Universal registration document 2021

Including the annual financial report

ALD

Contents

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 2021

Including Annual financial report

ALD is a leading Full Service Leasing and Fleet Management company with 1.73 million vehicles under management in 43 countries worldwide.

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

AUTORITÉ DES MARCHÉS FINANCIERS

AMF

This Universal Registration Document was filed on 22 April 2022 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 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.

1 ALD at a glance

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)

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

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.

2006

37 countries

Algeria, Serbia, Mexico

2007

Global partnership with Wheels Inc.

2008

750,000 vehicles

2009

Partnership with Fleet Partners (Australia, New Zealand)

2010

Launch of ALDCarmarket

2013

1 million vehicles

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 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.

Main events
Box
Number of vehicles
Country

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, Societe Generale 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

2021
Acquisition of Bansabadell Renting in Spain and Fleetpool in Germany, to develop digital subscription services in Europe

Acquisition of Skipr, a Mobility as a Service startup

Partnerships with smart Europe, Tesla, Lynk & Co, accelerating the transition to sustainable and low-emission mobility

1.73 million vehicles
43 countries

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 the BRIC countries (Brazil, Russia and India - plus China, which it exited in 2020), the Group has further expanded into 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 Africa-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 2021.

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 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 its Move 2025 strategic plan.

In 2021, ALD further strengthened its position in Europe through the acquisitions of Bansabadell Renting, boosting its presence in Spain and Fleetpool, leader in the digital subscription of contracts in Germany. Moreover, the acquisition of a stake in Skipr offers ALD new growth opportunities in the field of consulting services for mobility transformation with digital access to multimodal, flexible and sustainable solutions.

1.2 Detailed profile

1.2.1 Business model

ALD is a Full Service Leasing and Fleet Management Group with a managed fleet of 1.726 million vehicles. It operates directly in 43 countries as of 31 December 2021. 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 costs incurred by the Group in providing these services.

Finally, the Group generates income from the remarketing of its used vehicles at the termination of a lease contract, referred to as the Used 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 (ALD Carmarket), or one of the 51 showrooms in 20 countries. ALD Carmarket 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 table sets out the distribution of the Group's three principal sources of consolidated Gross operating income for the financial years ended 31 December 2021, 2020 and 2019:

(in EUR million)	Year ended 31/12/2021	31/12/2020*	31/12/2019
Leasing contract margin	732.8	604.4	664.1
Services margin	650.0	652.0	632.3
Used Car Sales result	437.7	61.1	75.0
GROSS OPERATING INCOME	**1,820.6**	**1,317.5**	**1,371.4**

** Volume and loyalty bonuses bonuses paid to customers have been reclassified from Services Margin to Leasing Contract Margin in 2020. This reclassification has no impact on gross operating income.*

Move 2025 – Become an

The car becomes... Electric Connected

OUR RESOURCES

PEOPLE

- **7,050** employees in **43** countries
- Very committed staff (*commitment rate in 2021:* ***76%***)
- International culture

OPERATIONS AND ORGANISATION

- Presence in **43** countries
  16 countries covered through strategic alliances
- **86.7% 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, Credit watch positive since 10 January 2022
- Optimal funding mix including bond issuance and SG funding providing flexibility for sustainable fleet growth
- 2021: EUR **500 million** in bond issues and EUR **560 million** raised in securitisation transactions

BUSINESS RELATIONSHIPS

- Strong business relations with a broad network of suppliers
- Multi-channel distribution thanks to multiple partnerships with financial institutions and car manufacturers (***33%*** *of the fleet*) such as Tesla, Polestar, Smart, Ford, and Lynk & Co
- Development of innovative and flexible solutions, such as **ALD Flex** *(44,000 vehicles)*
- Strong portfolio of large international accounts (***330*** *at end 2021*)

ENVIRONMENT

- **205,000 "green"** vehicles including 144,000 electric vehicles
- Average CO_2 footprint = **99 g/km**
- **7,476 teq** CO_2, or **1.33 t** per occupant
- Several leading non-financial rating agencies have recognised ALD's strong commitment: CDP **(B)**, Ecovadis **(Gold, Top 3%)**, MSCI ESG **(A)**, Vigeo Eiris (**Advanced**, top 1 of the sector), Sutainalytics **(Top 8% of the sector)**

ALD STRATEGY

Operational excellence in our core business:

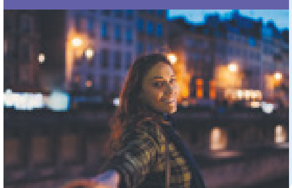
- Funding
- Vehicle and corporate fleet management
- Customers
- Vehicle remarketing (management of the residual value risk)
- Value-added services for the driver and the fleet manager

Strategic pillars

CUSTOMERS

GROWTH

GOOD



PERFORMANCE

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**

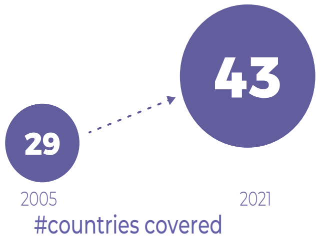
FOR OUR SHAREHOLDERS
at 31/12/2021

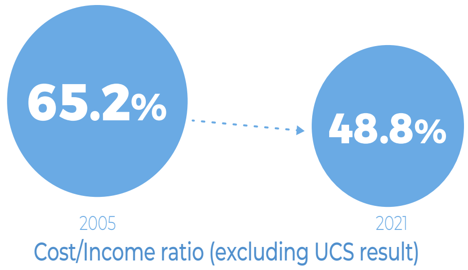
- EUR **1,820.6 million** Gross Operating Income
- EUR **873.0 million** Net income (Group share)
- Dividend per share of EUR **1.08** (payout ratio of **50%**)
- **Cost / income ratio (excluding used car sales): 48.8%**
- Dividend payout rate between **50%** and **60%**

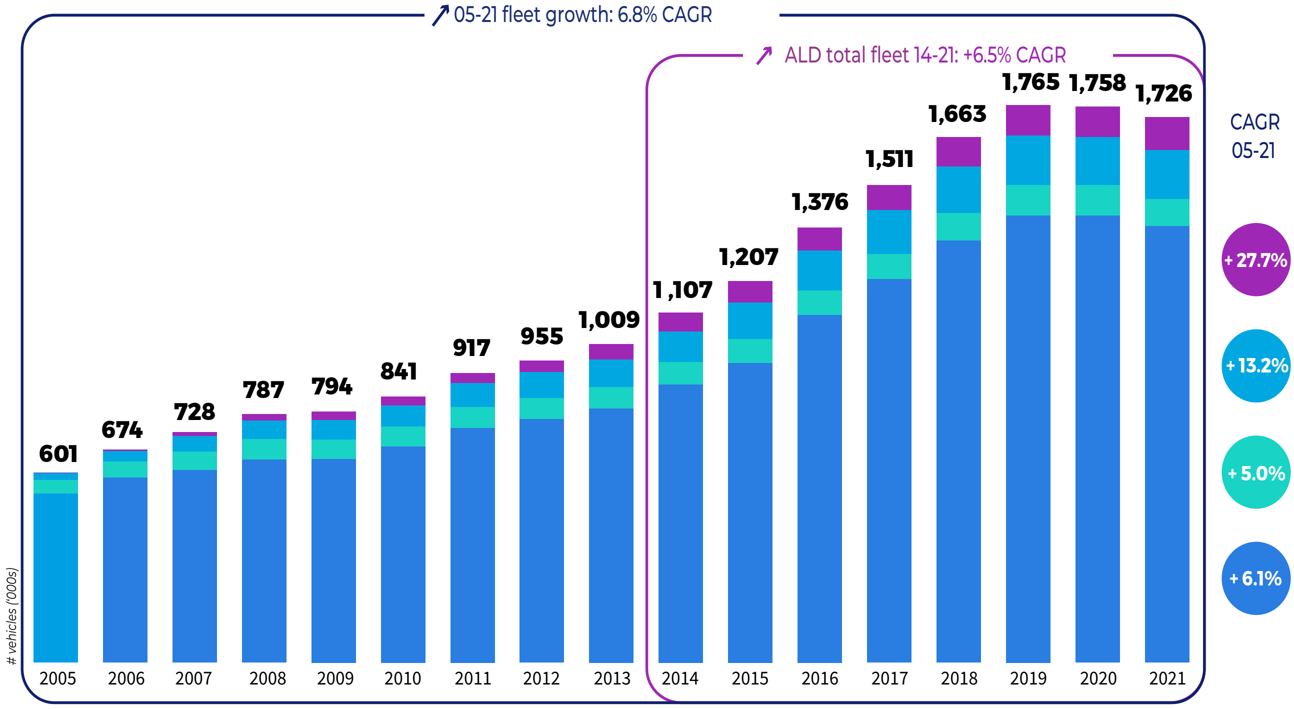
* *Target set on new passenger car deliveries for EU + Norway + UK + Switzerland*
** *Average emissions on new passenger car deliveries for EU + Norway + UK + Switzerland (CO_2 in g/km (NEDC norm)*

1.2.2 Market and product offering

Sustained fleet growth over the years







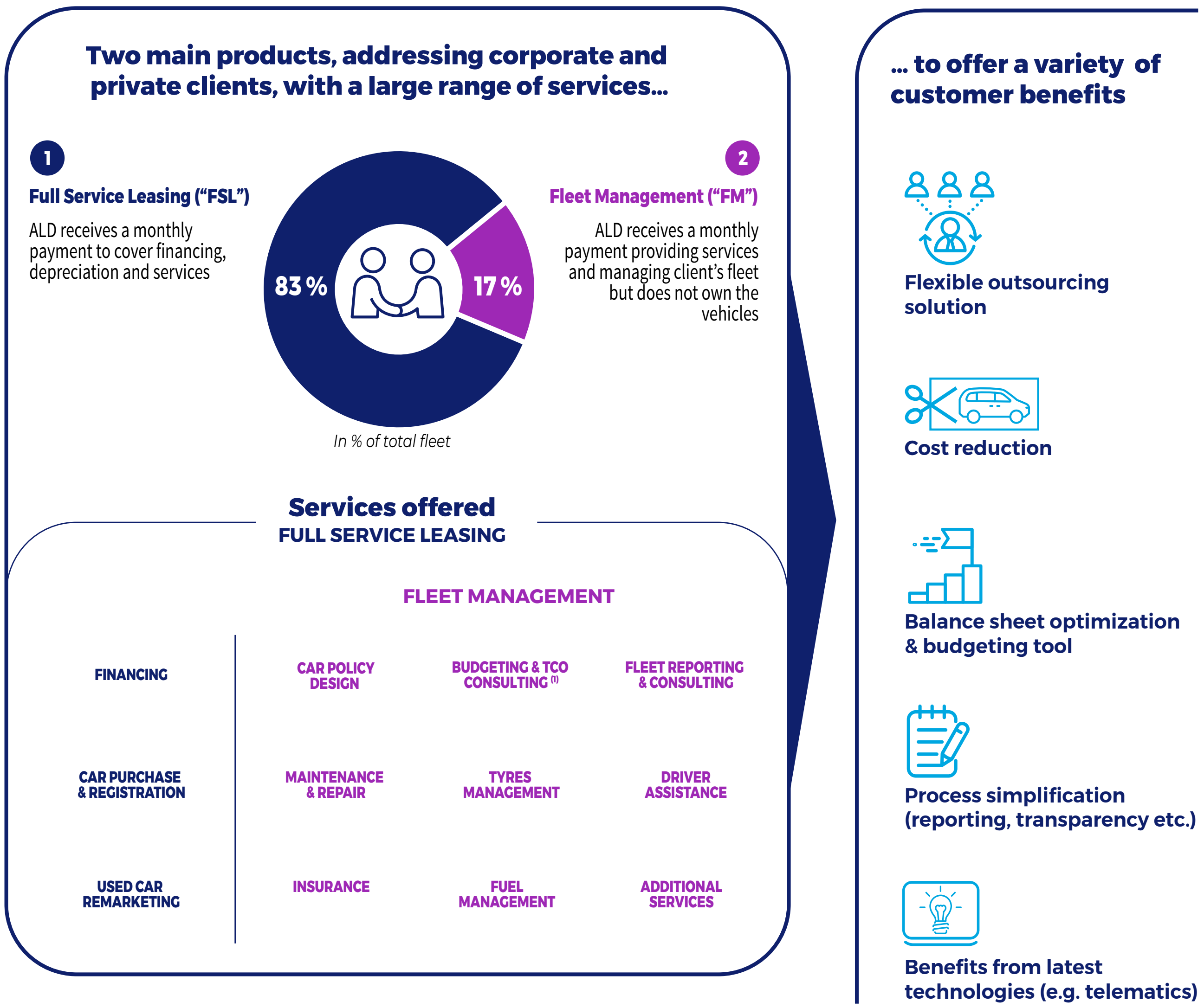
Note: Data as of 31/12

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

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 31/12/2021

(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, resembling a subscription contract, and ALD Move, which does not necessarily include a vehicle. These products are detailed in Section 1.2.8.2.

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, replacement 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 sell 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, powertrain, drive, model and options) he/she wishes to include in their car policy. The leasing company purchases the vehicle selected by the customer or the 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, advisory and provision of electric recharging facilities and recharging cards to support customers in their transition to sustainable mobility.

Fleet Management

Fleet Management is the provision of outsourcing contracts to customers under which vehicles not owned 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 and remarketing, as the vehicle is owned by the customer.

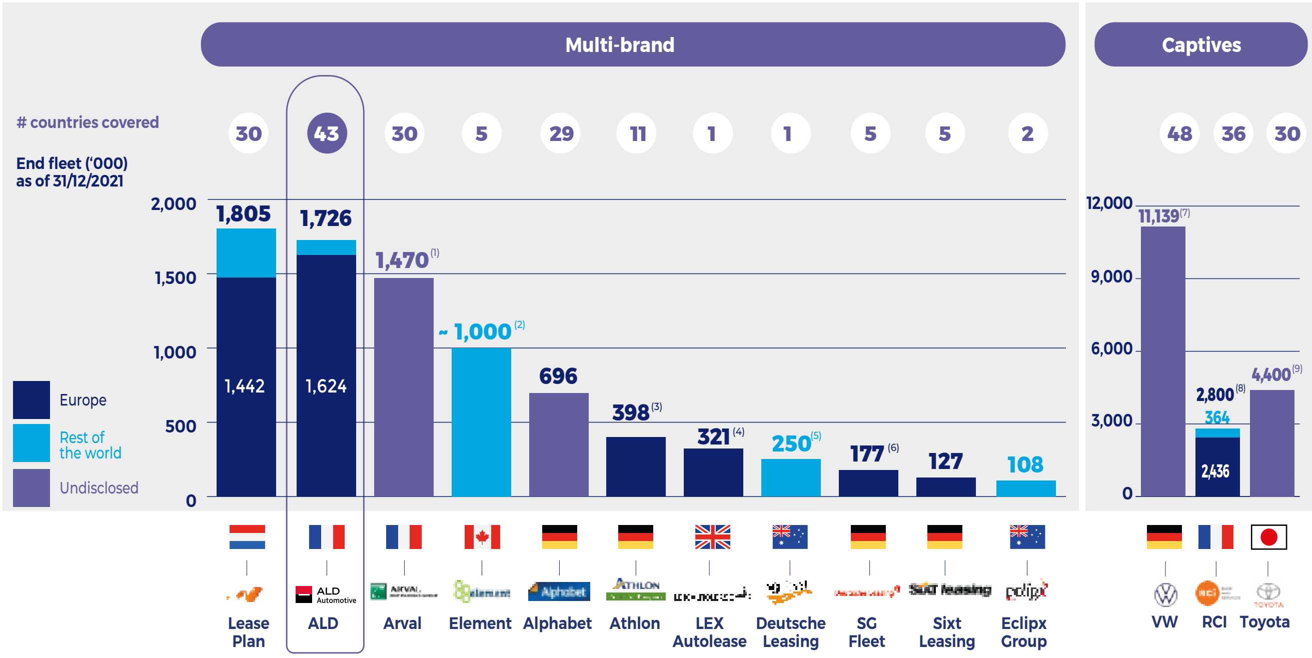
1.2.2.2 Growth trends and drivers

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 usership across different consumer segments, including private customers;
- the rise of connected cars and digital services encourages the development of new high added value 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. 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: Peers shown are international, multi-brand players. Fleet figures include Full-Service Leasing and Fleet Management.

(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 31/12/2020

(5) As publicly reported by SG Fleet

(6) As of 30/06/2017, only Germany is reported

(7) VW AG and VW Financial services Credit investor update 25/11/2021

(8) RCI Business report 2021

(9) Toyota presentation for investors Feb 2022

ALD

1.2.3.1 Competitive landscape

Globally, the full service leasing market remains fragmented, with few players providing global coverage. ALD is one of three leading multi-brand players in Europe, the others being LeasePlan and Arval. Other multi-brand 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). In addition, certain captive financing subsidiaries of car manufacturers are well positioned in the market, generally promoting their own brand.

Among all global operators, ALD Group has the largest geographical coverage, managing 1.726 million vehicles across 43 countries as at 31 December 2021. 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. These include both vertically integrated companies offering Full Service Leasing and financing services and companies that offer Fleet Management only.

The principal international multi-brand leasing companies operating in the same geographic regions as the ALD Group are LeasePlan (1.805 million [1] vehicles managed), Arval (1.470 million [2] vehicles financed), Alphabet (0.696 million [3] vehicles managed) and Athlon/Daimler Fleet Management (0.398 million [4] vehicles managed). In some of the Group's markets, it also competes with strong local players offering full service leases.

1) Number of vehicles as at 31 December 2021 (source: LeasePlan).

2) Financed vehicles as at 31 December 2021 (source: BNP Paribas).

3) Fleet leasing contracts under management as at 31 December 2021 (source: BMW).

4) Number of vehicles in Fleet Management as at 31 December 2021, including Daimler Fleet (source: Daimler).

The Group competes with the captive finance subsidiaries of car manufacturers, the largest of which finance fleets that run into serveral millions. Finally, 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, Stellantis and Toyota, is increasing as their parent companies seek to present themselves as all-round providers of mobility solutions which 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.

1.2.4 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 2021.

The following table gives the breakdown of the managed fleet (in thousands of vehicles) by product offering for the financial years ended 31 December 2021, 2020 and 2019:

(in thousands of vehicles)	Year ended 31/12/2021		Year ended 31/12/2020		Year ended 31/12/2019	
Full Service Leasing	1,427	83%	1,372	78%	1,389	79%
Fleet Management	299	17%	386	22%	376	21%
TOTAL FLEET	**1,726**	**100%**	**1,758**	**100%**	**1,765**	**100%**

Full Service Leasing

Full Service Leasing contracts represented 83% of the Group's fleet as at 31 December 2021. 95% of the Group's Full Service Leasing contracts were operating leases as at the same date. The Group's full service leases are typically for a duration of 36 to 48 months.

Fleet Management

Fleet Management represented 17% of the Group's fleet at 31 December 2021. 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 6.3% as at 31 December 2021 compared to 5.8% as at 31 December 2020 and as at 31 December 2019.

The Group's leasing contracts have an average length of 43 months. The Group strives to establish and maintain a lasting relationship with its customers. To do this, it must maintain an excellent level of service and high 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) By size of fleet financed.

1.2.4.2 Distribution channels

The Group has a customer base accessed through a variety of direct and indirect channels.

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.

Partnership

The Group may enter into a partnership agreement either through White Labelling (see below) or directly under the ALD brand. Vehicles 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 built 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 has built a significant presence in the private customer (B2C) segment. To reach this recent 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, leveraging its distribution 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 175,000 vehicles as at 31 December 2021 for private individuals, either through partnerships or directly. The Group is able to manage the entire life cycle of leases to private individuals through digital channels. The Group's flexible offers are particularly adapted to these customers' needs, as the Group's different offerings allow for *a-la-carte* services and contract modifications in terms of duration, mileage and other options.

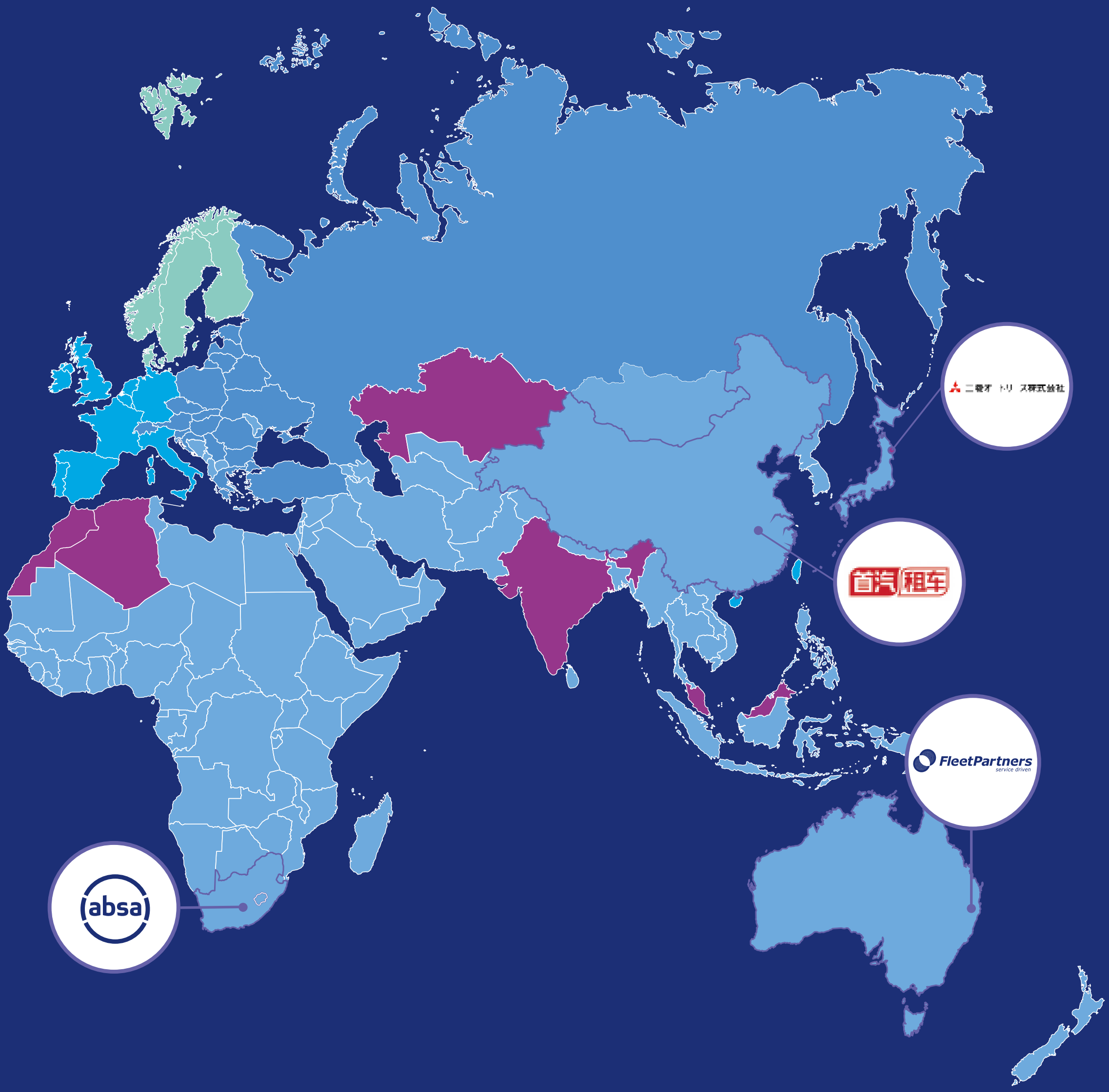
1.2.5 Regions

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 31/12/2021, distribution by region

		Rental Fleet
Western Europe	**80**%	**1 377 k** Rental Fleet
Central and Eastern Europe	**9**%	**153 k** Rental Fleet
South America, Africa and Asia	**6**%	**100 k** Rental Fleet
North Eastern Europe	**5**%	**96 k** 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, allowing it to generate economies of scale reinforcing the Group's competitive position. As of 31 December 2021, 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 2021:

	At 31/12/2021		
(in EUR million)	Full Service Leasing	Fleet Management	Total
Western Europe	1,108	269	1,377
Central and Eastern Europe	146	7	153
Northern Europe	85	11	96
South America, Africa and Asia	87	13	100
TOTAL FLEET	**1,427**	**299**	**1,726**
%	**83%**	**17%**	**100%**

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

	Year ended 31/12/2021		Year ended 31/12/2020	
(in EUR million)	Revenues from external customers	Rental Fleet on the statement of financial position	Revenues from external customers (1) (2)	Rental Fleet on the statement of financial position
France	2,241.7	4,977.0	2,039.5	4,630.6
Italy	1,374.8	2,224.9	1,521.6	2,397.7
UK	1,074.7	2,238.8	894.0	1,677.4
Germany	921.8	2,292.1	788.6	1,972.4
Spain	724.1	1,764.2	715.8	1,700.1
Netherlands	679.4	1,466.8	661.0	1,374.3
Belgium	622.9	1,455.3	586.7	1,340.3
Other countries	2,840.2	5,292.2	2,695.3	4,984.2
TOTAL	**10,479.6**	**21,711.3**	**9,902.5**	**20,077.0**

(1) For the year ended December 31, 2020 reclassification of EUR 21.7 million between "Cost of services revenues" and "Leasing contract revenues – operating leases" was required to present revenues from operating leases correctly. Volume rebates paid to customers, previously reported in the "Cost of services revenues", were reclassified to "Leasing contract revenues" as those rebates are driven by the levels of leasing revenues generated from customers and not services revenues. This reclassification has resulted in the reduction of "Leasing contract revenues" and subsequently "Leasing contract margin".

