gilles MOMPER, Chief Financial Officer of ALD

Immeuble "Corosa", 1-3 Rue Eugène et Armand Peugeot Corosa, 92500 Rueil-Malmaison, France

8.1.4 Person responsible for financial information

I hereby certify that the information contained in this Universal Registration Document is, to my knowledge, in accordance with the facts and contains no omission likely to affect its meaning.

I certify, to the best of my knowledge, that the accounts have been prepared in accordance with applicable accounting standards and are a fair reflection of the assets, liabilities, financial position and profit or loss of the Company and all the undertakings included in the consolidation scope, and that the management report (the cross-reference table of the annual financial report, in Chapter 9, indicates the contents of said report) presents a fair view of the Company's business, performance and financial position and that of all the undertakings included in the consolidation scope, as well as a description of the main risks and uncertainties to which they are exposed.

I have received a completion letter from the Statutory Auditors, stating that they have audited the information contained in this Registration Document about the financial position and accounts contained herein, and that they have read this Registration Document in its entirety.

26 April 2021

Mr. Gilles MOMPER

Chief Financial Officer of ALD

8.2 Persons responsible for auditing the financial statements

8.2.1 Principal Statutory Auditors

ERNST & YOUNG et Autres

1-2, Place des Saisons

Paris La Défense 1

92400 Courbevoie France

Represented by Mr. Micha MISSAKIAN.

ERNST & YOUNG et Autres is a member of the *Compagnie Régionale des Commissaires aux Comptes de Versailles* (the Regional Association of Auditors of Versailles).

ERNST & YOUNG et Autres was appointed by decision of the Shareholders' Meeting of the Company of 7 November 2001 and renewed by decision of the Shareholders' Meeting of the Company of 29 June 2016, to end at the Shareholders' Meeting to be convened to approve the financial statements for the year ending 31 December 2021.

DELOITTE & ASSOCIÉS

6 place de la Pyramide

92908 Paris La Défense Cedex France

Represented by Mr. Pascal COLIN.

DELOITTE & ASSOCIES is a member of the *Compagnie Régionale des Commissaires aux Comptes de Versailles* (the Regional Association of Auditors of Versailles).

DELOITTE & ASSOCIES was appointed by decision of the Shareholders' Meeting of the Company of 3 June 2013, and renewed by decision of the Shareholders' Meeting of the Company of 22 May 2019, to end at the Shareholders' Meeting to be convened to approve the financial statements for the year ending 31 December 2024.

8.2.2 Alternate Statutory Auditors

AUDITEX

1-2 Place des Saisons

Paris La Défense 1

92400 Courbevoie France

Represented by Mr. Christian SCHOLER.

AUDITEX is a member of the *Compagnie Régionale des Commissaires aux Comptes de Versailles* (the Regional Association of Auditors of Versailles).

AUDITEX was appointed by decision of the Shareholders' Meeting of the Company of 3 June 2013, and renewed by decision of the Shareholders' Meeting of the Company of 29 June 2016, and expiring at the end of the Shareholders' Meeting to be convened to approve the financial statements for the year ending 31 December 2021.

8.3 Publicly available documents

Copies of this Universal Registration Document are available free of charge at the registered office of the Company. This Registration Document may also be consulted on the Company's dedicated website (www.aldautomotive.com) and on the AMF's website (www.amf-france.org).

While this Universal Registration Document is valid, the following documents (or a copy of such documents) may be viewed:

- the Bylaws;
- an expert upon the Company's request, of which a part is included or referred to in this Registration Document; and
- any report, correspondence or other historical financial information or document, assessment or statement prepared by the historical financial information included in this Registration Document.

All such legal and financial documents relating to the Company and made available to shareholders in accordance with applicable regulations may be viewed at the Company's registered office.

The regulated information (within the meaning of Articles 221-1 *et seq.* of the AMF's General Regulation) will also be available on the Company's website.

9 Cross-reference tables

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9.1 Cross-reference table for the Universal Registration Document

This cross-reference table contains the headings provided for in Annex 1 (as referred to in Annex 2) of the Commission Delegated Regulation (EU) 2019/980 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council and repealing Commission Regulation (EC) no. 809/2004, and refers to the pages of this Universal Registration Document where the information relating to each of these headings is mentioned.

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9.2 Cross-reference table for the Annual financial report

Pursuant to Article 222-3 of the French Financial Markets Authority's General Regulation, the annual financial report referred to in section I of Article L. 451-1-2 of the French Monetary and Financial Code includes the items described in the following pages of the Universal Registration Document:

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1.	Consolidated annual financial statements	Chapter 6 (6.1-6.2)	148-207
2.	Auditors' report on the consolidated accounts	Chapter 6 (6.3)	208-212
3.	Annual corporate financial statements	Chapter6 (6.4-6.5)	213-226
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