(2) For the year ended December 31, 2020 reclassification of EUR 10 million between "Other Interest Income" and "Other Interest Charges" was required to present interest charges correctly. Interest Income received from financial instruments has been presented on a net basis with interest costs on financial instruments where these instruments are embedded in the same structured funding transaction and are designed to remove market risk from this transaction.

1.2.6 Global alliances

In addition to its 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). Mitsubishi Auto Leasing Corporation in Japan (started in 2010) and Shouqi in China, started in 2020, following the sale of ALD's former subsidiary in China. 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 Digital solutions

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 implemented, 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.

MyALD – A unique global platform throughout the lease

The Group has developed online tools to meet the needs of its customers throughout the term of the lease. This digital ecosystem is deployed in 41 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.

Connected cars

The connected cars offering 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 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 added connected products and services based on the interpretation of data provided by connected cars.

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

ALD Carmarket is the used vehicle distribution channel of the ALD Group. It consists of two online remarketing 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.

These tools have been enhanced in 2021 in Spain and Belgium, with a predictive pricing tool based on an IA algorithm to support and improve the channeling and decision-making process.

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); or

c) fixed price sale (buyers select a vehicle and buy it instantly at the indicated target price).

This remarketing 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, register them, and in certain cases, arrange for their delivery. It also offers customised services, through a standardised “customer experience”. This platform has been rolled out in the majority of countries where the Group is present.

shop.ALDCarmarket.com 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 online payment of the deposit).

In all cases, the vehicle can be delivered to the home of the customer, who 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. The Clicks n'Bricks offering is available in 11 countries.

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 this offer, available in 22 countries in 2021, 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, the provision 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 can be combined with 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.

Thanks to the acquisition of a stake in Skipr, a Mobility as a Service start-up, ALD Move will be complemented and enriched in order to speedup the roll-out of the global mobility services offering.

In addition, ALD has developed a consulting offering to promote sustainable mobility solutions and support the transformation of its customers' mobility profile:

Green Scorecard is an application which promotes electrification by computing a vehicle’s Total Cost of Ownership and CO_2 emissions and by benchmarking it with more sustainable alternatives. Green Scorecard is available in France and the Netherlands and will be further rolled-out in Europe in 2022.

Net Zero Programme is a tool to support customers to reach their CO_2 reduction targets in building their CO_2 baseline in mobility area and modelling projections based on the integration of green cars, the renewal cycle of contracts, the CO_2 targets and the maturity of countries towards electrification.

These new solutions are part of the Group’s proactive policy to diversify engine types and promote sustainable solutions. They have proved effective. In 2021, electric vehicles [1] accounted for 27% of ALD's new passenger vehicle registrations in Europe, up from 18% in 2020.

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 – As an agile response to the situation created by the pandemic, ALD launched ALD Flex in June 2020. This offer, particularly suited to B2B customers, is now live in 32 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 a commitment beyond 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 environmental footprint.

1) *EV: Battery Electric Vehicles (BEVs), Plug-in Hybrids (PHEVs), Fuel Cell (FCEV)*

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. The Group's 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, ALD Carmarket, 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 4.5.1 “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 usership, will accelerate in the coming years;
- increased climate risks awarness 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 longterm. This has led to the development of the Move 2025 plan, which is based on four major pillars.

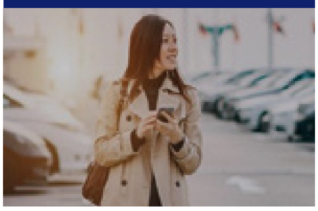
Become a fully integrated sustainable mobility provider and the global leader in our industry.

Four pillars to Move for

Customers

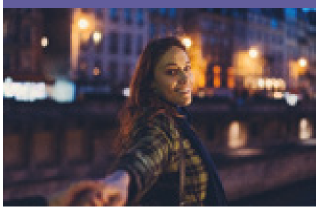
Be recognised as the most innovative provider of mobility products and services.

Growth



Be the global leader in sustainable mobility solutions.

Good

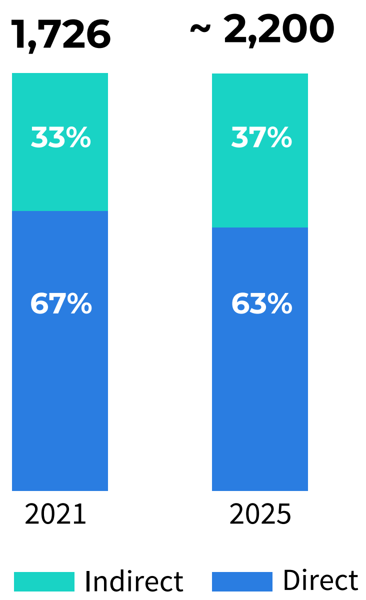


Place people and corporate social responsibility at the heart of everything we do.

Performance

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 2.3 million contracts by 2025, including potential acquisitions. 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-How-You-Drive [PHYD] insurance products). In particular, the offer of ALD Move, a multimodal and personal travel assistant that gives users broad access to mobility options (electric bicycle, carpooling, mobility card, car-sharing) will be strengthened following the acquisition in 2021 of a stake in the Skipr start-up, operating in mobility services. Services will be deployed 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 to develop multi-cycle leasing and asset lifecycle extension through three channels: sales to car dealerships, sales to retail customers and used car leasing.

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 agreed 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. A first joint venture was announced in Malaysia in March 2020. ALD plans to be present in 50 countries by 2025.

Commercial development will also be fuelled by ALD's extensive network of partnerships. ALD 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 to reach 300 agreements by 2025.

New digital partnerships (e.g. Polestar, Tesla, smart) and digital car subscription services are key in ALD's strategy as they will enable ALD to speed-up the acquisition of clients in highly innovative and promising segments.

The participation in Skipr, a Mobility as a Service (MaaS) startup will definitely allow ALD to seize significant growth opportunities by combining consultancy services with digital access to multimodal, flexible and sustainable mobility solutions for employees and hence to position at the forefront of new generations of mobility services.

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 acquisition strategy. In the past, ALD has demonstrated its ability to successfully integrate newly acquired companies. 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 40% [1] of global vehicle sales of passenger cars and light commercial vehicles by 2030, and close to 70% [2] of passenger car sales in Europe.

With the ALD Electric offering (including recharging) rolled out in 22 markets, ALD continues to perform in the field of sustainable mobility: the share of Electric Vehicles in passenger car deliveries in Europe stood at 27% in the financial year 2021 and at 30% in the fourth quarter of 2021. ALD has therefore reached its strategic objective of 30% in the 2025 Move plan ahead of schedule. Following this success, and as a partner of choice for its customers, ALD will intensify its efforts to support the transition to electric vehicles, raising its target of Electric vehicles in passenger car deliveries in Europe to more than 30% in 2022.

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% between 2019 and 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 has also launched 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/income 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.

1) Source: EV Volumes

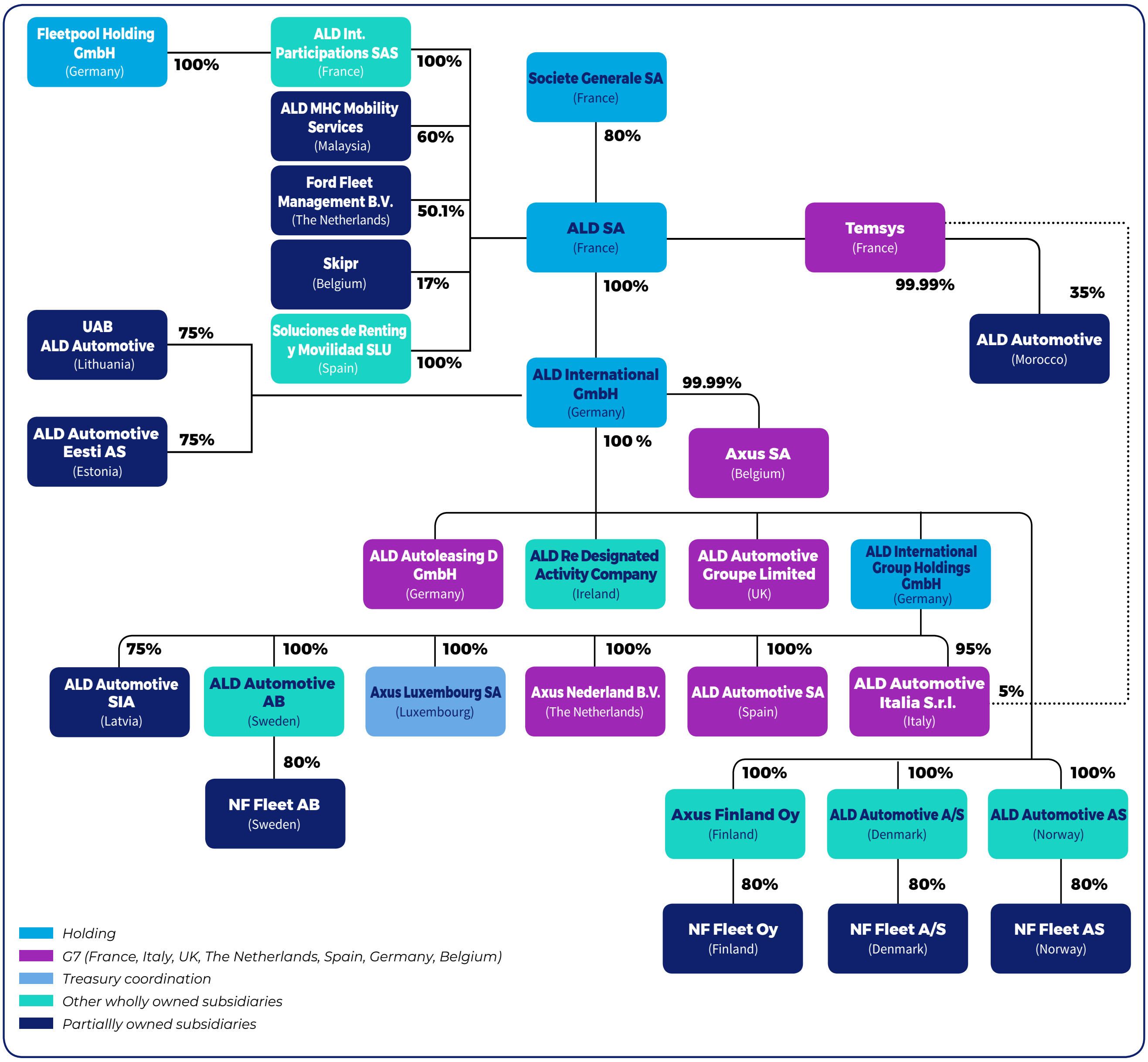
2) Source: EV Volumes.

2 Management report

Structure of ALD Group

The simplified organisational chart below sets forth the legal organisation of the Group as of the date of this Universal Registration Document. The percentages indicated represent the percentages of share capital and voting rights. ALD S.A. does not carry out any leasing activities itself. 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 2021, Societe Generale funded 71% of the Group's debt financing on an arm's length basis. The remaining 29% consists of secured and unsecured funding raised mainly from debt capital markets but also from local external banks. Societe Generale also grants guarantees to local external banks which are funding providers to the ALD Group.

The funds provided by Societe Generale are granted *via* Societe Generale Luxembourg, Societe Generale Paris and some local Societe Generale branches and subsidiairies. Societe Generale Luxembourg and Societe Generale Paris finance the central treasury of the ALD Group, which in turn grants loans denominated in different currencies to the Group's operating subsidiaries as well as to its intermediate holding companies. As at 31 December 2021, the total amount of loans granted to the Group Central Treasury by Societe Generale Luxembourg and Societe Generale Paris was EUR 10,876 million (EUR 9,877 million at 31 December 2020) with an average residual maturity of 2 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.

The remaining SG funding is provided either by local SG branches or subsidiaries. As at 31 December 2021, the total amount of loans granted to the Group by Societe Generale, including local branches and subsidiaries, was EUR 13,125 million (EUR 11,970 million as at 31 December 2020).

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 benefitting 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 Limited (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 2021 activity AFR

2.1.1 Key indicators

The following table presents the Group's key performance indicators (KPIs) for the financial years ended 31 December 2021, 2020 and 2019.

(in EUR million)	Year ended 31/12/2021	Year ended 31/12/2020	Year ended 31/12/2019
Leasing contract margin [(1)]	732.8	604.4	664.1
Services margin [(1)]	650.0	652.0	632.3
Used Car Sales result	437.7	61.1	75.0
GROSS OPERATING INCOME	**1,820.6**	**1,317.5**	**1,371.4**
Total Operating Expenses	(675.1)	(633.7)	(635.0)
Cost/income ratio excl. Used Car Sales result [(2)]	*48.8%*	*50.4%*	*49.0%*
Cost of risk (Impairment charges on receivables)	(24.8)	(71.1)	(45.0)
Cost of risk as % of Average earning assets (in bps) [(3)]	*11*	*34*	*22*
OPERATING INCOME	**1,120.6**	**612.7**	**691.4**
Share of profit of associates and jointly controlled entities	(1.9)	1.9	1.8
PROFIT BEFORE TAX	**1,118.7**	**614.6**	**693.3**
Income tax expense	(238.6)	(108.9)	(122.2)
Result from discontinued operations	0	10.0	
Non-controlling interests	7.1	5.8	6.8
NET INCOME GROUP SHARE	**873.0**	**509.8**	**564.2**
Other data (in%)			
Return on average earning assets [(4)]	*4.0%*	*2.4%*	*2.8%*
Return on average equity [(5)]	*19.5%*	*12.5%*	*14.8%*
Total equity on total assets [(6)]	*18.0%*	*16.7%*	*15.7%*

(1) The consolidated income statement for the year ending 31 December 2020 is adjusted following the reclassification of EUR 21.7 million between "Cost of services revenues" and "Leasing contract revenue – operating leases". This reclassification had a negative impact on "Leasing contract revenue – operating leases" of EUR 21.7 million and a corresponding positive impact on "Cost of services revenues". Details of this adjustment are presented in note 8 Revenues and cost of revenues.
(2) "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.
(3) "Cost of risk as % of Average earning assets" means the impairment charges for any period on receivables divided by the arithmetic average of earning assets at the beginning and the end of the period.
(4) "Return on Average Earning Assets" means Net income for the financial year for any 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.
(5) "Return on average equity" means Net income for the financial year for any period divided by the arithmetic average of total equity before non-controlling interests at the beginning and end of the period.
(6) "Total equity to asset ratio" means total equity before non-controlling interests for any period, divided by total assets, as presented in the ALD consolidated financial statements. See Section 6.1.2 "Consolidated statement of financial position".

(in EUR million)	Year ended 31/12/2021	Year ended 31/12/2020	Year ended 31/12/2019
Total fleet (in thousands of vehicles)	**1,726**	**1,758**	**1,765**
o/w Full Service Leasing activity	1,427	1,372	1,389
o/w off balance sheet fleet	299	386	376
Acquisition cost [(1)]	29,917	27,749	27,563
Accumulated amortisation and impairment [(1)]	(8,206)	(7,672)	(7,227)
RENTAL FLEET [(1)]	**21,711**	**20,077**	**20,337**
o/w residual value	15,275	14,039	13,917
Amounts receivable under finance lease contracts	777	748	846
EARNING ASSETS [(2)]	**22,488**	**20,825**	**21,183**
Other data:			
Average earning assets [(3)]	21,657	21,004	20,142

(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 Solid business growth

After a year 2020 marked by the pandemic and economic recessions, during which ALD demonstrated the resilience of its business model, 2021 saw the recovery of economies, which nonetheless remain affected by disruptions in supply chains. Against this backdrop, ALD recorded solid growth in its activities and continued the execution of its strategic plan Move 2025, even reaching its fleet electrification target ahead of schedule. At the same time, ALD was further rewarded by top non-financial rating agencies for its environmental, social and governance achievements.

Full service leasing reached 1,427 thousand vehicles at the end of December 2021, while the order book reached record levels, reflecting strong commercial momentum in a context of persistent supply constraints and delays in car deliveries due to semiconductor shortages. The funded fleet saw strong growth of 4.0% in 2021, at the upper end of ALD's guidance range (3% to 4%). The organic growth of the funded fleet represented 1.9%, while the integration of Bansabadell Renting and Fleetpool added approximately 29,000 vehicles to the funded fleet.

The total number of contracts amounted to 1,726 thousand vehicles, a slight decrease compared to 1,758 thousand at the end of 2020, following the non-renewal of 87,000 commercial contracts with an important partner due to their low profitability, as had been announced previously.

Thanks to the ALD Electric offer (including electric recharging) deployed in 22 markets, ALD continued its strong growth in the field of sustainable mobility: the share of Electric Vehicles in the deliveries of passenger cars registered by ALD in Europe [1] was 27% in financial year 2021 and 30% in the fourth quarter. As a result, ALD is ahead of schedule to meet its strategic goal of 30%, set in the Move 2025 strategic plan. As a partner of choice for its customers, ALD intends to intensify its efforts to support the transition to electric vehicles, raising its target of electric vehicles in passenger car deliveries in Europe to more than 30% by 2022.

The progress made in the electrification of the fleet has enabled ALD to continue, at a steady pace, the reduction of the CO_2 emissions of the vehicles delivered, reaching an average of 99 g/km of CO_2 emissions in 2021 (according to NEDC [2]). This is in line with its trajectory in the Move 2025 strategic plan (-40% between 2019 and 2025).

Regarding ALD's strategy, the main non-financial rating agencies continued to recognise ALD's strong commitment to Environmental, Social and Governance issues, and confirmed its position as among the best in its industry:

- Vigeo Eiris awarded ALD an "Advanced" level, raising its position to No. 1 in the Business Support Services category;
- CDP gave ALD a B rating, above the regional average for Europe and above the average for the leasing sector, both rated C;
- EcoVadis, for the third consecutive year, gave ALD a "Gold" rating at Group level, placing it in the top 3% of companies assessed;
- MSCI ESG ratings confirm ALD's position in its top three;
- Sustainalytics awarded ALD a "low risk" rating and placed it in the Top 12% of its global universe and in the Top 8% of the Transport sector;
- ISS ESG rated ALD "Prime" on sustainable development performance in the Top 20% of the sector.

2.1.2.2 Key strategic initiatives and operational developments AFR

Appointments to the Executive Committee and change in management

Executive Committee

The composition of ALD's Executive Committee remained unchanged in 2021.

Board of Directors

Following the resignation of Philippe HEIM from his duties as Director and Chairperson of the Board of Directors, with effect from 27 August 2020, the Board of Directors of ALD decided to co-opt 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. The appointment of Diony LEBOT as a member of the Board was subsequently ratified by the General Meeting of 19 May 2021. The Board has also appointed Diony LEBOT as its Chair for the duration of her term of office as Board member.

Following Mike MASTERSON's resignation from his position as Board member, effective 27 March 2020, the board decided to co-opt Tim ALBERTSEN, for the remaining term of office of Mike MASTERSON, i.e. until the General Shareholders' Meeting called to approve the 2022 financial statements. The appointment of Tim ALBERTSEN as a member of the Board was subsequently ratified by the General Meeting of 19 May 2021.

The General Meeting of 19 May 2021 approved the appointment of Bruno GRISONI as Board member, replacing Bernardo SANCHEZ-INCERA, whose mandate was expiring. The term of Bruno GRISONI's mandate is the General Shareholders' Meeting called to approve the 2024 financial statements.

1) EU, UK, Norway and Switzerland.

2) New European Driving Cycle. Most of the market reports according to WLTP (Worldwide harmonized Light vehicles Test Procedure) standards.

Acquisition of Bansabadell Renting

In 2021, ALD acquired Bansabadell Renting, the long-term leasing business of Banco Sabadell in Spain, adding around 19,500 vehicles in its financed fleet. The acquisition also includes the conclusion of a white label distribution agreement under which Banco Sabadell will provide its SME and individual customers in Spain with a Full Service Leasing solution managed by ALD.

Smart partnership

In July 2021, a partnership was signed with "smart" Europe GmbH, a pioneer in urban mobility, making ALD the exclusive provider of full-service leasing services through a wholly digital integrated offer for 'smart' electric vehicles. Available initially in Austria, France, Germany, Italy, the Netherlands, Portugal, Spain, Switzerland and the United Kingdom, Full Service Leasing services will soon be extended to other European countries.

Volvo chooses ALD in Ireland

In July 2021, ALD signed a partnership agreement with Volvo to provide white label operational leasing services for the full range of Volvo vehicles in Ireland. This new agreement reinforces the global partnership between the two companies, which has been successful since 2010, as ALD also provides Full Service Leasing services to Volvo through its dealer networks in Belgium, France, in the Netherlands, Portugal, Russia and Switzerland.

Acquisition of a 17% stake in the start-up Skipr

In September 2021, ALD announced the acquisition of 17% of the share capital of Skipr through a capital increase. Skipr is a Belgian start-up specialising in mobility services (Mobility as a Service - MaaS). The new partnership between Skipr and ALD Move will combine each other's cutting-edge technologies and enable the successful transition to sustainable mobility solutions that are more flexible, efficient and cost-effective.

Acquisition of Fleetpool

In October 2021, ALD signed an agreement to acquire Fleetpool and its portfolio of approximately 10,000 vehicles. Fleetpool's expertise in automotive subscriptions will enable ALD to leverage its mobility offer for individuals and companies, as well as car manufacturers wishing to diversify their distribution model and service offering. ALD intends to extend the commercial reach of its mobility solutions to more than ten European countries in the coming years.

Full Service Leasing partnership with Tesla in Europe

In September 2021, ALD became Tesla's preferred Full Service Leasing partner in 16 European countries on the Model 3, Model Y, Model S and Model X for large corporate and SME customers. All these models benefit from tyre replacement, breakdown assistance, insurance and registration services, as well as maintenance services. The service offering is particularly flexible, with lease terms and mileages that can be adjusted directly on the Tesla website. The lease is managed by ALD for the duration of the contract.

Individuals have access to the full range of Tesla passenger vehicles in France, Finland, Ireland, the Netherlands and Denmark.

Cooperation with Corporate Benefits to provide mobility solutions to clients' employees

ALD has developed international cooperation with Corporate Benefits, the European leader in programmes for company employees. Under this agreement, ALD will provide car leasing services to the employees of Corporate Benefits customers in five countries (Germany, Austria, Belgium, Italy and the Netherlands), covering more than 12,800 companies and 8.2 million users through its website.

2.1.2.3 Rental fleet

The net carrying amount of the rental fleet increased from EUR 20,077 million as at 31 December 2020 to EUR 21,711 million as at 31 December 2021. This increase was mainly driven by the growth in funded fleet but also by other factors such as changes in the fleet mix, the geographical distribution of the fleet and the embedded parameters of leasing contracts. In particular, the transition to sustainable mobility, through the increasing electrification of the fleet, is leading to an increase in the value of the financed 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 2,543 million and a net carrying amount of EUR 2,490 million at 31 December 2021. The transferred lease receivables cannot be sold.

For further details, see Chapter 6.2, note 14.

2.1.3 Record financial performance AFR

ALD recorded excellent financial results in 2021, reflecting the strong increase in margins, the record result of used car sales and the continued control of costs.

In 2021, Leasing contract margin reached EUR 732.8 million and Services margin reached EUR 650.0 million. Volume and loyalty bonuses paid to customers, which were previously recorded in the Services margin, have been reclassified as Leasing contract margins (see note 8, Revenues and Cost of Revenues). This reclassification has no impact on Total margins.

Combined, Leasing contract and Services margins (Total margins) reached EUR 1,382.8 million, up by 10.1% compared to the previous year. Excluding the impacts of fleet revaluation (contribution of EUR +49.8 million in 2021 compared to EUR -39 million in 2020), Total margins were up by 2.9%, roughly in line with growth in average earning assets (+3.1% compared to 2020).

Used car sales result amounted to EUR 437.7 million in financial year 2021. This record result is due to the continuation of very favourable conditions in the used car market, given a reduced supply of new cars caused by the shortage of semiconductors. Taking advantage of its powerful remarketing tools, ALD sold 308,000 used vehicles [(1)]. At the end of 2021, the stock of used cars was at a low level. Average sales margin on used vehicles stood at EUR 1,422 per unit [(2)] for the financial year 2021 (in line with ALD guidance of well above EUR 1,000), also benefiting from the drop in the book values of used vehicles following the contract extension program in 2020.

ALD's Gross operating income reached EUR 1,820.6 million in 2021, up 38.2% vs. the previous year.

Operating expenses amounted to EUR 675.1 million, up by 6.5% compared to the financial year 2020, mainly due to significant M&A transaction costs related to the acquisitions of LeasePlan, Bansabadell Renting and Fleetpool and an exceptional bonus payment and a record profit-sharing distribution to employees. The cost/income ratio (excluding used car sales result) nevertheless improved compared to the pre-pandemic level, to 48.8%.

Provisions for impairment of receivables decreased by 65.1% compared to 2020, at EUR 24.8 million, down by EUR 46.3 million, reflecting low default rate as well as the reversal of of EUR 6.5 million IFRS 9 forward looking provision. As a percentage of average earning assets, the cost of risk fell to the exceptional level of 11 bp in 2021, compared to 34 bp in 2020, which was marked by the pandemic and major economic disruptions.

Income tax expense amounted to EUR 238.6 million in 2021, compared to EUR 108.9 million in 2020. The effective tax rate stood at 21.3% in 2021 compared to 17.7% in 2020, reflecting a lower benefit of the Italian stability law (EUR 11.1 million compared to EUR 37.0 million in 2020).

ALD's net income (Group share) reached EUR 873.0 million in 2021, up by 71.2% compared to EUR 509.8 million in 2020.

Earning assets rose 8.0% at the end of 2021 compared to the end of 2020, to EUR 22.5 billion, reflecting the strong commercial momentum as well as the increased share of Electric Vehicles in the funded fleet. Average earning assets increased by 3.1% in 2021 compared to the previous year.

Total funding at the end of 2021 amounted to EUR 18.5 billion (compared to EUR 17.6 billion at the end of 2020), of which 71% consisted of loans from Societe Generale. The Group has strong long-term ratings from Fitch (BBB+) and Standard & Poor's (BBB), both of which were on positive credit watch following the announcement of the proposed acquisition of 100% of LeasePlan on 6 January 2022. Both agencies have flagged a potential upgrade to A- on the closing of the acquisition.

The Group's Total Equity to Total Assets stood at 18.0% at the end of 2021, compared with 16.7% at the end of 2020, reflecting the company's record profit generation in 2021. Total equity / Total asset ratio restated net of the proposed dividend would be 16.6% at the end of 2021.

The Return on Average Earning Assets [(3)] increased to 4.0% in 2021 (vs. 2.4% in 2019), while the Return On Equity [(4)] soared to 19.5% (vs. 12.5% the previous year).

Earnings per share for 2021 amounted to EUR 2.16 [(5)] compared to EUR 1.26 in 2020.

The Board of Directors has decided to propose to the General Meeting of Shareholders to distribute a dividend of EUR 1.08 per share for the financial year 2021, up by 71.4% compared to the previous year and corresponding to a payout ratio of 50 % (unchanged compared to last year and in line with the previous ALD guidance). Subject to this approval, the dividend will be detached on 31 May 2022 and paid on 2 June 2022.

1) Management information.

2) Management information.

3) Net income (Groupe share) divided by the arithmetic average of Earning Assets at the beginning and end of the period.

4) Net income (Groupe share) divided by the arithmetic average of Equity attributable to owners of the parent at the beginning and end of the period.

5) Diluted Earnings per share, calculated according to IAS33. Basic EPS for 2021 at EUR 2.17.

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 2020 and 2021 totalled EUR 65.7 million, EUR 89.6 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.

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.

In February 2020, ALD announced the closing of 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, for a net post-tax impact of approximately EUR 10 million.

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

In September 2021, ALD announced the acquisition of 17% of the share capital of Skipr through a capital increase. Skipr is a Belgian Mobility as a Service (MaaS) start-up. The new partnership between Skipr and ALD Move will combine each other's cutting-edge technologies and enable the successful transition to sustainable mobility solutions that are more flexible, efficient and cost-effective.

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 2021, 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").

As of 31 December 2021, Bansabadell Renting and Fleetpool, whose acquisitions were announced during the year, were not consolidated in the Group's financial statements, due to the late date of the transactions. These two acquisitions are presented as "Other non-current financial assets" on the statement of financial position. The two entities will be included in the Group's scope of consolidation on 30 June 2022.

2.1.4.3 Future Investments

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

On 6 January 2022, ALD announced its intention to acquire LeasePlan, a leading mobility solutions company offering comprehensive leasing and Fleet Management services, with a total fleet of 1.8 million vehicles and a comprehensive offering, making it the ideal partner for ALD to support the transformation of the sector. Completion of the deal is subject to several customary conditions, including regulatory approvals, and is expected by the end of 2022 (see Section 2.3 Subsequent events).

2.2 Trend information

2.2.1 Business trends

Detailed descriptions of the Group's results for the financial year ended 31 December 2021 and of the principal factors affecting the Group's operating income are contained in Sections 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't give any assurances nor 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 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 four-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 [(1)]:
  - 30% of new car deliveries to be EV,
  - a low emission fleet: -40% on CO_2 emissions *vs.* 2019 [(2)];
- 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 2022

The objectives below were published on 10 February 2022 taking into account 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 2022

On 6 January 2022, ALD announced its intention to acquire LeasePlan, a leading mobility solutions company offering comprehensive leasing and Fleet Management services, with a total fleet of 1.8 million vehicles and a comprehensive offering, making it the ideal partner for ALD to support the transformation of the sector.
This acquisition is presented in more detail in Section 2.3 "Subsequent events".

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 (CO_2 in g/km [NEDC norm]).*

2.2.3.2 Total contracts growth

ALD is well positioned to take advantage of the strong growth prospects in the mobility industry.

ALD anticipates a continuation of the recovery of global economies that began in 2021, but believes supply chains may not return to normal until the end of 2022, which could impact deliveries of new vehicles and the used vehicle market.

In this context, the Group anticipates growth in the financed fleet of between 2% and 4% at the end of December 2022 compared to the end of December 2021.

2.2.3.3 Used Car Sales result

Given the tensions in global supply chains and the sustained demand for used vehicles, used vehicle sales are expected to continue to make a positive contribution to Gross operating income.

ALD expects average profit per unit from the sale of used vehicles to be above EUR 1,000 in 2022.

2.2.3.4 Costs of completing the LeasePlan deal and preparing its integration

As part of the planned acquisition of LeasePlan, announced on 6 January 2022, ALD began recording costs in order to meet the conditions required to close the transaction by the end of the year. To prepare for this acquisition, an Integration Management Office (IMO) will be set up in 2022. A portion of the associated costs of the IMO will begin to materialise in the first quarter of 2022 and this will increase during the year 2022. ALD will provide a quarterly update on the impact of these costs as they are incurred and an estimate of the full-year impact no later than at the time of publication of our half-year 2022 results.

2.3 Subsequent events

2.3.1 Proposed LeasePlan acquisition

On 6 January 2022, ALD announced its intention to acquire LeasePlan, a leading mobility solutions company offering comprehensive Leasing and Fleet Management services, with a total fleet of 1.8 million vehicles and a comprehensive offering, making it the ideal partner for ALD to shape the industry's transformation.

The proposed combination of ALD and LeasePlan is expected to be highly synergetic and create an opportunity to cross-leverage the two companies' complementary capabilities. As a leading global player in mobility worldwide, ALD would be able to benefit from a fast-growing market driven by strong underlying megatrends, including the:

- shift from ownership to usership on all fronts: B2B, B2C and even B2E [(1)];
- data-driven digital transformation of the mobility industry;
- transition towards zero-emission and sustainable mobility.

This transformative deal would be a step-change that would position ALD for long term fleet growth of at least 6% p.a. post integration. ALD would target an improvement in cost to income ratio to c. 45% by 2025, confirming its position as best-in-class in the industry. The transaction is expected to generate operational and procurement synergies of EUR 380 million p.a. before tax.

It is expected to provide attractive returns and significant value creation for investors. Considering the benefits of fully phased synergies and excluding restructuring costs, the accretion of normalized earnings per share should be c.20% in 2023. Mid-term, ALD's dividend pay-out ratio is expected to remain between 50% and 60% until 2025.

1) Business to Employee

2.3.1.1 Strategic rationale of the envisaged transaction

This proposed transformative deal would represent a step-change towards creating a leading mobility player worldwide. The increased size of ALD would provide it with key advantages: a global offering and coverage of all client categories, increased breadth in terms of products and services, and a balanced geographic coverage. These would enable ALD to anticipate future market needs and meet client expectations with industry-leading operating efficiency and optimised procurement.

ALD would be ideally positioned to embrace the mobility sector's global growth megatrends and lead the digital transformation of the industry. By creating a fully digital business model it would be able to compete on service and cost with OEM captives and tech players entering the market, to capture the accelerated growth ahead. ALD's enhanced firepower to invest and develop new mobility products and ancillary services would allow it to build new digital business models based on core value chain competencies and state-of-the-art digital solutions across segments, products, and services.

Thanks to this proposed transaction ALD would become a leading global provider of sustainable mobility solutions and the partner of choice for corporates to support the transition towards Electric Vehicles (EV). By establishing new global partnerships around new services for EV, ALD would accelerate the deployment of multi-cycle, flexible and multi-modality solutions and ensure faster time-to-market for innovative sustainable mobility solutions. As a result, ALD expects to go beyond its current sustainability targets to establish true industry leadership on ESG [1] investor criteria.

Both ALD and LeasePlan have a proven ability to bring innovative digital solutions to market, so ALD would be well-placed to grasp new growth opportunities in the mobility sector. This would be further boosted by cross-selling their respective products and developing ALD's partnerships through LeasePlan's footprint. Powered by its enlarged offering, geographic presence, and extensive digital capabilities, ALD would expect to drive strong growth across all client categories and lift annual fleet growth to at least 6.0% post-integration.

2.3.1.2 Delivering value to ALD shareholders

The highly synergetic nature of this proposed combination and the complementary capabilities of ALD and LeasePlan would generate significant value for ALD's shareholders.

ALD would target a Cost/Income ratio of c. 45% by 2025, a strong improvement compared to the 54% level in 2021 of the two companies combined, and also better than ALD's Move 2025 target of 46-48% for 2025. This demonstrates the strong positive jaws effect from the step-change in size of the new company. This best-in-class efficiency in the industry would further boost the company's resilience through the cycle.

Scale effects and cost synergies would underpin this improvement in efficiency. Annual run-rate procurement and cost synergies are estimated at c. EUR 380 million before tax and would be expected to fully materialize by 2025. Procurement optimisation would contribute a substantial part of this, through synergies on vehicles and tyres spend and savings in services and indirect expenditure. The remainder would come from other cost synergies. Restructuring costs, estimated at c. 1.25 times the annual run-rate synergies before tax, are expected to be concentrated in 2023 and 2024.

As a result, this proposed transaction is expected to be highly accretive for ALD shareholders. ALD's EPS for 2023 [2] should improve by c. 20%. ALD is expected to deliver highly compelling value to investors in the mid-term due to strong long-term fleet growth and operating leverage coupled with attractive returns, supported by a high dividend pay-out ratio.

2.3.1.3 Robust balance sheet and strong capital position

ALD would aim to have a robust capital position. Strong solvency and profitability at closing would secure funding for future growth while maintaining a 50-60% pay-out ratio.

LeasePlan currently has a banking license, allowing it to raise deposits under the Dutch deposit guarantee scheme, and it is regulated by the ECB. ALD would maintain this access to deposits and apply to the ECB for regulated status as a Financial Holding Company. As a regulated institution, ALD would target a c. 13% CET1 ratio and a Total Capital Ratio of 15-16%. The transaction would use EUR 0.7 billion of capital surplus in ALD to part fund the acquisition of LeasePlan, including with hybrid capital/Tier 2 debt, without fundamentally changing ALD's historical capitalisation level.

ALD's financial rating would be in line with or better than the current "investment grade" rating (BBB by Standard & Poor's and BBB+ by Fitch). Each of these two agencies announced, on 10 January 2022, following the announcement of the planned acquisition of LeasePlan, that they were placing ALD's long-term ratings on CreditWatch positive. They also indicated a potential upgrade of their respective long-term ratings to A-.

1) Environment, Social, Governance

2) Based on Net Income, Group share, including expected annual pre-tax run-rate synergies and excluding restructuring costs. ALD's Earnings Per Share estimated for 2023 is adjusted for the rights issue and based on market consensus as at October 27, 2021 of Net Income, Group share at 623 million euros.

ALD would benefit from a diversified funding profile, combining strong support from Societe Generale (providing c. 30% of its funding needs), deposits (c. 25%) and market funding (loans c. 10%, bonds c. 25% and securitizations c. 10%). Both ALD and LeasePlan are established issuers in financial markets, including via Green bonds and securitizations, and market access of ALD would be expected to benefit from its regulated status and strong ratings.

ALD, as a subsidiary of Societe Generale, has in recent years increasingly become subject to tighter compliance and reporting requirements, meaning related additional costs in this area are expected to be limited.

2.3.1.4 Integration

Completing the integration effectively and within a short time frame from closing would enable the efficient generation of scale effects and synergies. Management's main objectives would be to leverage best practices from both sides, maintain high quality of services to all clients with a strong focus on commercial dynamics and the creation of a common culture driving staff motivation.

To achieve a successful integration, an Integration Management Office (IMO) would be set up in 2022, leveraging the best talents of the two entities, which would finalise a joint migration plan. ALD would adopt an appropriate, pragmatic, and efficient integration strategy, built on a two-stage process:

- an interim period with a tactical approach focused on completing integration in the top 12 countries within c. 18 months from closing;
- the progressive move from the interim operating model towards the digital target operating model.

As indicated in Section 2.2.3.4, ALD indicated on 10 February 2022 that in the context of the project to acquire LeasePlan, ALD has started to incur costs to comply with all required conditions to close the transaction by the end of 2022. A portion of the related costs will start to materialize in Q1 2022 and ramp up during the course of the year 2022. ALD will provide a quarterly update of the impact of these costs as they are incurred and an estimate of the full year impact no later than at the time of our half year results publication.

The combined company would be led by Tim Albertsen, as CEO, who would be able to rely on two highly experienced management teams with deep pools of talent and a proven track-record of fast merger execution (13 bolt-on acquisitions performed by ALD since 2014) and successful technology integrations over the past years.

2.3.1.5 Key transaction terms

- Price: Acquisition of 100% of LeasePlan for a total consideration of EUR 4.9 billion [(1)]:
  - transaction based on LP Group B.V. book value of EUR 3.514 billion at closing.
- Cash component: EUR 2.0 billion to be financed via a rights issue of EUR 1.3 billion and EUR 0.7 billion of surplus capital [(2)]:
  - rights issue underwritten by Societe Generale to occur before the completion of the proposed transaction;
  - take up enabling Societe Generale to hold c. 53% [(3)] in the combined entity at closing and ownership of c. 51% in case of warrants exercise.
- Share component: 30.75% of combined entity share capital (12 months lock-up, followed by a 24-month period with orderly sale provision):
  - LeasePlan's selling shareholders would together hold 30.75% of ALD after rights issue completion and combination.
- ALD to issue warrants to the benefit of the LeasePlan's shareholders (total stake of 32.9% in case of warrants exercise):
  - Warrant characteristics: EUR 2.00 strike price per share, 1 ALD share for 1 warrant;
  - Exercise: between 1 to 3 years after closing, warrants become exercisable if ALD's fully undisturbed share price (adjusted for the contemplated rights issue) increases by at least 30%.
- Execution of a shareholders' agreement between certain LeasePlan shareholders and Societe Generale (and lock-up agreements with other LeasePlan shareholders);
- Post-closing, the free float of ALD would exceed 15%, implying a significant increase in free float market value.
- The proposed transaction has received the support of Societe Generale's, ALD's and LeasePlan's Boards of Directors, as well as LeasePlan's Supervisory Board, and is subject to information and consultation of relevant works councils. The closing of the transaction is subject to customary closing conditions. The main closing conditions are (i) the regulatory and antitrust approvals, (ii) the waiver by the AMF to the obligation to file a tender offer on ALD granted to the LeasePlan' shareholders (iii) the shareholders meeting of ALD, (iv) the distribution by LeasePlan of its excess capital and (v) the delivery by each of ALD an LeasePlan of a pre-agreed book value at closing allowing the combined entity to reach a CET1 level of c. 13%. The proposed transaction would be expected to close by end of 2022.

The main activity and financial aggregates below are presented for illustrative purposes for the year 2021. The data for the combined entity has been constructed on the basis of the arithmetic sum of ALD's data and that published by LeasePlan in its annual report of 23 March 2022, without including any pro forma adjustments, nor the synergies and restructuring costs expected from the transaction.

It shall be noted that these aggregates do not constitute pro forma information. In order to prepare pro forma information, adjustments may need to be made, in particular in order to align the accounting policies of the two entities and thus better reflect the situation of the combined entity. As a result, the arithmetic sum presented below may not be representative of the results or financial position of the combined entity in 2021, assuming that the acquisition of LeasePlan had been undertaken on 1 January 2021 (i.e. at a date earlier than the expected closing date). Similarly, this arithmetic sum is not representative or indicative of the future results or financial position of the combined entity.

1) *Based on EUR 12.12 per share for ALD (VWAP on Euronext between 28 September 2021 and 27 October 2021, date of publication of press release after market close confirming discussions concerning a potential combination) and excluding warrants*

2) *Cash leg funding mix (rights issue / surplus capital) and LP Group B.V. book value at closing subject to potential minor adjustments; Surplus capital corresponding to estimated excess capital at ALD standalone level, over the 13.0% target CET1 ratio*

3) *Before warrants exercise*

	ALD	LeasePlan[1]	ALD + LeasePlan excluding pro forma adjustments [2]
Fleet *(in thousands)*	1,726	1,805	3,531
GROSS OPERATING INCOME *(in EUR billion)*	**1.8**	**2.0**	**3.8**
Cost/income ratio (excluding income from used cars sales)	49%	59%	54%
NET INCOME GROUP SHARE FROM CONTINUING OPERATIONS *(in EUR billion)*	**0.9**	**0.8**[3]	**1.7**
EARNING ASSETS *(in EUR billion)*	**22.5**	**22.4**	**44.9**

These figures do not constitute pro forma information
(1) Figures published by LeasePlan on 23 March 2022
(2) Arithmetic sum of ALD and LeasePlan's figures
(3) After AT1 cost

The risks related to acquisitions, in particular the execution risk, and ALD's strategy for managing these risks, are described in Chapter 4 "Risk Factors".

2.3.2 Geopolitical situation

The conflict between Russia and Ukraine led to military operations on Ukrainian territory in early 2022.

The rising tensions between Russia on the one hand, and Western countries on the other, were followed by severe international sanctions against Russian counterparts having close ties with the government as well as retaliatory measures from Russia. This escalation may not only impact regional economies, but also the global economic environment, through availability and cost of energy, raw materials and goods and further disruptions in the supply chains. Chapter 4 “Factors of risks” describes the potential risks from the current geopolitical tensions and the strategy of ALD to manage these developments and mitigate the risks.

ALD’s exposure in the region is limited in comparison to the Group. As at 31 December 2021, ALD had 20,270 funded vehicles in Russia, Kazakhstan and Belarus and combined total assets of EUR 231.9 million, while in Ukraine, ALD had 4,980 funded vehicles and combined total assets of EUR 70.6 million.

ALD announced on 11 April 2022 that it no longer concludes any new commercial transactions in Russia, Kazakhstan and Belarus.

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.

In 2021, ALD continued to develop its portfolio of innovative products, including the roll-out of the ALD Flex offer, which meets customers' increased expectations of flexibility, and the Clicks n' Bricks platform, which offers used vehicles for sale or lease. In the area of remarketing, ALD introduced a new international registration tool for dealers to automate the process in several countries and increased the size of the catalogue of used vehicles available for sale. Its decision-making tools have also been strengthened, taking advantage of predictive analytics technologies based on artificial intelligence.

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 ALD Automotive, ALDCar, ALD Carmarket, 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 AFR

(in EUR million)	Year ended 31/12/2021	Year ended 31/12/2020	Year ended 31/12/2019
CASH FLOWS FROM OPERATING ACTIVITIES			
PROFIT BEFORE TAX EXCLUDING DISCONTINUED OPERATIONS	**1,118.7**	**614.6**	**693.2**
PROFIT BEFORE TAX FROM DISCONTINUED OPERATIONS	**-**	**10.1**	**-**
PROFIT BEFORE TAX EXCLUDING DISCONTINUED OPERATIONS	**1,118.7**	**624.7**	**693.2**
Adjustments for:			
• rental fleet	3,708.5	3,824.3	3,686.1
• other property, plant and equipment	42.8	51.4	49.3
• intangible assets	27.3	16.0	12.9
• regulated provisions, contingency and expenses provisions	37.8	1.7	3.1
Depreciation and provision	**3,816.4**	**3,893.4**	**3,751.3**
(Gains)/Losses on disposal of plant, property and equipment	12.5	18.9	25.5
(Profit)/Loss on disposal of intangible assets	18.1	2.5	-
(Gains)/Losses on disposal of discontinued operations	-	(10.1)	
Profit and losses on disposal of assets	**30.6**	**11.4**	**25.6**
Fair value of derivative financial instruments	8.4	(3.5)	14.7
Interest Charges (1)	*132.7*	*169.5*	*210.8*
Interest Income (1)	*(850.5)*	*(825.5)*	*(834.7)*
Net interest income	**(717.8)**	**(656.0)**	**(623.9)**
Other	5.2	1.1	0.9
Amounts received for disposal of rental fleet	3,530.5	3,231.9	3,044.4
Amounts paid for acquisition of rental fleet	8,767.8	(7,195.6)	(8,328.3)
Change in working capital	168.8	292.9	(266.5)
Interest Paid (1)	*(137.5)*	*(255.3)*	*(310.6)*
Interest Received (1)	*882.6*	*858.9*	*952.6*
Net interest income	745.1	603.6	641.9
Income taxes paid	(96.5)	(62.5)	(34.0)
NET CASH FROM OPERATING ACTIVITIES	**(158.4)**	**741.4**	**(1,080.7)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of other property and equipment	-	-	-
Acquisition of other property and equipment	(34.6)	(51.7)	(62.5)
Divestments of intangible assets		-	-
Acquisition of intangible assets	(55.0)	(14.0)	(16.2)
Proceeds from sale of financial assets		-	0.1
Acquisition of financial assets (non consolidated securities)	(117.9)	(4.7)	-
Effect of change in Group structure	1.0	0.1	(93.2)
Proceeds from the sale of discontinued operations, net of liquid assets sold	0	14.1	
Dividends received		0.0	-
Long-term investment	108.8	79.7	133.3
Loans and receivables from related parties	(206.0)	(1.1)	54.6
Other financial investment	(31.0)	(25.2)	20.6
CASH FLOWS FROM INVESTING ACTIVITIES (CONTINUING OPERATIONS)	**(334.7)**	**(2.7)**	**36.6**
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	**(334.7)**	**(2.7)**	**36.6**
CASH FLOWS FROM FINANCING ACTIVITIES			

(in EUR million)	Year ended 31/12/2021	Year ended 31/12/2020	Year ended 31/12/2019
Increase in borrowings from financial institutions	9,925.7	4,519.6	7,283.3
Repayment of borrowings from financial institutions	(8,823.6)	(4,918.0)	(5,915.7)
Proceeds from issued bonds	1,304.6	350.7	501.2
Repayment of issued bonds	(1,579.6)	(400.1)	(620.8)
Payment of lease liabilities	(26.9)	(27.2)	(25.7)
Dividends paid to company's shareholders	(253.9)	(253.9)	(234.0)
Dividends paid to non-controlling interests	(5.2)	(4.9)	(5.1)
Capital increase		–	-
Increase/decrease in shareholders' capital	(3.2)	(4.1)	(3.2)
Other		–	-
CASH FLOWS FROM FINANCING ACTIVITIES (CONTINUING OPERATIONS)	**537.9**	**(737.9)**	**980.0**
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	**537.9**	**(737.9)**	**980.0**
EXCHANGE GAINS/(LOSSES) ON CASH AND CASH EQUIVALENTS	**0.4**	**(6.8)**	**0.2**
EFFECT OF CHANGE IN ACCOUNTING POLICIES		**–**	**-**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**45.3**	**(6.1)**	**(63.9)**
CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**(121.0)**	**(114.9)**	**(50.9)**
CASH & CASH EQUIVALENTS AT THE END OF THE PERIOD	**(75.7)**	**(121.0)**	**(114.9)**

(1) The consolidated statement of cash flows for the financial year ended 31 December 2020 has been amended following the reclassification of EUR 10 million between "Interest expenses" and "Interest income". The impact of this reclassification on net finance income (expense) is zero. The details of this reclassification are presented in note 8 Revenues and cost of revenues.

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 3,530.5 million during the financial year ended 31 December 2021 compared to EUR 3,231.9 million during the financial year ended 31 December 2020, primarily as a result of a higher price of used vehicles in a market buoyed by strong demand and slightly more cars sold in 2021 compared to 2020.

Amounts paid for acquisition of rental fleet

The amounts paid for the acquisition of the leased vehicle fleet were EUR 8,767.8 million during the financial year ended 31 December 2021 compared to EUR 7,195.6 million during the financial year ended 31 December 2020, due to fleet growth and the rising proportion of electric vehicles among newly purchased cars.

Change in working capital

Changes in working capital (comprising short-term assets and liabilities) resulted in a net positive contribution to the net cash from operating activities of EUR 168.8 million during the financial year ended 31 December 2021 compared to a net positive contribution of EUR 292.9 million during the financial year ended 31 December 2020.

Net finance income (expense)

Net finance income increased to EUR 745.1 million during the financial year ended 31 December 2021, compared to EUR 603.6 million during the financial year ended 31 December 2020. This change is the result of lower cost of financing across all debt compartments.

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 1.0 million during the financial year ended 31 December 2021, compared to EUR 0.1 million in net outflows during the financial year ended 31 December 2020. As of 31 December 2021, Bansabadell Renting and Fleetpool, whose acquisitions were announced during the year, were not consolidated in the Group's financial statements, due to the late date of the transactions. These two acquisitions are presented as "Other non-current financial assets" on the balance sheet. The two entities will be included in the Group's scope of consolidation on 30 June 2022.

Long-term investment

Net cash inflows from long-term investment amounted to EUR 108.8 million during the financial year ended 31 December 2021 compared to a net cash inflow of EUR 79.7 million during the financial year ended 31 December 2020, 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 rose to EUR 9,925.7 million during the financial year ended 31 December 2021 compared to EUR 4,519.6 million during the financial year ended 31 December 2020, due to refinancing of debt maturing in 2021.

Repayment of borrowings from financial institutions

There were higher repayments of borrowings from financial institutions of EUR 8,823.6 million during the financial year ended 31 December 2021 compared to EUR 4,918.0 million repaid during the financial year ended 31 December 2020, linked to higher volumes of maturing loans.

Proceeds from issued bonds

Proceeds from bond issues rose to EUR 1,304.6 million during the financial year ended 31 December 2021 compared to EUR 350.7 million during the financial year ended 31 December 2020, as more bond issues reached maturity and were refinanced.

Repayment of issued bonds

Repayment of issued bonds increased to EUR 1,579.6 million during the financial year ended 31 December 2021 compared to EUR 400.1 million during the financial year ended 31 December 2020, as a result of the higher amount of bonds maturing.

(in EUR million)	2021	2020	2019
Bank borrowings	9,407.1	7,763.5	8,607.9
NON-CURRENT BORROWINGS FROM FINANCIAL INSTITUTIONS	**9,407.1**	**7,763.5**	**8,607.9**
Bank overdrafts	228.4	315.7	272.2
Bank borrowings	4,213.1	4,655.0	4,528.0
CURRENT BORROWINGS FROM FINANCIAL INSTITUTIONS	**4,441.5**	**4,970.6**	**4,800.2**
TOTAL BORROWINGS FROM FINANCIAL INSTITUTIONS	**13,848.6**	**12,734.1**	**13,408.1**
Bonds and notes originating from securitisation transactions	1,628.8	1,267.8	993.9
Bonds and notes originating from the EMTN programme denominated in EUR	1,600	2,200.0	2,900.0
Other non-current bonds issued		-	-
NON-CURRENT BONDS AND NOTES ISSUED	**3,228.8**	**3,467.8**	**3,893.9**
Bonds and notes originating from securitisation transactions	334.8	138.7	88.0
Bonds and notes originating from the EMTN programme denominated in EUR	1,105.1	1,305.2	1,004.9
Other current bonds issued		-	-
CURRENT BONDS AND NOTES ISSUED	**1,439.9**	**1,443.9**	**1,092.9**
TOTAL BONDS AND NOTES ISSUED	**4,668.7**	**4,911.6**	**4,986.8**
TOTAL BORROWINGS FROM FINANCIAL INSTITUTIONS AND BOND ISSUES	**18,517.3**	**17,645.7**	**18,394.9**

As part of its strategy to diversify its financing, the Group called on the bond market in February 2021, for a EUR 500 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 2021 financial year in terms of securitisation.

The private securitisation transaction set up in December 2013 in the Netherlands and renewed for EUR 236 million in December 2020 for an additional six months, was renewed for EUR 400 million and extended for 2 additional years in June 2021.

A new public securitisation transaction was set up in France in October 2021 for an amount of EUR 400 million with a renewal period of one year.

The private securitization operation set up in the United Kingdom for an amount of GBP 414 million was renewed and extended for an additional year in December 2021.

Information on the Group's liabilities is provided in Section 6.2, Note 28 "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 Company's share capital has not changed over the past three years.

2.7.2 Shares held by or on behalf of the Company

As of 31 March 2022, the Company holds 989,998 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 19 May 2021 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 authorisation 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 621,806 shares for a value of EUR 7,753,874.11 in 2021 and sold 636,116 shares for a value of EUR 7,952,497.96. At 31 December 2021, 115,290 shares were held in the liquidity contract.

In order to cover its long-term free shares incentive plan, ALD bought back 284,050 treasury shares in 2021 for a total amount of EUR 3,774,036.80, excluding the liquidity contract.

During 2021, 261,610 shares were definitively acquired (vested) by the beneficiaries of the free share plan and are therefore no longer held by ALD.

Between 1 January 2022 and 31 March 2022, excluding the liquidity contract, ALD bought back none of its own shares on the market. At 31 March 2022, 104,259 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 three 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:

	2018	2019	2020
Net dividend per share (1)(2)(3)(4) (in EUR)	0.58	0.63	0.63
TOTAL AMOUNT DISTRIBUTED (IN EUR THOUSAND)	**234,003**	**254,585**	**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 2019 in respect of 2018 was EUR 234,003,490.06. The number of treasury shares held under the ALD SA liquidity contract and the free share plans for Group employees in 2018 and 2019, was 649,347 during distribution, which resulted in the reintegration of EUR 376,621.26 as retained earnings.

(3) The dividend distributed in 2020 in respect of 2019 was EUR 254,585,293.2. The number of treasury shares held under the ALD SA liquidity contract and the free share plans for Group employees in 2018, 2019 and 2020 was 935,555 at the time of distribution, which resulted in the reintegration of EUR 685 742,40 as retained earnings.

(4) The dividend distributed in 2021 in respect of 2020 was EUR 254,585,293.2. The number of treasury shares held under the ALD SA liquidity contract and the free share plans for Group employees in 2019, 2020 and 2021 was 650,584 at the time of distribution, which resulted in the reintegration of EUR 639,447.78 as retained earnings.

2.7.5 Shareholders AFR

2.7.5.1 Shareholders holding more than 5% of the share capital

	Year ended 31/12/2021 (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	80.01%
Public	80,559,699	19.93%	80,559,699	19.99%
Treasury shares	1,001,029	0.25%		
TOTAL	**404,103,640**	**100%**	**403,102,611**	**100%**

(1) Number of theoretical voting rights is equal to number of exercisable voting rights in 2021.
(2) The General shareholder Meeting of 19 May 2021 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.
(3) A liquidity agreement was signed between Kepler Cheuvreux and ALD SA on 1 December 2017, which was terminated on 13 January 2021. A liquidity contract was signed between Exane BNP Paribas and ALD SA on 14 January 2021, for a period of one year tacitly renewable. This liquidity agreement covers ALD shares (ISIN code FR0013258662) admitted to trading on Euronext Paris, in accordance with the Code of Ethics published by AMAFI on 8 March 2011 and approved by the French financial markets authority (Autorité des marchés financiers) on 21 March the same year.
(4) During 2021, 261,610 shares were definitively acquired (vested) by the beneficiaries of the free share plan and are therefore no longer held by ALD.

	Year ended 31/12/2020 (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%
Public	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**	**100.00%**

(1) Number of theoretical voting rights is equal to number of exercisable voting rights in 2020.
(2) A liquidity agreement was signed 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.
(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.

	31/12/2019 (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%
Public	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 22 May 2019 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.

To the Company's knowledge, at 31 December 2021, no shareholders held, directly or indirectly, 5% or more of the share capital or voting rights of the Company, other than:

Societe Generale, which held, directly or indirectly, 322,542,912 shares, representing 79.82% of the capital and 80,01% 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 2021, the following declarations of legal and regulatory threshold crossings had been declared to the Company:

- Caisse des dépôts et consignations exceeded the threshold of 1.50% of the share capital on 19 February 2021 and at that date held 6,290,076 shares;
- Caisse des dépôts et consignations exceeded the threshold of 2.00% of the share capital on 24 March 2021 and at that date held 8,104,880 shares;
- Mawer Investment Management Ltd. fell below the threshold of 1.50% of the share capital on 14 October 2021 and at that date held 6,011,246 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. 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.

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

Governance serving 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

Mapping of expertise of 10 directors

LEASING MOBILITY **5**

INTERNATIONAL **9**

FINANCE **10**

OTHER BUSINESS **10**

Nomination and Compensation Committee (COREM)

3 Members

- Patricia LACOSTE *
- Christophe PERILLAT *
- Didier HAUGUEL

4 Meetings

66% Independence rate

100% Average attendance rate

Audit, Internal Control and Risk Committee (CACIR)

3 Members

- Xavier DURAND *
- Anik CHAUMARTIN *
- Karine DESTRE-BOHN

6 Meetings

66% Independence rate

100% Average attendance rate

* *Independent*

The Executive Committee

5 Nationalités

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

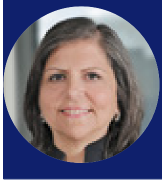
3.1.1 Board of Directors

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)	59	F	French	0	1	No	27/08/20	31/12/22	2	_
Tim ALBERTSEN	59	M	Danish	24,860	0	No	26/03/21	31/12/22	1	–
Karine DESTRE-BOHN	51	F	French	250	0	No	15/11/11	31/12/22	11	Audit, Internal Control and Risk Committee
Xavier DURAND	57	M	French	1,100	1	Yes	16/06/17	31/12/24	5	Audit, Internal Control and Risk Committee (Chairperson)
Benoit GRISONI	47	M	French	0	0	No	19/05/21	31/12/24	1	
Patricia LACOSTE	60	F	French	3,000	1	Yes	16/06/17	31/12/22	5	Compensation Committee (Chairperson)
Anik CHAUMARTIN	60	F	French	1000	1	Yes	20/06/20	31/12/23	2	Audit, Internal Control and Risk Committee
Didier HAUGUEL	62	M	French	2,500	1	No	30/06/09	31/12/24	13	Compensation Committee
Christophe PERILLAT	56	M	French	1,000	1	Yes	16/06/17	31/12/23	5	Compensation Committee
Delphine GARCIN-MEUNIER	45	F	French	0	0	No	05/11/19	31/12/24	3	_

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 mandates in listed companies does not take into account mandates held in the Company.



Diony LEBOT

EXPERTISES →

DIRECTOR, CHAIR OF THE BOARD OF DIRECTORS
DEPUTY CEO OF SOCIETE GENERALE

Date of birth:

15 July 1962

First appointment:

Cooptation on 27 August 2020

Term of the mandate:

Shareholders' Meeting called in 2023 to approve the accounts for 2022

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.

3

OTHER OFFICES HELD CURRENTLY:

FRENCH AND FOREIGN UNLISTED COMPANIES:

- Societe Generale* (France), Executive Officer since 05/2018
- EQT AB (Sweden) since 06/20

OTHER OFFICES AND POSITIONS IN OTHER COMPANIES EXPIRING OVER 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 Group.*

LEASING MOBILITY   FINANCE   INTERNATIONAL   OTHER BUSINESS

Karine DESTRE-BOHN

EXPERTISES

**DIRECTOR, MEMBER OF THE AUDIT, INTERNAL CONTROL AND RISK COMMITTEE,
HEAD OF SALES MANAGEMENT AND AFTERCARE, COMPANY SAVINGS DEPARTMENT AT SOCIETE GENERALE ASSURANCES**

Date of birth:

20 January 1971

First appointment:

15 November 2011

Term of the mandate:

Shareholders' Meeting called in 2023 to approve the accounts for 2022

Holds:

250 ALD shares

Professional address:

Tours Societe Generale

75886 Paris CEDEX 18

Karine DESTRE-BOHN is Head of Sales Management and Aftercare in the Company Savings Department at Societe Generale Assurances since 1 January 2022. Previously, Karine DESTRE-BOHN was Head of Client Relationship Transformation at Societe Generale Assurances from 2018 to 2021. She served as General Secretary of the international banking and financial services division of Societe Generale from 2010 to 2017, after having been General 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 IN OTHER COMPANIES EXPIRING OVER 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

LEASING MOBILITY FINANCE INTERNATIONAL OTHER BUSINESS

Anik CHAUMARTIN

EXPERTISES

INDEPENDENT DIRECTOR, MEMBER OF THE AUDIT, INTERNAL CONTROL AND RISKS COMMITTEE

Date of birth:

19 June 1961

First appointment:

20 May 2020

Term of the mandate:

Shareholders' Meeting called in 2024 to approve the accounts for 2023

Holds:

1,000 ALD shares

Business address:

21, avenue de la Criolla,

92150 Suresnes,

France

Anik CHAUMARTIN is an accountant, statutory auditor and retired partner at PwC France. Global Relationship Partner at PwC for over 20 years, she has 37 years' experience in consultancy and audit, with a focus on financial services and mass market retail. 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), Global Assurance Leader-member of the Executive Committee for Global Audit Activities (2013-2018) and member of the Management team at PwC Financial Services, France (2018-June 2021). She is Chairwoman of the Banking Commission of the *Compagnie Nationale des Commissaires aux Comptes* (term expires in April 2022). Anik CHAUMARTIN is a graduate of the *École Supérieure de Commerce* de Paris.

OTHER OFFICES HELD CURRENTLY:

FOREIGN LISTED COMPANIES:

Director of Allied Irish Bank and Allied Irish Group plc

FRENCH UNLISTED COMPANIES:

Director of La Banque Postale

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

- Global Assurance Markets Leader, PwC Global Network (2013-2018)
- Member of the Leadership Team PwC Financial Services France (2018-June 2021)
- Chairperson of the CNCC Banking Commission (until April 2022)

LEASING MOBILITY FINANCE INTERNATIONAL OTHER BUSINESS

Xavier DURAND

EXPERTISES →

INDEPENDENT DIRECTOR, CHAIR 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 called in 2025 to approve the accounts for 2024

Holds:

1,100 ALD shares

Business address:

Place Costes – 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 *École Polytechnique* and the *École des Ponts ParisTech*. He started his career in 1987 in consulting (Gemini Group), strategy and project management (GMF, 1991-1993).

OTHER OFFICES HELD CURRENTLY:

FRENCH LISTED COMPANY:

- Coface SA – Chief Executive Officer

WITHIN COFACE – FRENCH AND FOREIGN UNLISTED COMPANY:

- Compagnie française d'assurance pour le commerce extérieur (Coface) – Chairperson of the Board of Directors – Chief Executive Officer – Director
- Coface North America Holding Company – Chairperson of the Board of Directors and Director

OTHER OFFICES AND POSITIONS IN OTHER COMPANIES EXPIRING OVER 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

Delphine GARCIN-MEUNIER

EXPERTISES →

DIRECTOR, STRATEGY
DIRECTOR OF STRATEGY, SOCIETE GENERALE

Date of birth:

30 June 1976

First appointment:

5 November 2019

Term of the mandate:

Shareholders' Meeting called in 2025 to approve the accounts for 2024

Holds:

0 ALD shares

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, Delphine 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:

None.

OTHER OFFICES AND POSITIONS IN OTHER COMPANIES EXPIRING OVER THE LAST FIVE YEARS:

None.

Didier HAUGUEL

EXPERTISES →

DIRECTOR, MEMBER OF THE NOMINATION AND COMPENSATION COMMITTEE

Date of birth:

14 December 1959

First appointment:

30 June 2009

Term of the mandate:

Shareholders' Meeting called in 2025 to approve the accounts for 2024

Holds:

2,500 ALD shares

Business address:

1 rue Eugène et Armand Peugeot

92500 Rueil-Malmaison

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:

- Riverbank – Luxembourg – Director

FOREIGN LISTED COMPANY:

- PJSC Rosbank * – Russia – Director

OTHER OFFICES AND POSITIONS IN OTHER COMPANIES EXPIRING OVER THE LAST FIVE YEARS:

FRENCH UNLISTED COMPANIES:

- SG Consumer Finance * – Chairperson and 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:

- GEFA Bank GmbH* – Germany – Chairperson and Director
- Fiditalia Spa * – Italy – 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

LEASING MOBILITY FINANCE INTERNATIONAL OTHER BUSINESS

Patricia LACOSTE

EXPERTISES

INDEPENDENT DIRECTOR, CHAIR OF THE NOMINATION AND COMPENSATION COMMITTEE, CHAIR AND CHIEF EXECUTIVE OFFICER OF THE INSURANCE GROUP PRÉVOIR

Date of birth:

5 December 1961

First appointment:

16 June 2017

Term of the mandate:

Shareholders' Meeting called to approve the accounts for 2022 in 2023

Holds:

3,000 ALD shares

Business 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 20 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 PREVOIR – FRENCH AND FOREIGN UNLISTED COMPANIES:

- Société Centrale PRÉVOIR – Chairperson and Chief Executive Officer
- PREVOIR-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 PREVOIR-Vie – Director
- ASSURONE – Member of the Supervisory Board
- UTWIN – Member of the Supervisory Board
- SARGEP – Director
- Fondation PRÉVOIR – Director

OUTSIDE PREVOIR – FRENCH AND FOREIGN LISTED COMPANIES:

- SCOR SE - Independent director, member of the Strategy Committee, the Compensation Committee, the Audit Committee and the Sustainability Committee

OUTSIDE PREVOIR – FRENCH AND FOREIGN UNLISTED COMPANIES:

- Fédération Française d'Assurance – Member of the Executive Board

OTHER OFFICES AND POSITIONS IN OTHER COMPANIES EXPIRING OVER THE LAST FIVE YEARS:

FRENCH AND FOREIGN UNLISTED COMPANIES:

- SNCF Réseau – Director
- PRÉVOIR Risques Divers – Chairperson and CEO
- PKMI (PREVOIR Kampuchea Micro Life Insurance) – Legal representative of PRÉVOIR-Vie – Director
- Lloyd Vie Tunisie – Legal representative of Prévoir Vie, *Administratrice*

LEASING MOBILITY FINANCE INTERNATIONAL OTHER BUSINESS

Christophe PERILLAT

EXPERTISES →

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

Date of birth:

12 September 1965

First appointment:

16 June 2017

Term of the mandate:

Shareholders' Meeting called in 2024 to approve the accounts for 2023

Holds:

1,000 ALD shares

Business address:

100 rue de Courcelles

75017 Paris

Christophe PERILLAT was appointed Chief Executive Officer of Valéo on January 26, 2022, in accordance with the succession plan announced on October 27, 2020. Previously, Christophe PERILLAT occupied several managerial positions in Valeo, where he served as Deputy Chief Executive Officer between May 2021 and January 2022, Associate Chief Executive Officer from October 2020 to May 2021, Chief Operating Officer 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 PERILLAT 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 PERILLAT is a graduate of the *École Polytechnique* and *École des Mines*.

OTHER OFFICES HELD CURRENTLY:

FRENCH LISTED COMPANY:

- Valeo Service – Chairperson
- Valeo - CHIEF EXECUTIVE OFFICER (since January 2022)
- Valeo - director

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 IN OTHER COMPANIES EXPIRING OVER THE LAST FIVE YEARS:

None.

LEASING MOBILITY FINANCE INTERNATIONAL OTHER BUSINESS

Benoît GRISONI

EXPERTISES

DIRECTOR,
CHIEF EXECUTIVE OFFICER OF BOURSORAMA

Date of birth:
13 August 1974
First appointment:
19 May 2021
Term of the mandate:
Shareholders' Meeting called in 2025 to approve the accounts for 2024
Holds:
0 ALD shares
Professional address:
44 rue Traversière
92100 Boulogne-Billancourt

Benoît GRISONI has been a member of the Board of Directors of ALD since May 2021. He has held the position of Chief Executive Officer of Boursorama since 2018 after having served as Deputy Chief Executive Officer from 2016 to 2017. Previously, Benoît GRISONI held several management positions and memberships of Executive Committees at Boursorama, as Head of Boursorama Banque from 2010 to 2015, Deputy Head of Boursorama Banque from 2006 to 2009 and Head of Boursorama Invest from 2002 to 2005. Before joining Boursorama, Benoît GRISONI began his career at Fimatex where he was Head of Customer Services and Marketing from 1999 to 2001 after joining the company as a Customer Account Manager in 1998. Benoît GRISONI graduated in accounting and financial studies, with a capital markets major from ICS Bégué in 1997 before continuing with post-graduate studies in Trading-Finance and International Trading at the *École Supérieure Libre des Sciences Commerciales Appliquées* in 1998.

OTHER OFFICES HELD CURRENTLY:
- Boursorama – Chief Executive Officer
- Boursorama – Director

OTHER OFFICES AND POSITIONS IN OTHER COMPANIES EXPIRING OVER THE LAST FIVE YEARS:
- Peers – Member of the Supervisory Board until 31 December 2021

Tim ALBERTSEN

EXPERTISES

DIRECTOR,
TIM ALBERTSEN IS CHIEF EXECUTIVE OFFICER OF THE ALD GROUP

Date of birth:
9 February 1963
Nationality: Danish
Term of the mandate:
Shareholders' Meeting called in 2023 to approve the accounts for the 2022
Holds:
24,860 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:
- ALD CEO

OTHER OFFICES AND POSITIONS IN OTHER COMPANIES EXPIRING OVER THE LAST FIVE YEARS:

FOREIGN UNLISTED COMPANIES:
- CarTime Technologies – Denmark – Director
- Mil-tekUS – USA – 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 independece 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	Tim ALBERTSEN	Karine DESTRE-BOHN	Xavier DURAND	Benoit GRISONI	Patricia LACOSTE	Anik CHAUMARTIN	Diony LEBOT	Christophe PERILLAT	Delphine GARCIN-MEUNIER
Salaried corporate officer during the previous five years (1)	✘	✘	✘	✔	✘	✔	✔	✘	✔	✘
Cross-directorships (2)	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
Significant business relationships (3)	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
Family ties (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 five years.

(6) Not having been a director of the Company for more than 12 years. The loss of the status of independent director occurs on the anniversary of the 12 years.

(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 2021

	Departure		Appointment		
Director	**Board of Directors**	**Committees**	**Board of Directors**	**Committees**	**Renewal of term of office**
Michael MASTERSON	Resignation as director on 26 March 2021.				
Tim ALBERTSEN			Co-opted by the Board of Directors on 26 March 2021 as director to replace Michael MASTERSON for the remainder of his term of office, subsequently ratified at the Shareholders' Meeting of 19 May 2021.		
Didier HAUGUEL				Appointment within COREM (1).	Renewal of his term of office as director during the Shareholders' Meeting on 19 May 2021.
Xavier DURAND				Appointment within CACIR (2).	Renewal of his term of office as director during the Shareholders' Meeting on 19 May 2021.
Delphine GARCIN-MEUNIER					Renewal of her term of office as director during the Shareholders' Meeting on 19 May 2021.
Diony LEBOT			Ratification at the Shareholders' Meeting of 19 May 2021 of her co-option by the Board of Directors on 27 August 2020 as a director to replace Philippe HEIM for the remainder of his term of office.		
Benoît GRISONI			Appointment as director at the Shareholders' Meeting of 19 May 2021		
Bernardo SANCHEZ-INCERA	Term expired at the Shareholders' Meeting of 19 May 2021				

(1) Compensation Committee.
(2) Audit, Internal Control and Risk Committee.

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
Tim ALBERTSEN	✔	✔	✔	✔	Leasing
Diony LEBOT	✔	✔	✔	✔	International Banking and Financial Services Risk
Delphine GARCIN-MEUNIER		✔	✔	✔	Finance
Benoit GRISONI		✔	✔		Banking and financial services
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 2021, Diony LEBOT chaired all the meetings of the Board of Directors. 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 2020 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	8	8	100%			4	100%
Tim ALBERTSEN	6	6	100%				
Karine DESTRE-BOHN	8	8	100%	6	100%		
Xavier DURAND	8	8	100%	6	100%		
Benoit GRISONI	5	5	100%				
Patricia LACOSTE	8	8	100%			4	100%
Anik CHAUMARTIN	8	7	87.5%	6	100%		
Diony LEBOT	8	8	100%				
Christophe PERILLAT	8	8	100%			4	100%
Delphine GARCIN-MEUNIER	8	7	87.5%				

3.1.2 Executive Corporate Officers

Diony LEBOT succeeded Philippe HEIM as Chair of the Board of Directors in 2020 and her directorship was ratified at the Shareholders' Meeting of 19 May 2021. General Management was unchanged during the 2021 financial year, with Tim ALBERTSEN as Chief Executive Officer and John SAFFRETT and Gilles BELLEMERE as Deputy Chief Executive Officers. In accordance with Appendix 2 of the AFEP-MEDEF Code, the Chairperson of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officers are appointed Executive Corporate Officers.

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 Chair of the Board

The Chair 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.

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

Tim ALBERTSEN

CHIEF EXECUTIVE OFFICER

TIM ALBERTSEN SERVES AS CHIEF EXECUTIVE OFFICER OF THE ALD GROUP. HE HAS 29 YEARS OF SECTOR EXPERIENCE.

Date of birth:
9 February 1963

Nationality:
Danish

Holds:
24,860 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:

- ALD CEO

OTHER OFFICES AND POSITIONS IN OTHER COMPANIES EXPIRING OVER THE LAST FIVE YEARS:

FOREIGN UNLISTED COMPANIES:

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

Gilles BELLEMERE

DEPUTY CHIEF EXECUTIVE OFFICER

GILLES BELLEMERE HAS BEEN DEPUTY CHIEF EXECUTIVE OFFICER SINCE MARCH 2017 AND CHIEF EXECUTIVE OFFICER OF ALD FRANCE SINCE JUNE 2019. HE HAS 17 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 IN OTHER COMPANIES EXPIRING OVER THE LAST FIVE YEARS:
None.

John SAFFRETT

DEPUTY CHIEF EXECUTIVE OFFICER

JOHN SAFFRETT HAS BEEN DEPUTY CHIEF EXECUTIVE OFFICER SINCE 2019. HE HAS 15 YEARS OF SECTOR EXPERIENCE.

Date of birth:
3 June 1972
Nationality:
British
Holds:
15,445 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 IN OTHER COMPANIES EXPIRING OVER THE LAST FIVE YEARS:
None.

Gilles MOMPER

CHIEF FINANCIAL OFFICER

GILLES MOMPER HAS BEEN CHIEF FINANCIAL OFFICER SINCE 2012. HE HAS 26 YEARS OF EXPERIENCE IN THE AUTOMOTIVE AND CAR RENTAL SECTORS.

Date of birth:
25 December 1972
Nationality:
French
Holds:
10,360 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, from to 2001 to 2004, 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 IN OTHER COMPANIES EXPIRING OVER THE LAST FIVE YEARS:

None.

Hans van BEECK

CHIEF ADMINISTRATIVE OFFICER

HANS VAN BEECK HAS SERVED AS CHIEF ADMINISTRATIVE OFFICER AND HAS BEEN A MEMBER OF ALD'S EXECUTIVE COMMITTEE SINCE 2019. HE HAS MORE THAN 32 YEARS OF EXPERIENCE IN MARKET FINANCE AND INVESTOR RELATIONS.

Date of birth:
5 January 1964
Nationality:
Dutch
Holds:
19,301 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 Societe Generale, 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 positions in the field of finance, mainly within Societe Generale. Hans 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 IN OTHER COMPANIES EXPIRING OVER THE LAST FIVE YEARS:

None.

Guillaume de LEOBARDY

GROUP REGIONAL DIRECTOR

GUILLAUME DE LEOBARDY HAS SERVED AS GROUP REGIONAL DIRECTOR AND HAS BEEN A MEMBER OF THE EXECUTIVE COMMITTEE SINCE 2019. HE HAS OVER 22 YEARS OF EXPERIENCE IN THE LEASING INDUSTRY.

Date of birth:
14 October 1972
Nationality:
French
Holds:
11,852 ALD shares

Guillaume de LEOBARDY 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 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 holds an engineering degree in industrial management from AgroParisTech as well as a DEA from *École Centrale Paris* in industrial systems engineering – logistics and transport.

OTHER OFFICES HELD CURRENTLY:

None.

OTHER OFFICES AND POSITIONS IN OTHER COMPANIES EXPIRING OVER THE LAST FIVE YEARS:

None.

Pao-Leng DAMY

GROUP HUMAN RESOURCES DIRECTOR

PAO-LENG DAMY HAS SERVED AS GROUP HUMAN RESOURCES DIRECTOR SINCE 2015 AND HAS BEEN A MEMBER OF ALD'S EXECUTIVE COMMITTEE SINCE 2020. SHE HAS MORE THAN 21 YEARS OF EXPERIENCE IN INTERNATIONAL HUMAN RESOURCES MANAGEMENT.

Date of birth:
1 September 1968
Nationality:
French
Holds:
1497 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 IN OTHER COMPANIES EXPIRING OVER THE LAST FIVE YEARS:

None.

Annie PIN

CHIEF COMMERCIAL OFFICER

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

Date of birth:
25 June 1980
Nationality:
French
Holds:
1497 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 IN OTHER COMPANIES EXPIRING OVER THE LAST FIVE YEARS:

None.

Miel HORSTEN

GROUP REGIONAL DIRECTOR

MIEL HORSTEN SERVES AS THE GROUP'S REGIONAL DIRECTOR AND HAS BEEN A MEMBER OF THE ALD EXECUTIVE COMMITTEE SINCE 2020. HE HAS MORE THAN 21 YEARS OF EXPERIENCE IN THE AUTOMOTIVE LEASING INDUSTRY.

Date of birth:
29 December 1973
Nationality:
Belgian
Holds:
1689 ALD actions

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 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 IN OTHER COMPANIES EXPIRING OVER 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 knowledge of the directors, during the past five years: (i) none of the above-mentioned persons has been convicted of fraud; (ii) none of the above-mentioned 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); and (iv) 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 or from participating in the management or operation of any company.

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 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 in March 2020. 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 2021, the Board of Directors met eight times:

- on 9 February 2021, to review the 2020 results, approve market guidance for 2021, and assess *ex post* the actions of Executive Management;
- on 26 March 2021, to approve the financial statements, the dividend and all documents relating to financial year 2020, approve the performance share allocation plan for the year, convene the Shareholders' Meeting and approve the various resolutions to be submitted to it (including proposals for the appointment/renewal of directors), and endorse the details of Management's 2021 targets (*ex ante* outlook);
- on 5 May 2021, to approve the financial statements for the first quarter 2021, approve the absorption of the intermediate holding company "ALD Automotive Russie SAS";
- on 2 August 2021, to approve the half-year financial statements and report, specify guidance, and review various merger and acquisition transactions (including the proposed merger with LeasePlan);
- on 30 September 2021, to formalise the creation of an *ad hoc* Board committee to monitor the proposed merger with LeasePlan in more detail;
- on 3 November 2021, to approve the financial statements for the third quarter 2021, review forward-looking management documents, approve the proper application of the control procedure for agreements with related parties, monitor the gender balance policy in the Company's governing bodies, and review the proposed LeasePlan merger;
- on 16 November 2021, to validate the key elements of a final offer for the LeasePlan merger and mandate General Management to complete negotiations for signing a memorandum of understanding;
- on 15 December 2021, to review the progress of negotiations with LeasePlan and validate the principles of an incentives and retention plan.

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:

- 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;
- discussions on several planned external growth transactions (notably the proposed merger with LeasePlan, which led to numerous information meetings and the creation of an *ad hoc* committee to assess the risks associated with the operation - its structure and timeline, the due diligence findings, estimated synergies and valorization, regulatory obligations, risks of execution and the conditions for the success - integration methods, retention of key ressources as well as cultural convergence...) ;
- lessons learned from the assessment on the functioning 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.

An employee representative from the Social and Economic Committee (CSE) of ALD SA is invited to all meetings of the Board of Directors.

Meetings are held either face-to-face or by video-conference depending on the COVID situation, and in all cases went smoothly.

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 three 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 the 2021 financial year

The Audit, Internal Control and Risk Committee met six times in 2021. All its members were present at each meeting, so the overall attendance rate was 100%.

The Chairperson of the Board of Directors often attends meetings of the Audit, Internal Control and Risk Committee (five of six meetings in 2021), 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 and managed (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 definition and 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 year's Audit Plan.

In addition to these regular activities, in 2021, the Audit, Internal Control and Risk Committee carried out specific monitoring of the situation of various Group entities, it participated in the control of the day-to-day nature and normal conditions of agreements signed with related entities (in particular SG), and decided on the annual adjustment of the Company's Risk Appetite monitoring and governance system 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.

Lastly, two independent directors, members of the Audit, Internal Control and Risk Committee, were appointed to the *ad hoc* committee set up by the Board during the financial year to specifically monitor the proposed merger with LeasePlan and ensure, in particular, the proper understanding of risk issues.

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3.4.2 Compensation Committee (COREM)

3.4.2.1 Composition and meetings

The Compensation Committee is comprised of three 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 Didier HAUGEL who succeeded 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 2021

In 2021, the Compensation Committee met four 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 principles of an incentive and retention plan in the context of a possible merger with LeasePlan;
- 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 use of lessons learned from the Board's assessment.

The Compensation Committee also examined the candidates for changes to the Board of Directors (three reappointments, two new appointments).

The succession plans for Executive Management were also reviewed.

Lastly, two directors who are members of Compensation Committee were appointed to the *ad hoc* committee set up by the Board to monitor the merger with LeasePlan, and in particular to ensure the proper understanding of human resources issues.

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 training sessions for the directors (Article 13).	Strategic discussion sessions are regularly organised (approximately 2 each year) withe the Board of Directors which are an opportunity to extend the in-depth knowledge of directors on various mobility topics (connected vehicles, car-sharing, EV, etc.).
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 Appointments and Compensation Committee (Article 18.1): *"It is recommended […] that an employee director be a member."*	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).

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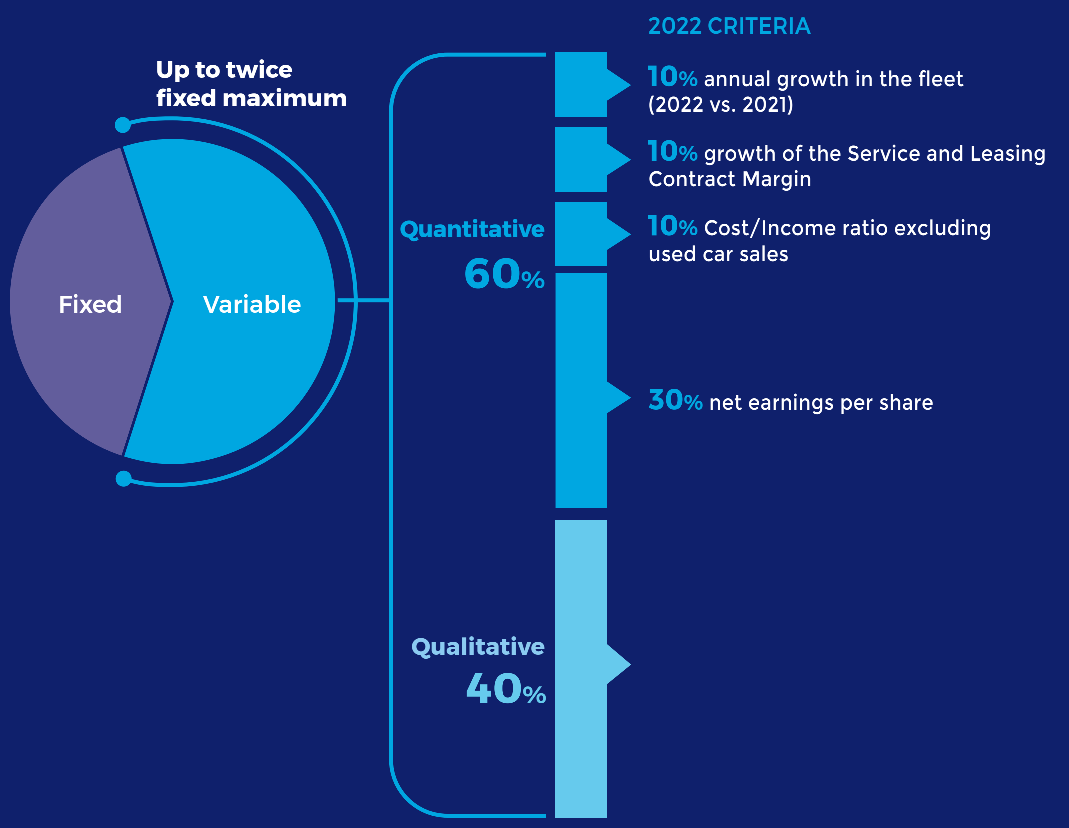
3.6 Internal control AFR

The internal control systems implemented by the Group are described in detail in section 4.5 "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:

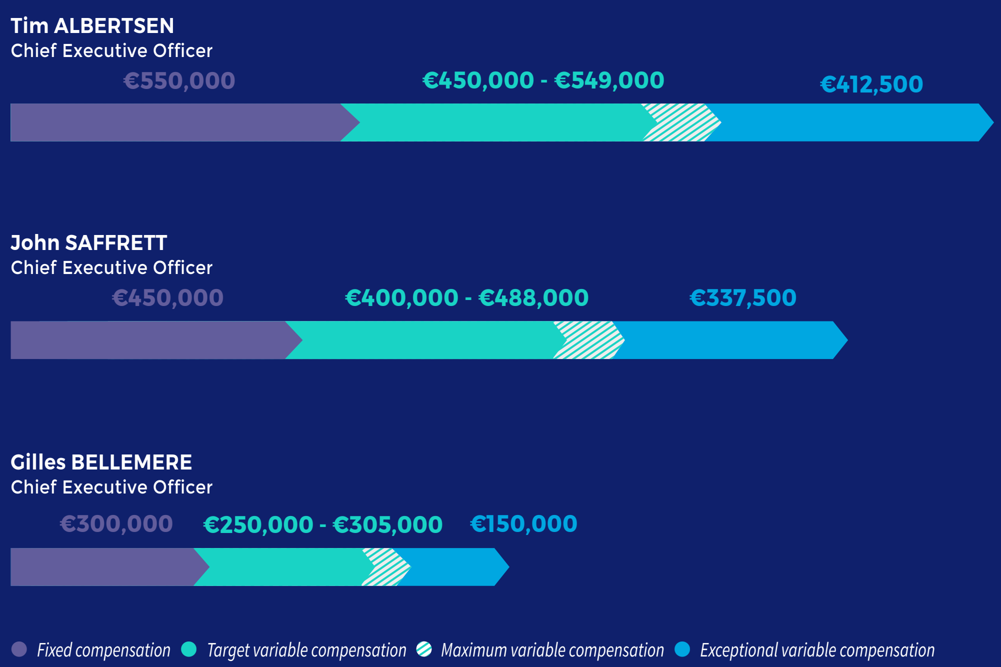
- a deferred portion subject to a condition of presence in the Company and a performance condition, vesting in equal tranches of one-fifth over a five-year period with a minimum deferral rate of 40%;
- at least 50% is indexed to the ALD share price (share equivalents), resulting in 50% of the vested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

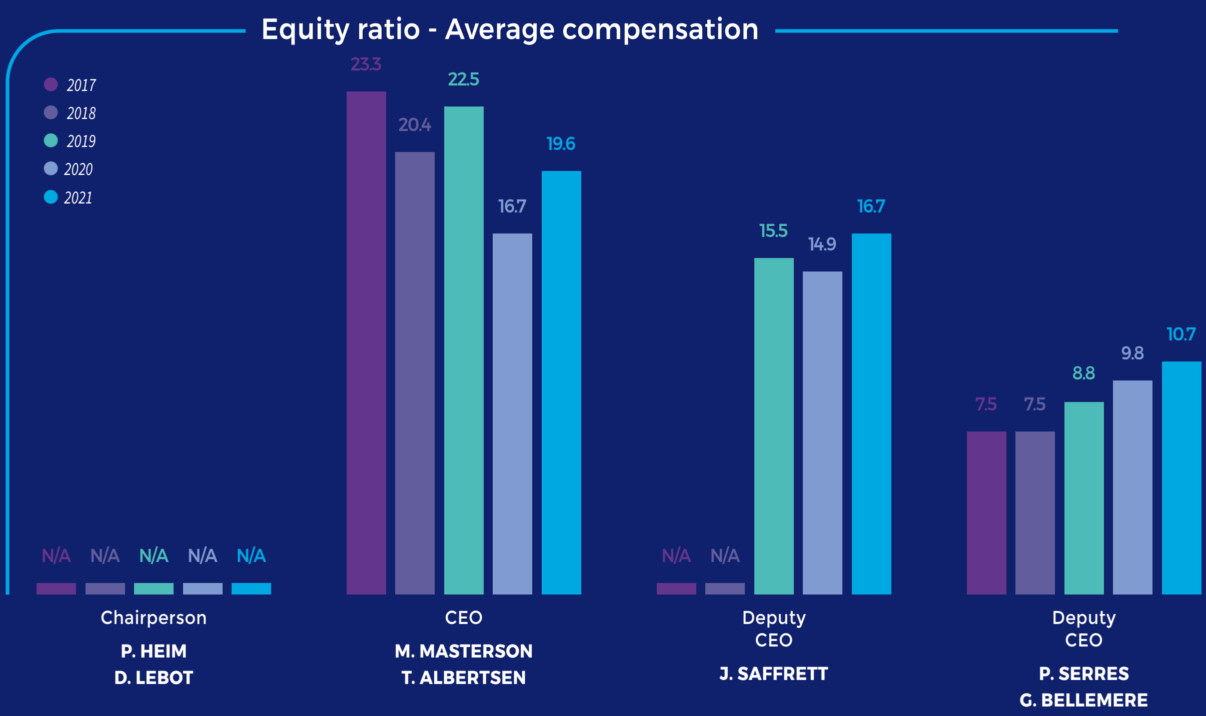
The deferred portion is vested subject to:

- 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.

2022 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 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, 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 2021 Compensation policy principles

The 2021 Corporate Officers' compensation policy was approved by the meeting of the Board of Directors on 26 March 2021 and by the Shareholders' Meeting of 19 May 2021 (*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. The 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.

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.

Specifically in 2021, and in order to monitor the proposed merger with LeasePlan, the Board decided during the financial year to set up a temporary *ad hoc* committee, which met on several occasions, and whose independent members received an additional variable remuneration approved by the Board of Directors on 3 November 2021 on the proposal of the Compensation Committee of 21 October 2021. The sums distributed fall within the total amount of attendance fees set by the General Meeting of 20 April 2017.

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 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 2021 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.

Each annual fixed compensation amount has been approved as part of the ALD compensation policy. The annual fixed compensation of general managers remained unchanged during the financial year 2021.

Variable compensation

Main principles

On 26 March 2021, the Board of Directors defined the components of variable compensation for 2021, which were approved by 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 CRD5 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 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%) for 2021 is assessed on the basis of the following four indicators:

- annual growth in the fleet (2021 *vs*. 2020);
- 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 2021, the achievement rate for the quantitative portion was 75.75% (an achievement rate of 126.26% on a base of 100), as indicated below:

Indicators	**Weight**	**Achievement rate**
Annual growth in the fleet (2021 *vs*. 2020)	10%	10.75%
Growth of the service and Leasing contract margin	10%	13.00%
Cost/income ratio excluding used vehicle sales	10%	13.75%
Earnings per share	30%	39.00%
TOTAL	**60%**	**75.75%**

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 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 Promoter 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 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.

Based on the 2021 financial year evaluation, the achievement rate of the qualitative portion was 44% (an achievement rate of 110% on a base of 100) for Tim ALBERTSEN and John SAFFRETT, and 42% (an achievement rate of 105% on a base of 100) for Gilles BELLEMERE.

Amounts in respect of 2021

According to the assessment of the quantitative and qualitative criteria (overall achievement rate of 119.75% for Tim ALBERTSEN and John SAFFRETT and 117.75% for Gilles BELLEMERE), the amounts of variable compensation are as follows:

- Tim ALBERTSEN: EUR 658,645;
- Gilles BELLEMERE: EUR 294,384;
- John SAFFRETT: EUR 538,892.

These amounts are subject to the final validation of the Shareholders' Meeting on 18 May 2022. No payment will be made early.

Vesting procedure for global variable compensation

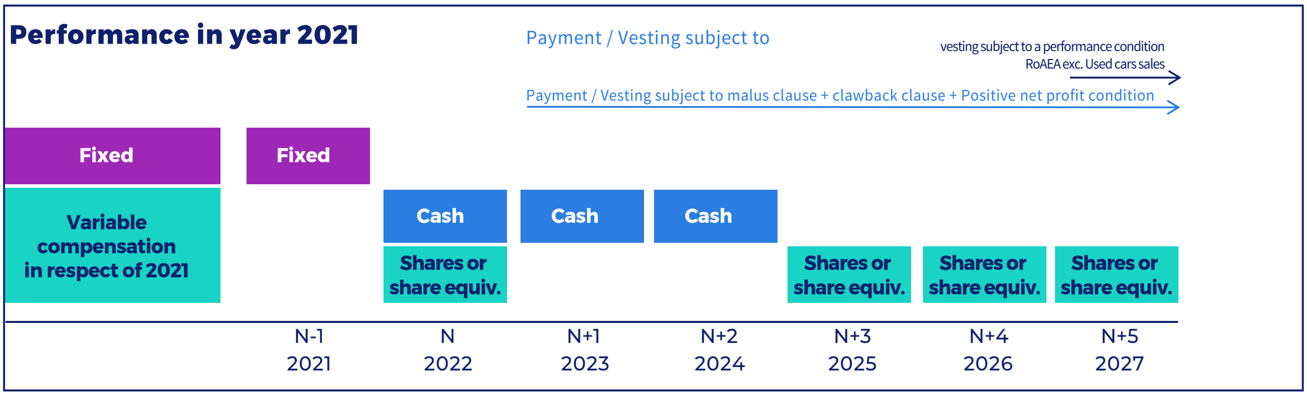
In accordance with the CRD5 Directive, the Board of Directors has defined the following terms of acquisition and compensation in respect of total variable compensation:

- 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 Directors based on the terms of departure;
- a malus condition in case of significant deterioration of financial performance or in case of misconduct;
- a profitability condition based on positive Net 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

In view of legislation requiring an *ex ante* vote on all the provisions of the compensation policy, the Board of Directors wanted to reserve the option of paying, if necessary, additional variable compensation in the event of exceptional circumstances, such as their importance for the Company or the involvement they require and the difficulties they present.

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 the Corporate Officers for the 2021 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. To that end, Tim ALBERTSEN and John SAFFRETT receive housing allowances.

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 Societe Generale working within either of these companies under secondment contracts.

This information is presented for the five most recent financial years since the 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 Societe Generale for his/her duties within the Company.

For the 2021 financial year, the denominator was calculated on 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 standardised 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	Mike MASTERSON	Mike MASTERSON	Mike MASTERSON until 27/03/20 Tim ALBERTSEN since 27/03/20	Tim ALBERTSEN since 27/03/20
	2017 financial year	2018 financial year	2019 financial year	2020 financial year	2021 financial year
% change in the CEO's compensation	N/A	-15%	11%	-28%	30%
Information about the scope of the listed company					
% change in the average compensation of the employees	N/A	5%	0%	0%	11%
Ratio compared to the average compensation of the employees	13.4	10.9	12.2	8.8	10.3
% change compared to the previous year	N/A	-19%	-12%	-28%	17%
Ratio compared to the median compensation of the employees	16.8	13.7	15.0	10.9	13.1
% change compared to the previous year	N/A	-18%	9%	-28%	21%
Additional information about the enlarged scope					
% change in the average compensation of the employees	N/A	-2%	1%	-2%	10%
Ratio compared to the average compensation of the employees	23.3	20.4	22.5	16.7	19.6
% change compared to the previous year	N/A	-13%	11%	-26%	18%
Ratio compared to the median compensation of the employees	28.9	25.4	28.2	21.1	25.1
% change compared to the previous year	N/A	-12%	11%	-25%	19%
Company performance					
Financial criterion – Net income, Group share	567.6	555.6	564.2	509.8	873.0
% change compared to the previous year	N/A	-2%	2%	-10%	71%

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 1 January 2020 to 27 March 2020.

	Pascal SERRE Gilles BELLEMERE	Gilles BELLEMERE	Gilles BELLEMERE	Gilles BELLEMERE	Gilles BELLEMERE
	2017 financial year	2018 financial year	2019 financial year	2020 financial year	2021 financial year
% change in the Deputy CEO's compensation	N/A	-2%	18%	9%	20%
Information about the scope of the listed company					
% change in the average compensation of the employees	N/A	5%	0%	0%	11%
Ratio compared to the average compensation of the employees	4.3	4.0	4.7	5.1	5.6
% change compared to the previous year	N/A	-7%	18%	8%	9%
Ratio compared to the median compensation of the employees	5.4	5.1	5.9	6.4	7.2
% change compared to the previous year	N/A	-6%	16%	9%	12%
Additional information about the enlarged scope					
% change in the average compensation of the employees	N/A	-2%	1%	-2%	10%
Ratio compared to the average compensation of the employees	7.5	7.5	8.8	9.8	10.7
% change compared to the previous year	N/A	0%	17%	11%	10%
Ratio compared to the median compensation of the employees	9.3	9.3	11.0	12.4	13.7
% change compared to the previous year	N/A	1%	18%	13%	10%

As Gilles BELLEMERE 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	John SAFFRETT 2021 financial year
% change in the Deputy CEO's compensation	N/A	N/A	N/A	-6%	23%
Information about the scope of the listed company					
% change in the average compensation of the employees	N/A	5%	0%	0%	11%
Ratio compared to the average compensation of the employees	N/A	N/A	8.4	7.8	8.7
% change compared to the previous year	N/A	N/A	N/A	-7%	11%
Ratio compared to the median compensation of the employees	N/A	N/A	10.3	9.7	11.2
% change compared to the previous year	N/A	N/A	N/A	-6%	15%
Additional information about the enlarged scope					
% change in the average compensation of the employees	N/A	-2%	1%	-2%	10%
Ratio compared to the average compensation of the employees	N/A	N/A	15.5	14.9	16.7
% change compared to the previous year	N/A	N/A	N/A	-4%	12%
Ratio compared to the median compensation of the employees	N/A	N/A	19.4	18.9	21.3
% change compared to the previous year	N/A	N/A	N/A	-3%	13%

John SAFFRETT was appointed as the third deputy CEO on 1 April 2019. As this is not a replacement, his remuneration has been annualised in 2019 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 2022.

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.

Recording of the performance condition for the acquisition of pension rights

Details of the pension plans applicable to Chief Executive Officers are provided in paragraph 3.7.2.

In accordance with the law, the annual increase in rights under the supplementary defined contribution pension scheme defined in Art. 82 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 has been met, the supplementary pension rights in respect of 2021 are vested for Tim ALBERTSEN and John SAFFRETT.

3.7.1.2 Compensation principles for the 2022 financial year

The Corporate Officers' compensation policy was approved by the meeting of the Board of Directors on 29 March 2022 and will be submitted for approval at the Shareholders' Meeting of 18 May 2022 (*ex ante* vote).

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.

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

Compensation of directors

The policy governing the compensation of Independent directors was approved by the Board of Directors on 7 February 2018, in accordance with the budget set by the Shareholders' Meeting of 20 April 2017. In accordance with the recommendations of the AFEP-MEDEF Code, this includes a fixed *pro-rata* component to reward the long-term commitment and responsibilities related to the director's mandate, and a variable component, slightly more than the first, to reward director attendance and participation in the various meetings of the Board of Directors and the specialised committees. In both cases, Chairpersons of specialised committees receive 50% more than committee members because of the greater level of personal investment required.

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

Compensation of the 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 2022, the compensation of the CEO and the Deputy CEOs is broken down into the three following 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;
- exceptional variable compensation conditional on the success of the LeasePlan acquisition.

Fixed compensation

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

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

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

Variable compensation

Main principles

On 29 March 2022, the Board of Directors defined the components of variable compensation for 2022, which will be submitted to the Shareholders' Meeting on 18 May 2022 for approval. 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 CRD5 Directive, variable compensation may not exceed 200% of annual fixed compensation, even if the objectives are exceeded.

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

(in EUR)	2022 target variable compensation	*O/w quantitative portion*	*O/w qualitative portion*	Maximum variable compensation 2022	*O/w quantitative portion*	*O/w qualitative portion*
Tim ALBERTSEN	450,000	270,000	180,000	549,000	351,000	198,000
Gilles BELLEMERE	250,000	150,000	100,000	305,000	195,000	110,000
John SAFFRETT	400,000	240,000	160,000	488,000	312,000	176,000

3

Quantitative portion

The quantitative portion (60%) for 2022 will be assessed on the basis of four indicators as follows:

- the annual growth of the fleet (2022 *vs*. 2021) – 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 except for the cost/income ratio for which the target was fixed excluding exceptional elements related to the LeasePlan acquisition programme. The Board of Directors notes the degree to which quantitative objectives have been achieved after the close of the financial year, using the published results as a basis. The Board of Directors is empowered to decide, on proposal of the Compensation Committee, the restatement of non-recurring exceptional and unbudgeted items not 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 2022 financial year are linked to the implementation of the Move 2025 strategic plan.

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

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

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

The individual objectives of the Executive Corporate Officers include:

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

These objectives will be assessed by the Board of Directors after the end of the financial year on the basis of predefined criteria on the recommendation of the Compensation Committee.

Vesting procedure for global variable compensation

In 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 Directors based on the terms of departure;
- a malus condition in case of significant deterioration of financial performance or in case of misconduct;
- a profitability condition based on positive Net income of ALD (arithmetic average) over the vesting period.

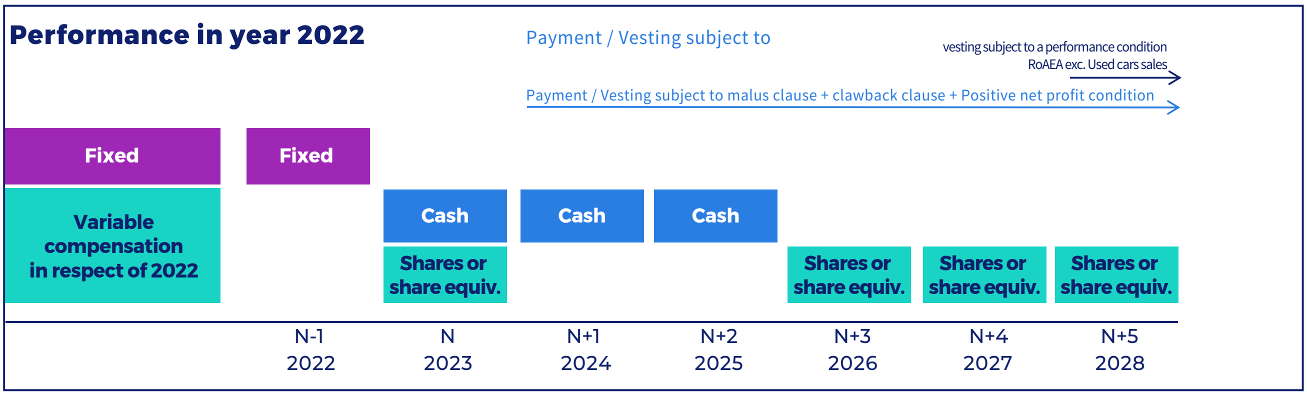
The deferred portion is also subject to a clawback clause valid for five years, which can be activated in the event of acts or behaviour deemed rash in terms of risk-taking, subject to applicability within the relevant legal and regulatory framework.

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.

Total variable compensation – Schedule of payments or deliveries of shares



Exceptional variable compensation

In view of legislation requiring an *ex ante* vote on all the provisions of the compensation policy, the Board of Directors wanted to reserve the option of paying, if necessary, additional variable compensation in the event of exceptional circumstances, such as their importance for the Company or the involvement they require and the difficulties they present.

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

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

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

In any event, in accordance with the CRD5 regulations in force, the amounts of this exceptional variable compensation have been set by ensuring that the variable component (*i.e.* annual variable compensation including exceptional variable compensation) does not exceed twice the annual fixed compensation. The amounts were fixed by taking into consideration the level of contribution of each beneficiary to this operation, as well as external benchmarks.

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

They were defined as follows:

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

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

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

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

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

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

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

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 2021 compensation of corporate officers

Fifth 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, 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.

Sixth resolution (Approval of the components of the total compensation and benefits of any kind paid in respect of the share price or for the 2021 financial year to Tim ALBERTSEN, 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, approves the components of the total compensation and benefits in kind paid or attributed to Tim ALBERTSEN, Deputy CEO and then Chief Executive Officer from 27 March 2020, in respect of the 2021 financial year, as presented in the report on corporate governance prepared in application of Article L. 225-37 of the French Commercial Code.

Seventh resolution (Approval of the components of the total compensation and benefits of any kind paid during the year or awarded in respect of the 2021 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, approves the components of the total compensation and benefits in kind paid or attributed to Gilles BELLEMERE, Deputy CEO, in respect of the 2021 financial year, as presented in the report on corporate governance prepared in application of Article L. 225-37 of the French Commercial Code.

Eighth 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 2021 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, approves the components of the total compensation and benefits in kind paid or attributed to John SAFFRETT, Deputy CEO, in respect of the 2021 financial year, as presented in the report on corporate governance prepared in application of Article L. 225-37 of the French Commercial Code.

Ex-ante resolutions on the 2022 compensation of corporate officers

Ninth resolution (Approval of the compensation policy for 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, 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.

Tenth 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, approves the compensation policy of the Chairperson and the 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.

Eleventh resolution (Fixing of the compensation for the directors, pursuant to Article L. 225-45 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, resolves to set the amount for directors' compensation at a fixed annual sum of 400,000 euros until otherwise amended.

The Shareholders' Meeting grants full powers to the Board of Directors to allocate the remuneration, in whole or in part, and in accordance with the terms and conditions it shall determine.

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 2020 and 2021 (Table 1, AFEP-MEDEF Code)

Diony LEBOT does not receive any remuneration for her position of Chairperson of the Board of Directors of ALD. She is paid directly by Societe Generale for her duties within it.

Tim ALBERTSEN (Chief Executive Officer)	2020	2021
Compensation due for the financial year	867,137	1,098,645
Valuation of options granted during the financial year	-	-
Valuation of performance shares granted during the financial year	-	-
TOTAL	**867,137**	**1,098,645**

Gilles BELLEMERE (Deputy CEO)	2020	2021
Compensation due for the financial year	496,400	598,040
Valuation of options granted during the financial year	-	-
Valuation of performance shares granted during the financial year	-	-
TOTAL	**496,400**	**598,040**

John SAFFRETT (Deputy CEO since 1 April 2019)	2020	2021
Compensation due for the financial year	756,673	932,409
Valuation of options granted during the financial year	-	-
Valuation of performance shares granted during the financial year	-	-
TOTAL	**756,673**	**932,409**

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.

Diony LEBOT does not receive any remuneration for her position of Chairperson of the Board of Directors of ALD.

	2020		2021	
Tim ALBERTSEN (Chief Executive Officer)	**Amounts due in respect of 2020**	**Amounts paid in 2020**	**Amounts due in respect of 2021 (1)**	**Amounts paid in 2021 (3)**
Fixed compensation	376,111	376,111	400,000	400,000
Annual variable compensation	454,825	335,114	658,646	375,497
o/w:				
deferred variable compensation	333,860	216,828	512,781	254,532
non-deferred variable compensation	120,965	118,286	145,865	120,965
Exceptional compensation				
Compensation for directorship				
Benefits in kind (2)	36,201	36,201	39,999	39,999
TOTAL	**867,137**	**747,426**	**1,098,645**	**815,496**

(1) Variable compensation for 2021 is subject to approval by the Shareholders' Meeting of 18 May 2022.
(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.

	2020		2021	
Gilles BELLEMERE (Deputy CEO)	**Amounts due in respect of 2020**	**Amounts paid in 2020**	**Amounts due in respect of 2021 (1)**	**Amounts paid in 2021**
Fixed compensation	276,667	276,667	300,000	300,000
Annual variable compensation	216,077	172,254	294,384	184,445
o/w:				
deferred variable compensation	151,254	106,039	206,069	119,622
non-deferred variable compensation	64,823	66,215	88,315	64,823
Exceptional compensation				
Compensation for directorship				
Benefits in kind (2)	3,656	3,656	3,656	3,656
TOTAL	**496,400**	**452,577**	**598,040**	**488,101**

(1) Variable compensation for 2021 is subject to approval by the Shareholders' Meeting of 18 May 2022.
(2) This amount corresponds to car benefits.

	2020		2021	
John SAFFRETT (Deputy CEO)	**Amounts due in respect of 2020**	**Amounts paid in 2020**	**Amounts due in respect of 2021 (1)**	**Amounts paid in 2021 (3)**
Fixed compensation	330,556	330,556	350,000	350,000
Annual variable compensation	388,939	282,360	538,891	256,830
o/w:				
deferred variable compensation	281,151	164,488	405,002	149,043
non-deferred variable compensation	107,788	117,872	133,889	107,787
Exceptional compensation				
Compensation for directorship				
Benefits in kind (2)	37,178	37,178	43,518	43,518
TOTAL	**756,673**	**650,094**	**932,409**	**650,348**

(1) Variable compensation for 2021 is subject to approval by the Shareholders' Meeting of 18 May 2022.
(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.

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.

	2020		2021	
	Amounts due in respect of 2020	**Amounts paid in 2020**	**Amounts due in respect of 2021**	**Amounts paid in 2021**
Diony LEBOT (Chairperson of the Board of Directors)				
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)	63,000	63,000	65,000	60,000
Other compensation	-	-	-	-
Christophe PERILLAT (director)				
Compensation (fixed, variable)	38,000	36,000	39,000	36,000
Other compensation	-	-	-	-
Nathalie LEBOUCHER (director)				
Compensation (fixed, variable)	18,650	38,650	-	-
Other compensation	-	-	-	-
Patricia LACOSTE (director)				
Compensation (fixed, variable)	57,000	54,000	59,000	54,000
Other compensation	-	-	-	-
Anik CHAUMARTIN (director)				
Compensation (fixed, variable)	23,350	3,350	42,000	40,000
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 financial year, 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 2021 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 2021 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 2021.

	Date of allocation	Total number shares awarded during financial year	Valuation of shares according to method used for accounts consolidated	Vesting date	Date of availability of shares	Performance conditions
Tim ALBERTSEN	None	None	None	None	None	None
Gilles BELLEMERE	None	None	None	None	None	None
John SAFFRETT	None	None	None	None	None	None

Diony LEBOT was not eligible for the ALD performance share plan and does not receive any share allocations due to her mandate 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
	29/03/18	4,610
John SAFFRETT	28/03/19	3,435

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	None	None
Gilles BELLEMERE	None	None
John SAFFRETT	None	None

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 2021 financial year, no stock subscription or purchase options were allocated. In the 2021 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, 3, 5 and 7) and employees whose variable compensation is determined in accordance with the CRD4 regulation (plans 2, 4, 6 and 8) have the following characteristics:

	Plan 8 – 2021	Plan 7 – 2021	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	22 May 2018	22 May 2018	20 April 2017	20 April 2017
Date of Board Meeting	26 March 2021	26 March 2021	27 March 2020	27 March 2020	28 March 2019	28 March 2019	29 March 2018	29 March 2018
Total number of ALD shares allocated	**19,827**	**264,223**	**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	280	5	264	6	229	4	195
Vesting date	31/03/23 (1st tranche) 31/03/24 (2nd tranche)	31/03/24	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	30/09/23 (1st tranche) 30/09/24 (2nd tranche)	N/A	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	Yes	Yes
Fair value (in EUR)	10.72	10.72	7.25	7.25	10.16	10.16	11.31	11.31
Number of shares vested at 31 December 2021	-	-	-	-	12,134	-	25,814	236,569
Total number of cancelled or lapsed shares	-	3,220	10,135	22,743	8,961	16,506	-	40,411
Performance shares outstanding at year-end	19,827	261,003	24,500	330,538	12,136	218,969	-	-

(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, 4, 6 and 8) prior to the vesting date.

Previous Societe Generale performance share allocations

Diony LEBOT does not receive any share awards due to her mandate within ALD.

	2021 Plan	2020 Plan	2019 Plan	2018 Plan	2017 Plan
Date of Shareholders' Meeting	19 May 2020	23 May 2018	23 May 2018	18 May 2016	18 May 2016
Date of Board Meeting	11 March 2021	12 March 2020	13 March 2019	14 March 2018	15 March 2017
Total number of Societe Generale shares allocated (1)	**-**	**-**	**-**	**-**	**31,327**
Of which number of shares allocated to executive officers					
Gilles BELLEMERE	-	-	-	-	589
Tim ALBERTSEN	-	-	-	-	1,723
John SAFFRETT	-	-	-	-	1,247
Vesting date	-	-	-	-	See table below
Holding period end date	-	-	-	-	See table below
Number of shares vested at 31 December 2019	-	-	-	-	26,694
Total number of cancelled or lapsed shares	-	-	-	-	4,633
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.

Performance shares allocated in 2017

Meeting Date	18 May 2016			
Date of Board Meeting	15 March 2017			
Total number of Societe Generale shares allocated	**31,327**			
Of which number of shares allocated to Corporate Officers				
Gilles BELLEMERE	-	589	-	-
Tim ALBERTSEN	1,723	-	-	-
John SAFFRETT	-	1,247	-	-
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

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.

Supplemental pension plan of Societe Generale's Management Committee (Article 82)

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

This plan provides for the payment of an annual contribution of the Company into an individual retirement account opened in the name of the eligible employee, on the part of their fixed compensation exceeding four annual Social Security ceilings. The rights acquired will be paid at the earliest on the date that the pension of the national retirement plan is claimed.

The Company rate has been set at 8%.

In accordance with the law, employer contributions relating to a given year will only be paid in full if at least 50% of the performance conditions for the variable compensation component for the same year have been met.

Since the performance condition for the 2021 financial year was met, the amount of the contribution to pay in respect of 2021 is EUR 15,751 for Tim ALBERTSEN and EUR 12,106 for John SAFFRETT.

Valmy Retirement Savings Plan (formerly IP Valmy)

The Corporate Officers retain the benefits of the supplementary defined contribution plan that applied to them as employees prior to their appointment as Chief Executive Officers.

This defined contribution plan established under Article 83 of the French General Tax Code was created in 1995 and modified on 1 January 2018 (now called *Epargne Retraite Valmy*). It is compulsory for all employees with more than six months' seniority in the Company and allows beneficiaries to build up retirement savings paid in the form of a life annuity when they retire. This plan is financed by up to 2.25% of compensation capped at four annual Social Security ceilings, of which 1.75% was paid by the Company (EUR 2,880 on the basis of the 2021 annual Social Security ceiling). This plan is now insured by Sogécap.

Supplementary pension allocation plan

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

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

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

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

This plan, revised on 17 January 2019, was definitively closed down on 4 July 2019 and no further rights were issued after 31 December 2019, following the publication of Order 2019-697 of 3 July 2019 relating to supplementary professional pensions plans, which prohibited, upon publication, any new potential beneficiaries from joining pension plans that make the vesting of rights conditional on the beneficiary ending his/her career within the Company, and the creation of conditional rights for periods of activity after 2019.

The amount of vested rights at the time of retirement will consist of the sum of the rights frozen at 31 December 2018 and the new minimum rights established between 1 January 2019 and 31 December 2019. These rights will be revalued according to changes in the AGIRC point between 31 December 2019 and the pension claiming date. Rights remain conditional upon the beneficiary ending his/her career with Societe Generale. They are subject to prefinancing with an insurance company.

As an example, based on an assumption of retirement at the age of 62, the potential pension rights claimed at 31 December 2019 for the allocation represent, regardless of the conditions under which the commitment is honoured, an annual amount estimated at EUR 2,200 for Tim ALBERTSEN, EUR 16,100 for Gilles BELLEMERE and EUR 500 for John SAFFRETT.

Non-compete clause

Tim ALBERTSEN, Gilles BELLEMERE and John SAFFRETT 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 15 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.

Severance payment

Following the suspension of the employment contracts of Tim ALBERTSEN, Gilles BELLEMERE and John SAFFRETT, it is expected that the Board of Directors will pay them an indemnity for the termination of their respective functions.

The amount of the indemnity is set at two years of fixed compensation, minus any indemnity owed for the termination of the employment contract.

The indemnity is owed only in the event of simultaneous termination of the ALD term of office and the 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.

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
Diony LEBOT (Chairperson of the Board of Directors) From 27/08/20 to 31/12/21	X (1) (2)		X		X		X	
Tim ALBERTSEN (Chief Executive Officer) From 27/03/20 to 31/12/21	X (1) (3)		X		X		X	
Gilles BELLEMERE (Deputy CEO) From 02/03/17 to 31/12/21	X (1) (3)		X		X		X	
John SAFFRETT (Deputy Chief Executive Officer) From 01/04/19 to 31/12/21	X (1) (3)		X		X		X	

(1) Employment contracts with Societe Generale.
(2) Employment contracts suspended during her term of office as Deputy CEO of Societe Generale.
(3) Employment contracts suspended for the duration of their term of office within ALD.

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 has not made any provision for pensions and other similar benefits to Executive Corporate Officers, other than provisions to cover post-employment benefits; “Pension commitments and long-term benefits”, “Related parties”, appearing in the Group’s consolidated financial statements for the year ended 31 December 2021.

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.

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 2021, at least 80% of the shares that the Chief Executive Officer and the Deputy CEOs are required to hold must have been acquired, with the exception of John SAFFRETT, for whom this portion is 60%.

Given that ALD is part of Societe Generale, the Board of Directors has authorised the 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, particularly in the same sector.

Finally, if the new Corporate Officers have not come from a Societe Generale entity, they may benefit from a sign on award as compensation, where applicable, for the remuneration they forgo when they leave their previous employer. The acquisition of this compensation 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, 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 Societe 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 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.

3.8.2 Statutory Auditor's report on related party agreements

Annual General Meeting held to approve the financial statements for the year ended December 31, 2021

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 2021, 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, 2021 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, 2021.

Paris-La Défense, April 22, 2022

The Statutory Auditors

French original signed by

ERNST & YOUNG et Autres
Vincent ROTY

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 a 35% target for the proportion of women in the ALD Group's management bodies by the end of 2025.

As of 31 December 2021, this rate already stands at 34.9%, a significant increase year-on-year (26.2% at the end of 2020), due to implementation of the action plan carried out in the various subsidiaries.

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 since the 2021 financial year, these objectives are also communicated to the General Managers of the subsidiaries for the management bodies of their entity.

4 Risk factors

		Likelihood	Impact	Trend [1]
1 - Macroeconomic and geopolitical risks	Risks linked to the economic and geopolitical situations	**Likely**	**Medium**	↗
	COVID-19 pandemic	**Likely**	**Medium**	→
2 - Risks specific to activity	Risks linked to residual value	**Likely**	**Strong**	↘
	Risks linked to maintenance services and tyres	**Possible**	**Medium**	→
	Dependence on partners	**Possible**	**Medium**	→
3 - Strategic risks	Risks related to acquisitions	**Likely**	**Strong**	↗
	ALD's competitiveness on its market	**Possible**	**Strong**	→
4 - Credit risks	Credit risks	**Likely**	**Medium**	→
5 - Operational risks	IT risks	**Possible**	**Strong**	↗
	Legal, fiscal and compliance risks	**Possible**	**Medium**	→
	Environmental and social risks	**Possible**	**Medium**	→
6 - Treasury risks	Liquidity risk	**Possible**	**Weak**	→
	Interest and exchange rate risk	**Unlikely**	**Weak**	→

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

4.1 Macroeconomic and geopolitical risks

4.1.1 Risks linked to the economic and geopolitical situations

Identification of the risk	Likelihood	Impact	Trend
The Group's activity and results may be impacted by a deterioration of the economic and/or geopolitical environment.	Likely	Medium	↗

The Group could be faced with a significant deterioration in market and economic conditions resulting from crises affecting capital or credit markets, liquidity constraints, regional or global recessions, sharp fluctuations in commodity prices (notably oil), currency exchange rates or interest rates, inflation or deflation, rating downgrades, restructuring or defaults of sovereign or private debt, or adverse geopolitical events (including acts of terrorism and military conflicts). Such events, which can develop quickly and thus may not have been anticipated, could affect the Group's operating environment for short or extended periods and have a material adverse effect on its activities, its cost of risk, the value of its assets, or its financial results and situation.

In particular, the Group is exposed to the changing political, macroeconomic or financial situations of the regions or countries where it operates. The deterioration of these situations would have an impact on the Group's operating environment and its businesses, as well as the business climate of a region or a country. In case of a significant deterioration, the Group could incur expenses, or asset depreciations or losses, which would negatively impact its financial results and situation.

ALD's operations, results and financial situation could be adversely impacted by intensifying geopolitical risks. The conflict between Russia and Ukraine has led to military operations in Ukraine in early 2022, jeopardizing people, infrastructure and assets.

Escalating tensions between Russia on the one hand, and Western countries on the other, have been accompanied by the implementation of severe international sanctions against Russian legal entities and individuals with close ties to the government. These sanctions could have a strong impact on the Russian economy, on the conduct of business by local companies, and lead to a drop in activity and company failures. Conversely, Russia's counter-sanctions or retaliatory measures against foreign entities could impair the Group's ability to operate locally. International sanctions could also affect the global economy, due to Russia's importance as a supplier of natural resources or the role of Russia and Ukraine in global supply chains. The risk to the availability and price of raw materials and goods, especially energy, could jeopardize the recovery of post-Covid economies.

In Ukraine, ALD's strategy is to support its employees as much as possible, to accompany its clients and to secure its assets. Nevertheless, given the severity of the conflict, the Group could be exposed to risks of non-recovery of its receivables or vehicles, which could result in financial losses. At December 31, 2021, the Group had 4,980 funded vehicles and total assets of EUR 70.6 million in Ukraine.

In Russia, ALD strictly complies with the regulations in force and diligently implements the necessary measures to apply international sanctions as soon as they are published. Any new international sanctions or Russian countermeasures could have an impact on the local and global economies and consequently on the Group's risks. The Group will continue to analyze the global impact of the evolution of this crisis and to take all measures needed to protect its franchise and control its risks. As of December 31, 2021, The Group had 20,270 funded vehicles in Russia and Belarus and total assets of EUR 231.9 million.

Geopolitical risk is managed through a rigorous and cautious policy of conducting operations.

The Group closely monitors geopolitical developments in the countries in which it operates, paying particular attention to the laws and regulations in force. It ensures that international sanctions are strictly and diligently implemented.

In a context of heightened risks, the Group's priorities are the safety of its employees, the support of its clients and the preservation of its assets.

The Group conducts its business in Russia with the utmost caution and selectivity, supporting its long-standing clients, with the priority of limiting its risks. On 11 April 2022, ALD announced that it no longer concludes any new commercial transactions in Russia, Kazakhstan and Belarus.

4.1.2 COVID-19 pandemic

Identification of the risk	Likelihood	Impact	Trend
The Group's business and results could be affected by health risks, which could disrupt operations, weaken economies and increase default rates.	Likely	Medium	→

The COVID-19 pandemic and the remediation actions taken in response (border closures in 2020, lockdowns, restrictions on the exercise of certain economic activities, etc.) have had and may continue to have a significant direct and indirect impact on the global economic situation and financial markets. In many jurisdictions in which the Group operates, governments and central banks have taken exceptional measures to support the economy. While these support measures have been effective in responding to the immediate effects of the crisis, the measures put in place may not be sufficient to sustain the recovery or may be withdrawn.

While the COVID-19 pandemic has continued in 2021, with the appearance of new, particularly contagious variants, an improvement in the health situation has nevertheless been observed, due to the large-scale vaccination of populations in developed countries, allowing most borders and economies to reopen and gradually recover.

In this context, with the objective of protecting its employees and its activities, ALD has continued to apply the measures recommended by the governments of the countries in which the Group is present, in particular through work from home arrangements.

The strong and rapid recovery in global demand in 2021 has been accompanied by disruptions in supply and production chains. The decline in new car production and ensuing increased delivery delays has held back the growth of the Group's fleet, despite strong commercial momentum. The shortage of new cars in a context of strong demand had a positive impact on the Group's used car sale prices in 2021, however. Moreover, thanks to the economic support measures put in place by Western European governments, the Group has observed particularly low counterparty default rates in 2021. In view of this positive development, a reversal of IFRS 9 forward-looking provisions was recorded for EUR 6.5 million in 2021.

The uncertainty about the future development of the COVID-19 pandemic makes it difficult to forecast the impact on the global economy. The consequences for the Group will depend on the duration of the pandemic, the measures taken by governments and central banks, and the evolution of the health, economic, financial and social environments.

Health risks are managed prudently to ensure the safety of employees and the continuity of operations.

In response to the COVID-19 crisis, ALD is applying the measures recommended by the governments of the countries in which the Group operates. In particular, ALD has put in place appropriate measures to generalize work from home and thus protect its employees while continuing to support its customers.

4.2 Risks specific to activities

4.2.1 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	Medium	↘

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. Gross operating profit from such vehicle sales totalled EUR 437.7 million in 2021, well above the EUR 61.1 million and EUR 75 million recorded in the years ended in December 2020 and 2019, respectively.

Although economies have recovered strongly in 2021 from the initial effects of the pandemic, continued disruptions in supply chains have not allowed OEMs to return to pre-pandemic production levels. Due to the shortage of new car supply, demand for used vehicles has risen, pushing up resale prices sharply. As a result, ALD recorded a historically high result on used vehicle sales in 2021.

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.

Future sales and estimated losses are impacted by external factors such as macroeconomic conditions, government policies, tax and environmental regulations, consumer preferences, new vehicle prices, etc.

Since the new carbon emission standards came into force in 2020, the sale of electric vehicles[1] has accelerated, particularly in Western Europe, representing approx. 10% of ALD's financed fleet at 31 December 2021. The traditional procedures for setting residual values, based in particular on observed resale prices, have their limits for these vehicles, given their recent introduction. For this reason, ALD has set up a dedicated working team for determining the residual values for electric vehicles. This team has established specific pricing procedures and continuously monitors factors that may impact the resale prices of electric vehicles, such as the evolution of different technologies, subsidies for the purchase of electric vehicles and battery longevity.

The Group anticipates that supply chains may not return to normal before the end of 2022, which could support the resale prices of used vehicles.

Residual value risk is managed according to a central policy which defines the procedure for setting 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 depreciation 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 realised in the portfolio, additional impairment is recorded in accordance with ALD's accounting standards.

1) Battery Electric Vehicles (BEVs), Plug-in Hybrids (PHEVs), Fuel Cell (FCEV)

4.2.2 Risks linked to maintenance services and tyres

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	→

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 costs are determined on a local scale based on local historical statistics and taking into account the different types of vehicles (internal combustion, 100% electric, hybrid, etc.). 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, in particular in times of inflation;
- 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. This could be the case in times of inflation.

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.

4.2.3 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 33% of the total (including private lease contracts) of the Group's fleet at 31 December 2021.

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.

In 2021, the recovery of the global economy was accompanied by disruptions in supply chains, impacting the delivery of new cars. These disruptions have increased since the beginning of 2022, due to the conflict between Ukraine and Russia and the imposition of international sanctions. This could have a negative impact on the Group's business.

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 9.1% of the total Group fleet at 31 December 2021. In addition, contracts span several years.

The Group does not have excessive concentration in a single brand.

As at 31 December 2021, the Group's top three suppliers were Ford, Renault and Peugeot (no brand representing more than 14.4% of the Group's vehicles on the statement of financial position).

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 immobilised 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.

4.3 Strategic risks

4.3.1 Risks related to acquisitions

Identification of the risk	Likelihood	Impact	Trend
The Group could encounter difficulties to execute the announced acquisitions, to generate the expected benefits and integration costs. The Group also faces the risk that the integration of new acquisitions may divert management from existing operations. **As a result, the Group could record lower-than-anticipated profits, or additional expenses, asset impairments and losses that had not been identified, and which could adversely impact the Group's results and financial position as well as its share price.**	Likely	Strong	↗

On 6 January 2022, ALD announced the signing of a Memorandum of Understanding to acquire 100% of LeasePlan, a leading mobility solutions company offering comprehensive leasing and fleet management services, with a total fleet of 1.8 million vehicles, for a price of EUR 4.9 billion, paid in cash and shares. This step-change acquisition would be highly accretive to shareholders through economies of scale and synergies. The closing of the transaction, planned by the end of 2022, is subject to customary closing conditions, of financial, antitrust and regulatory natures. ALD has set up a dedicated integration management office, with the objective of finalizing the integration plan by the closing date of the transaction, for an efficient and timely execution.

The Group may not be able to meet all of the conditions required for the closing of an acquisition, and thus not be able to complete the announced acquisition. In the event that costs are already incurred for the closing of an acquisition that eventually does not occur, the Group may not be able to recover these costs.

The closing of an acquisition may also take longer than anticipated.

The agreements necessary to close an acquisition could be obtained by the Group under certain conditions or restrictions that could have an adverse impact on the scope of the acquisition, the expenses associated with the acquisition and the expected benefits, compared with the amounts initially communicated by the Group.

An adverse change in the economic, financial and/or stock market environment could have a negative impact on the financing of the acquisition and consequently on the expected benefits.

The Group could encounter difficulties in integrating the activities resulting from this acquisition and not be able to generate the expected benefits, or could generate only partial benefits, or take longer than expected to generate these benefits.

The Group may also have to incur more integration costs than it had initially anticipated in order to generate the expected benefits from the acquisition.

As a result, the Group is exposed to the risk of executing the synergies and restructuring necessary to obtain these synergies and to the risk of the date of their realization.

In addition, the integration of the new activities could require increased mobilization of teams, in particular Group management, which could divert them from their operational and strategic management functions of the existing operations and could have a negative impact on the Group's activities, results and financial situation.

Although the Group conducts in-depth analyses of targets as part of the acquisition process, it is generally not in a position to conduct a comprehensive review of their assets and management and accounting practices. As a result, the Group is exposed to the risk that the assets of the acquired companies may be of lower quality than initially assessed, or that their risk management or valuation methods may not meet current or Group standards, or that the assets may present risks that could materialize in the future, which could result in additional expenses or impairment of assets or losses not anticipated by the Group, or the inability to realize the benefits expected from the acquisition.

These risks could have an adverse effect on the Group's business, results and financial condition and the value of its financial instruments.

The risk on acquisitions is managed by conducting in-depth due diligence, whenever possible, during the acquisition process. In addition, dedicated teams are responsible for the efficient and rapid integration of acquired entities.

The Group conducts in-depth analyses of the targets being considered as part of due diligence. These analyses are carried out by expert teams in the field of mergers and acquisitions, with extensive experience in the mobility industry and internationally.

It has also set up a dedicated department, with significant resources, to prepare the integration of acquired companies by the closing of the transactions and to be ready to carry out an efficient and rapid integration, with a view to generating the potential synergies identified, while controlling integration costs, within the targeted timeframe.

4.3.2 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 increase in the businesses in which it operates.	Possible	Strong	→

The Group operates in a highly competitive industry characterised by consolidation in a number of its core markets, particularly in the more mature European markets.

The Group's main 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.* advice on carbon emission reduction strategy, flexible leasing terms, and digital offering).

4.4 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.	Likely	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. Between 2011 and 2019, the Cost of risk [(1)] remained below 25 basis points. As a result of the coronavirus crisis, the Cost of risk rose to an exceptional 34 basis points in 2020 (including seven basis points of provision based on forward-looking economic data). In 2021, the Cost of risk fell to a low level of 11 basis points, thanks to low default rates owing to the governmental measures to support their respective economies. The evolution of the Cost of risk in 2022 could be affected by geopolitical tensions that could lead to the disruption of the global economy.

As at 31 December 2021, Group receivables with customers and financial institutions was EUR 1,858.2 million. At the same date, the Group set aside provisions of EUR 184.8 million for impairment of trade receivables. In 2020, forward-looking provisions based on forward-looking economic data (anticipation of the future economic impact of the COVID-19 crisis and the end of government support policies for companies) amounted to EUR 15.4 million. As at 31 December 2021, this provision was EUR 9.2 million (see Section 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.

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 authorisations vary depending on whether a customer is exclusive or shared with Societe Generale. This system of authorisations 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. As at 31 December 2021, 54% 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.

1) *Cost of risk in bps is calculated as a percentage of Average earning assets (as defined in Chapter 2).*

4.5 Operational risks

4.5.1 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 technologies could require significant expenditure to modify or upgrade the Group's information systems in order to remain competitive and handle market changes.

The Group has put in place an IT risk management framework that meets the expectations of regulators, market standards and the Societe Generale code of conduct. This framework aims to:

- ensure the right level of expertise and responsibility for managing risks across the Group;
- ensure the right level of information-sharing with internal or external counterparties;
- provide decision-making support with the right level of information on the risks incurred;
- ensure that managers and risk managers get a relevant level of information enabling them to carry out their activities (while respecting the confidentiality of this information).

The risks that could impact the Group's ability to implement its strategy or achieve its objectives and results are identified, assessed and managed in a measured, effective and proactive manner by the IT Operational Risk Committee. This committee is formed by teams from the Risk, Compliance, Data protection, IT production and operations, and security teams, and is Chaired by the Group's CIO.

The main responsibilities of this committee are:

- deployment of the IT risk management framework;
- review of audit recommendations, compliance and business continuity requirements, Service Level Agreements;
- monitoring of production incidents, security incidents and permanent control alerts;
- supervision of Disaster Recovery Plan.

ALD Group's IT risk governance falls within the scope of Societe Generale's IT risk governance, in which the ALD Group is represented by the ALD Global CISO.

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.

The Group's communication and information systems are crucial to the conduct of its business, this importance being reinforced by the widespread use of digital services and the digitization of processes. Any breach of its systems or the systems of its external partners could materially disrupt the Group's business. Such incidents could result in significant costs related to the recovery and verification of information, loss of revenue, customer attrition, disputes with counterparties or customers, difficulties in managing operations, the leakage of information, in particular confidential commercial information, impairment of its investments in its products or its research and development, jeopardize its legal liability and ultimately damage the Group's reputation. Difficulties encountered by some of its counterparties could also indirectly generate credit and/or reputation risks for the Group.

The Group could be subject to targeted and sophisticated attacks on its computer network, resulting in embezzlement, loss, theft or disclosure of confidential data or customer data (which could constitute violations of Regulation (EU) 2016/679 of the European Parliament and of the Council on the protection of individuals with regard to the processing of personal data and on the free movement of such data ("GDPR")). Such actions could result in operational losses and have an adverse effect on the Group's business, results and reputation with its customers.

The Group's liability could include sanctions imposed by the regulator (in Europe and in other countries where the Group operates), complaints from its business partners, for identity theft or fraud, and for other misuse of personal information, including for unauthorized marketing purposes, and these claims could lead to litigation.

The situation generated by the conflict in Ukraine in 2022 significantly increases the risk of cyber-attacks for the Group and its external partners, which could lead to the disruption of sites and increased risks of data leakage. In this context, the Group has put in place the necessary measures to address the growing threats and protect its systems.

Security governance organised around a Global Chief Information Security Officer.

The latter supervises the various security correspondents in the Group entities and 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 manages the risk of attacks through preventive actions and close monitoring.

The Group:

- 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 organises 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.).

4.5.2 Legal, fiscal and compliance risks

The Group complies with numerous national sectoral/transversal laws and regulations, in particular relating to credit transactions, the distribution of insurance products, competition law, financial markets, sanctions and embargoes compliance, fight against terrorism financing and money laundering, fight against corruption, personal data protection and consumption law. The proliferation of sources of legal, regulatory and tax obligations constitutes a risk concerning the control and clarity of the legal framework applicable to the Group’s activities.

Identification of the risk	Likelihood	Impact	Trend
The Group could be subject to litigation or administrative and/or legal proceedings as well as to sanctions for non-compliance with regulations 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 organisation.

In the event of non-compliance with regulations by the Group's entities, particularly with regard to the fight against corruption, the fight against money laundering or non-compliance with sanctions and embargoes, the Group could be subject to financial, administrative or criminal sanctions.

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 13.9 million has been booked for this dispute.

The investigation carried out by the Romanian competition authority into exchanges of information within the local trade association was concluded without any liability being attributed to ALD and led to the implementation of behavioural commitments to this authority.

The market for the sale of used vehicles, in which ALD is present in Turkey, was the subject of an investigation by the Turkish competition authority following complaints related in particular to the rising automotive resale prices in the Turkish market. However, these price increases are explained by the heavy import taxes on cars as well as by the increase in local demand. The authority's investigation report (which does not a constituted an official decision) was published on 19 July 2021. It concluded that there was no proof of a cartel in the used car sales market and that there was therefore no reason to impose administrative fines on ALD Turkey and, more generally, on players in the used vehicles sales market. Following a hearing with the authority, the subsidiary was notified that there were no grounds for imposing a penalty in the absence of evidence of a violation of competition rules.

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 practice that is widespread in the car rental sector and approved by the Italian car rental 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 EUR 9.4 million has been recorded in 2020 accounts for this case. In November 2021, following a new notice of assessment for the financial year 2018, ALD Italy recorded an additional provision of EUR 11.7 million.

ALD Spain initiated a dispute in 2017 following a tax adjustment in respect of the financial years 2011 to 2014 relating to income tax, withholding taxes and VAT, for which a provision totalling EUR 2.4 million was created at December 31, 2016. The proceedings are ongoing before the administrative courts. Furthermore, a tax audit has been opened since 2019 for the financial years 2015 to 2017 which led to the payment of EUR 9 million to the Spanish tax authorities in relation to the recovery of VAT on insurance services. Legal proceedings have been brought in relation to that tax reassessment. Other potentially disputed amounts for similar cases have been fully provisioned for the years from 2018 up to December 2021 for a total of EUR 18.5 million.

ALD Brazil is currently involved in two disputes with the Brazilian tax authorities concerning the application of taxes on the resale of vehicles and the calculation methods to be used for the application of tax credits. These two disputes, which relate to the 2014 and 2018 tax years, expose ALD Brazil to an adjustment of EUR 4.3 and 7.5 million respectively.

Legal and compliance teams are supported by Societe Generale.

ALD's Legal Department relies on the expertise of Societe Generale's legal function and ensures compliance with legal instructions. 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 corporate life.

The Group's central policies comply with Societe Generale's requirements and those of regulations, particularly with regard to the fight against corruption, against money laundering, against financing of terrorism and to sanctions and embargoes.

They define the measures enabling business to be conducted in compliance with applicable regulations and 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 minimise 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.

4.5.3 Environmental and social risks

Identification of the risk	Likelihood	Impact	Trend
The Group's activity could have negative impacts on the climate, the environment and society.	Possible	Medium	→

The Group's sustainable development policy is set out in Chapter 5 "Declaration of extra-financial performance" of this Universal Registration Document. A detailed and hierarchical mapping of CSR risks is presented in Section 5.1, as are the policies implemented to limit the most significant risks.

For ALD's activity, the main issue in terms of materiality is climate: road transport is responsible for 20% of emissions in the EU, of which the vast majority (16%) are linked to types of vehicles financed by ALD (passenger cars and light commercial vehicles). The sector's visibility on climate issues goes beyond this already significant percentage, as it affects the daily life of both the public and businesses. The second major impact of transport concerns pollution, resulting from emissions of nitrogen oxides (NOx) and fine particles during the use phase of vehicles, particularly sensitive for diesel engines, entailing major public health issues.

To limit the risks or maximise the positive impact of its activity, ALD is working both to reduce exposure to thermal vehicles (particularly diesel) and to create the conditions necessary for the increased adoption of electrified vehicles, two projects that are well underway (see Section 5.2).

As car leasing responds to more intensive than average use cases, the sector has always been very much oriented towards diesel technology. In this context, ALD implemented a series of proactive measures in 2017 to accelerate the transition of its fleet to a more balanced mix. The share of diesel passenger vehicle deliveries fell from 68% in Q4 2017 to 24% in Q4 2021.

Thanks to its position as a facilitator/prescriber, ALD has a major role to play in supporting customers with the energy transition of their fleets. This positioning, combined with changes made to the product/service offering and growing customer demand, places ALD well ahead of the market as a whole, whether in terms of fleet electrification or carbon emissions reduction. The share of electric vehicles in the delivery of new cars in Europe for 2021 was 27% in 2021 (*vs.* 16% for the market), already close to the target of 30% of our Move 2025 plan.

The growing share of electric vehicles automatically translates into lower emissions. CO_2 emissions from ALD deliveries are historically 5 to 10 g/km lower than the market. It is also important to remember that the stock managed by ALD is much more recent than the average vehicle fleet (2 years old compared to the average age of 11 in Europe). It therefore meets the latest certification standards.

ALD also has the strategic aim of investing in new mobility solutions with a lower environmental impact. "Mobility as a Service", car-sharing and soft mobility offers are promoting new behaviours that are gradually moving away from the traditional paradigm of one car per user.

4.6 Treasury risks

4.6.1 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 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”).

To finance its expansion, the Group relies on Societe Generale, which remains its leading lender. Additionally, it has access to external financing on the capital markets (public bond issues and securitisations), where its issuances benefit from strong demand and enable the Group to raise liquidity on competitive terms.

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. Residual liquidity gaps by entity is reviewed each month under the supervision of the ALD Group’s central Treasury Department, which checks that debt is properly matched to leased assets. This liquidity position 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 December 31, 2021, financing from Societe Generale represented approximately 71% of the Group’s total debt financing.

4.6.2 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's 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.

The 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.

For more details concerning the foreign currency exposure of ALD borrowings, refer to Section 6.2 note 28 and concerning the Group’s sensitivity to changes in interest rates, to Section 6.2, note 4.

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 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 minimise 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 exchange rate risks 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

Declaration of extra-financial performance

5.1 Introduction: a CSR goal integrated into the Group strategy AFR DEFP

5.1.1 Main themes of the CSR policy

The Move 2025 strategic plan places Corporate and Social Responsibility (CSR) at the heart of the Group's strategy: the Responsibility pillar, called Move for Good, is one of the foundations of the strategy (see Section 1.4.3 "Move for Good: placing people and social and environmental responsibility at the heart of each activity").

In concrete terms, ALD's CSR policy is based on four themes:

- 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 stakeholders and to support the positive transformations of the Company. Each of these areas is important, but as a major player in mobility and services, the most material impact on society is the products and services marketed, primarily through emissions from vehicles managed on behalf of customers. Hence the strong focus of the CSR policy on sustainable mobility.

On this last point, ALD made a public commitment to the Science-Based Targets initiative in November 2021, in the context of COP26. This commitment involves reducing greenhouse gas emissions across all scopes, on a trajectory compatible with achieving the "net zero" objective by 2050 at the latest. The reduction targets already announced in the Move 2025 plan will be completed and strengthened within a maximum of 24 months after the initial commitment.

5.1.2 CSR governance and main commitments

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 presence of local CSR ambassadors in the operating entities is key to ensuring the consistency and impact of the CSR setup. The CSR community was first built through the appointment of correspondents in the seven main European countries (France, Italy, Belgium, Spain, Germany, the Netherlands, United Kingdom), and has gradually expanded to new regions. To date, 30 countries have an identified CSR ambassador compared to 18 at the end of 2020. A similar community of ambassadors across various operational departments of ALD SA is also in place since 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 Management Committee. It is also the subject of an annual update with the Board of Directors.

ALD places particular importance on dialogue with stakeholders, whether internal or external, particularly on environmental and social issues. There are many external stakeholders:

- strategic suppliers (see 5.4.3);
- customers, particularly large international groups (see 5.4.1);
- coalitions such as ChargeUp Europe (see 5.2.1.2);
- professional organisations (LeaseEurope and national equivalents).

Lastly, ALD's CSR setup is fully integrated with that of Societe Generale, both in substance (compliance with international conventions, public commitments, policy elements) and in terms of processes (reporting, methods, business line management, common tools, arbitration).

As such, ALD conducts its development in accordance with the values and principles set out in the main international agreements and pacts to which Societe Generale adheres:

- 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;
- the United Nations Framework Convention on Climate Change and the Paris Climate Agreement;
- the United Nations Sustainable Development Goals (SDGs).

ALD is also bound by Societe Generale's public environmental and social commitments, in particular:

- 2003: Membership of the UN Global Compact, which encourages companies to integrate principles relating to human rights and working conditions;
- 2016: signature of the Women's Empowerment Principles;
- 2016: signature of the ILO "Enterprise and Disability" charter;
- 2018: support for the UN Guiding Principles on the fight against LGBT+discrimination;
- 2019: signing of the Responsible Digital Charter;
- 2019: renewal in 2019 of the global agreement on fundamental rights with the international trade union federation UNI Global Union;
- 2021: founding signatory of the Net Zero Banking Alliance, an initiative of the UNEP-FI, committing it to align its portfolios with a pathway to overall carbon neutrality by 2050, with the objective of limiting global warming to 1.5°C.

5.1.3 The new regulations

This Declaration of extra-financial performance (DEFP) is prepared in accordance with the legislative framework transposing the NFRD, the European Directive on non-financial reporting (Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code *[Code de commerce]*). It is an opportunity for ALD to clarify the relationship between its business model (see Chapter 1), its CSR ambition and the policies and processes implemented to manage the environmental and social (E&S) risk factors inherent in its activities. Alongside risks, the DEFP also helps to highlight CSR opportunities for the Group and its customers.

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 mapping and scoring methodology 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 2021 is in line with that of the previous year.

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 impact of electrified products (raw materials, batteries, PHEV, etc.) • 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 • Consulting, awareness-raising/education on electric vehicles • 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 automotive costs for BtoB and BtoC customers (*e.g.* rising oil prices, taxes, reduction in subsidies for electric vehicles, shortage of raw materials/ semiconductors): potential negative 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.) • Acquisition or shareholding: Skipr, Fleetpool
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 well-being 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 extra-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 (see Section 5.4.3), even if they primarily remain the responsibility of the carmakers and maintenance networks which produce and distribute 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. This generic feature of the Full Service Leasing model takes on a particular dimension for electric vehicles: ALD will contribute significantly to the democratisation of electric vehicles by supplying the used market. The Full Service Leasing sector is already today, and will continue to be one of the only channels to bring to the used vehicle market a significant volume of recent electric cars that are more affordable than new vehicles, thus bringing a significant societal benefit.

In addition, the Move 2025 plan introduces the possibility of extending the period of ownership of assets by alternating different modes of use (Full Service Leasing of new vehicles, car-sharing or leasing with services on used vehicles, etc.). A target of 125,000 used vehicle leases has been set for 2025 in the Move 2025 Strategic Plan.

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/tax_code_of_conduct_of_societe_generale_group_uk.pdf.

5.2 Sustainable mobility at the heart of the business AFR DEFP

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 cars 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 (NOx);
- 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.
- Environmental impact of electrified products (raw materials, batteries, PHEV, etc.)

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 ESG challenges of automotive leasing are closely linked to those of the automotive sector as a whole. The first issue in terms of materiality is that of **climate change**. Road transport has a special status when it comes to reducing greenhouse gas emissions in order to achieve “net zero emissions” by 2050. It is currently responsible for 20% of emissions in the European Union, the vast majority of which (16%) are from passenger vehicles and light commercial vehicles (Source: International Energy Agency, Tracking Transport 2019).

The second major impact of transport is **pollution** resulting from emissions of nitrogen oxides (NO_x) and fine particles (PM) during the use phase of vehicles, particularly sensitive in the case of diesel engines. Transportation is responsible for around half of nitrogen oxide emissions (Source: IEA see above), and thus entails major public health issues.

To reduce all emissions (greenhouse gases and pollutants), electrification is the best technical solution for individual mobility in the short and medium term: during the use phase, battery-powered electric vehicles (BEV) have zero emissions of CO_2 and NO_x, and pollutant emissions limited 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 explained 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 largely depends on the offer (from automotive 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. There is an increasing expectation of support in the transition to low-carbon mobility solutions and is key to securing the loyalty of existing customers and winning over new customers. 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 rebalancing the Group’s fleet, to the detriment of diesel;
- the emergence of electrified vehicles.

CSR issue (description)	Policies implemented (description)	Indicator (indicator type/box)	Objective qualitative/ quantitative (indicator type/box)	Result (indicator type/box) 2021	2020	2019
Energy transition	Reduction in the share of diesel	Share of diesel in deliveries (worldwide)	< 2020	27% (Q4 24%)	40% (Q4 37%)	45% (Q4 43%)
Energy transition	Increase in the share of low-emission vehicles	Share of electric vehicles in deliveries [(1)]	> 2020	27%	18%	
Energy transition	Implementation of an offer end-to-end services: ALD Electric	Number of countries deployed	20	22	12	7

(1) Battery-powered electric vehicles + plug-in hybrids + hydrogen, Europe (EU + UK + Switzerland +Norway), passenger cars.

2021 Highlights	2022 Priorities
Strengthening and extending the ALD Electric offering Reduction in the share of fossil fuels and progression of electric vehicles Signing of new strategic partnerships focused on electric vehicles (*e.g.* smart)	Strengthening and extending the ALD Electric offering Reduction in the share of fossil fuels and progression of electric vehicles Increase in the proportion of electrified commercial 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-powered 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 standpoint, 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).

While the market share of diesel is naturally tending to decline due to various external factors (public policy, image, technical price increases), ALD implemented proactive internal policies from 2017 to support and amplify this movement by taking action on different measures:

- 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

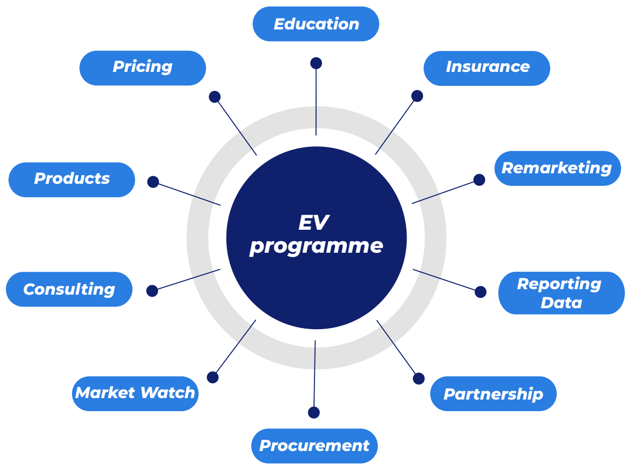
This holistic approach is producing tangible results, with the share of diesel engines in the production of new contracts down by 44 percentage points between Q4 2017 and Q4 2021. Over the full year of 2021, the share of diesel in passenger vehicle deliveries stood at 27% (-13 percentage points *vs.* 2019), and low-emission electric powertrains continued to take market share from internal combustion engines.

In the inventory (running fleet), the share of diesel is falling rapidly and is below 50% for passenger vehicles.

5.2.1.2 Electrification

This overall effort on rebalancing the managed fleet is accompanied by specific work on electric vehicles. In view of the relative immaturity of the sector and the significant national differences in their adoption, it was decided in 2018 to launch an "**EV Programme** " (electric vehicle programme). This program aims to systematically address the main elements of the leasing value chain in order to seize all the opportunities related to electric vehicles and manage the related risks. The backbone of the programme remains unchanged with ten main projects (streams), whose content may change year to year.

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 the intrinsic benefits of electric powertrains, the speed of change in technological standards, the demand dynamic and regulatory changes. With this in mind, a specific EV pricing task force was set up in 2020 and continued in 2021, combining central and local expertise from seven major countries.
- The implementation of **consultancy services** for customers, for which various energy transition solutions have been developed and launched. This involves supporting customers from end to end in their electrification trajectory, from helping to define strategy to controlling actual costs and carbon footprint. The tools or methodologies developed include a carbon trajectory development tool, a sustainable mobility guide for each country including "electric maturity" scoring of markets, mechanisms for identifying users "eligible" for electric vehicles based on actual use, and calculation engines for total cost of ownership (including the cost of recharging and the various tax or usage benefits related to these vehicles for both the client company and the driver).

- The development of **specific products and services**. ALD is adapting 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 thanks to the conclusion of strategic partnerships with "pure players" in the electricity ecosystem, able to supply both the charging stations ("hardware") and the associated software and data flows ("software"). In this respect, ALD entered into a preferential partnership with Chargepoint at the beginning of 2019, one of the world leaders in charging solutions. The target ALD Electric offer therefore includes the financing of the vehicle itself but also the option of providing an advisory service (see above), access to charging solutions at home, in the workplace and in public places and reporting services. The year 2021 was marked by a significant acceleration in the deployment of the ALD Electric offer, with 22 countries able to offer this "all-inclusive" package including access to charging solutions integrated into the monthly rent.

  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 offer, already available in nine countries (Belgium, the Netherlands, Luxembourg, France, Portugal, Austria, Switzerland, Finland and the Czech Republic), includes the supply of an electric vehicle as well as 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**, in particular with car manufacturers (OEMs). Distribution partnerships in "white label" with OEMs 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 journeys, 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. Since 2020, ALD has been chosen successively by Tesla, Polestar, Lynk & Co and 'smart' as the preferred partner in Europe to market a Full Service Leasing offer. For example, ALD Automotive has been chosen as the preferred leasing partner by the Tesla Group in 16 European countries in Europe. Tesla's business customers (large companies and SMEs) opting for a Full Service Leasing are referred to ALD Automotive. They can now benefit from a Full Service Leasing offer for the Model 3, Model Y, Model S and Model X. In 2021, 'smart', a pioneer in urban mobility, chose ALD Automotive as its exclusive digital leasing partner for its new generation of all-electric vehicles.
- The adaptation of vehicle purchasing policies, in a context specific to electric vehicles, marked by strong pressure on supply. At the same time, new purchasing categories are appearing, notably charging stations. ALD is also actively monitoring the environmental and social impact of the supply chain, particularly the production of batteries (for example, the extraction of cobalt or lithium in emerging countries), as much work remains to be done to ensure ethics from an environmental and social point of view.
- Adaptation of processes and techniques for reselling electric vehicles at the end of the contract ("remarketing"). Buyers of used electric vehicles will require new technical information (range, battery "health certificate") which will have to be provided on resale platforms. More generally, the electric vehicle lends itself to second-life offers (leasing, car-sharing) and ALD is developing "multi-cycle" leasing offers, in particular for electric vehicles.
- The review of reporting and information management systems, in particular to cope with the growing complexity of the vehicle offering (increasing levels of hybridization) and also to guarantee customers a complete view of their costs, taking into account charging 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; this work is discussed between ALD Re, ALD's reinsurance entity, and the subsidiaries and insurance companies used locally.
- Market monitoring, particularly important because this new emerging electric ecosystem is developing very quickly, both from a technological and ownership point of view. The objective is to acquire tools for monitoring the market, to identify the movements of car manufacturers (historical or new entrants), as well as changes in the charging and energy sector that may impact the business model of the OEM. ALD 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 tailormade 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 2021, the organisation of physical events was limited. On the other hand, ALD has increased its number of digital communication initiatives ("Ready to Move You" campaign on social networks, in-depth articles on the Mobility Blog of the aldautomotive.com website, and participation in virtual events [Fleet Europe, World EV Day, EV Summit]). These publicity campaigns are supplemented by a commitment to a market initiative: ALD is the only leasing company belonging to the ChargeUp Europe association as an "ecosystem member". This association brings together the main companies involved in charging infrastructure and aims to facilitate access to charging by dialoguing with public decision-makers, particularly at the EU level.

Results and ambitions

The share of electric vehicles (EVs – battery electric vehicles and plug-in hybrids) in new passenger car (PC) contracts increased considerably in 2021 (27% in Europe, +9 percentage points compared to 2020). 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, Great Britain) 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-powered electric vehicles and plug-in hybrid vehicles only) to 30% of deliveries in Europe [(1)] by 2025. The share of pure electric vehicles (BEV) alone is expected to reach 50% by 2030.

1) Targets set on new passenger car shipments for EU + Norway + UK + Switzerland.

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.

Overall, ALD's positioning as a facilitator, the efforts made on ALD Electric's offer, and growing customer demand place ALD's electrification level significantly ahead of the market as a whole (19% of registrations in Europe – source EV Volumes).

5.2.1.3 Carbon footprint: emissions and avoided emissions

Vehicle emissions can be considered from different angles:

- emissions related to the use phase ("Tank to Wheel");
- emissions including the entire life cycle of vehicles ("Well to Wheel").

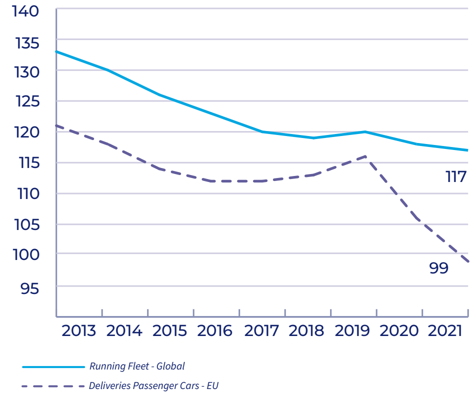
At present, vehicle approval and regulatory and tax measures relate exclusively to the **use phase**, and are based on **theoretical** data provided by manufacturers during the technical approval of vehicles. Since 2019, the NEDC standard has been replaced by the WLTP certification standard. The latter introduces a new laboratory test protocol aimed at bringing measured emissions closer to actual emissions, by using longer test times, increased speed and more varied driving cycles. The newly calculated standard therefore has an automatically higher impact compared to the NEDC data.

However, these theoretical emissions remain underestimated compared to the actual emissions, which ALD is not in a position to assess because it would require knowing the actual fuel consumption of each vehicle on the road.

Due to its business model marked by regular fleet rotation, the fleet of vehicles managed by ALD (inventory) is much more recent than the average vehicle fleet (around 2 years old *vs.* 11 on average in Europe) and meets the latest certification standards. It therefore has much lower emissivity than the average fleet in a given country.

New vehicles put on the road in a given year (flow) are also subject to in-depth analysis by ALD and its customers. Carbon efficiency is an almost systematic selection criterion in the vehicle listing policy. Emissions from ALD deliveries are historically five to ten grams lower than market emissions.

Average CO_2 Emissions (g/km) - ALD



Results and ambitions

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.

In 2020, average emissions fell again, and this trend is confirmed in 2021: for passenger cars in Europe [(1)], the average for deliveries is 99 grams per km (intensity indicator), down by 17 grams compared to 2019 and below 100 grams for the first time.

The significant decrease in emissions in 2020 is due to the ramp-up of deliveries of electric vehicles. It should be noted, however, that the average is not immediately comparable to the standard of 95 grams which is the target at EU level. ALD data do not take into account super credits granted to carmakers for the sale of zero-emission vehicles, bonuses granted for eco-innovations, or the average vehicle weight.

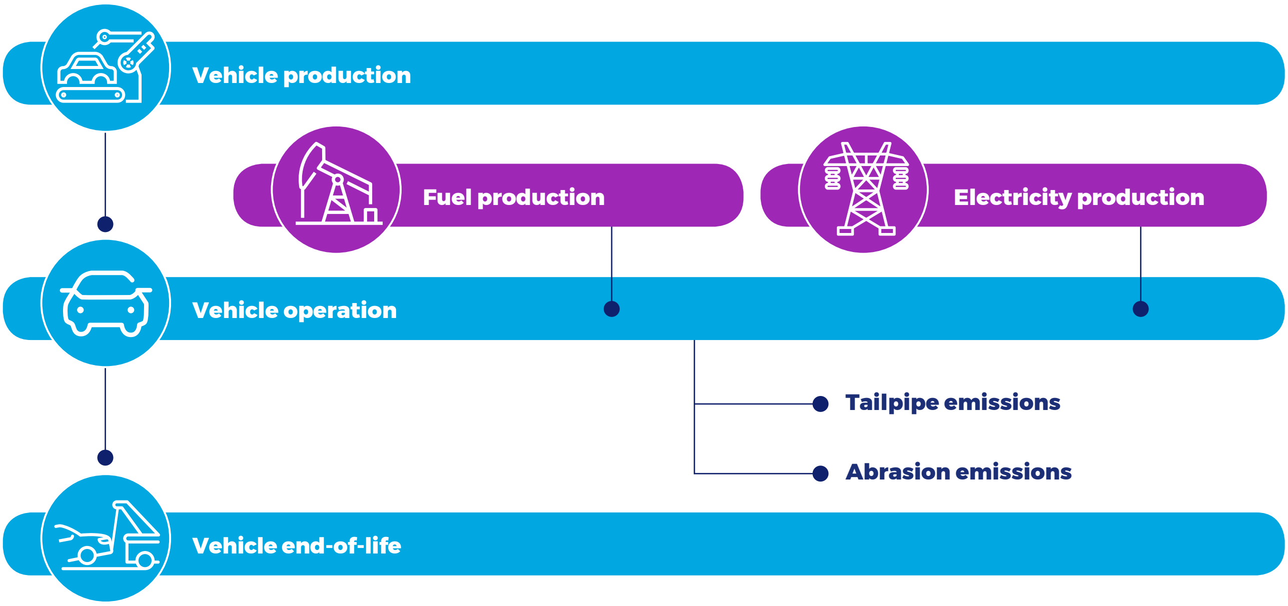
As part of its 2025 strategic plan, ALD has set itself the target of reducing emissions from deliveries of passenger vehicles in Europe by 40% by 2025 compared to 2019, *i.e.* 70 grams in NEDC Correlated terms.

The average coefficient of the entire fleet financed by ALD was stable at 117 grams of CO_2 per kilometre (manufacturers' data) despite higher proportion of WLTP-based data, since the new vehicles automatically replace product generations launched in 2016/2017, characterised by higher emissions. Compared to the fleet financed by ALD (1,426,573 vehicles) and the average annual mileage travelled (95,000km), the estimated volume of emissions is around 4.2 million tonnes (Scope 3 "downstream leased assets" within the meaning of the GHG Protocol).

ALD has also developed a life cycle analysis (LCA) tool as part of a positive impact bond issue. This tool makes it possible to assess not only carbon emissions from the fleet but also carbon and NOx emissions avoided thanks to its fleet of electrified vehicles. The financed part of this fleet, recorded on ALD's statement of financial position, enables more than 336,000 tonnes of CO_2 equivalent and 1,385 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).

1) *Europe: European Economic Area, UK and Switzerland.*

Methodological reminder: In order to measure the impact of this portfolio in a robust and transparent way, ALD has worked with consultants from Quantis to develop a pioneering methodology that takes into account greenhouse gas emissions as well as pollutant discharges (NOx, 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.



5.2.2 New uses and new mobilities

ALD's strategic objective is to invest in new mobility solutions to meet changing expectations and practices. In order to define its innovation strategy, ALD analysed the major trends that could impact its business model, which is essentially based on "conventional" car use. 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 and scaling up of new products or business models.

Convinced that the best ideas come from experts in the field, ALD has implemented a number of tools for ALD employees to submit their ideas (ideation campaigns) and created an international community of local innovation contacts to feed back trends and initiatives by subsidiaries. ALD is also developing its ability to respond to the needs of its partners and customers by listening to them, in particular during Customer Advisory Boards (already in place at central level in certain countries: LATAM, Hungary, Bulgaria, Turkey) and/or by involving them in creating the solutions of tomorrow. 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 relies on the teams in a subsidiary that has developed real expertise in a given field: they play a role of champion, are called upon to develop a product identified as strategic for the Group, and help to deploy it in other subsidiaries.

ALD United Kingdom, historically ahead of the curve in the management of connected fleets and the digitisation of acquisition processes, has given rise to the Digital Factory, which actively participates in the deployment of these solutions within the Group.

ALD Netherlands, an expert in multimodal mobility solutions with the ALD Move offer, is a leader in the development of this product and played a major role in confirming ALD's **Mobility-As-A-Service** (MaaS) strategy. 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.). It was co-created with our clients and led to the acquisition of a stake in Skipr, a start-up specialising in MaaS dedicated to companies and an essential technological building block for large-scale deployment.

Some of the subsidiaries have also developed service offers focused on other forms of "soft" mobility, including bicycles (electric or conventional) and electric mopeds or scooters, mainly in Belgium and more recently in France.

Against this background, in 2019, ALD Automotive announced that it was 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.

After the successful roll-out of ALD Flex, a flexible offer for companies, ALD went a step further in 2020 by acquiring Fleetpool in 2021, which will enable the implementation of digital subscription offers for consumers directly or through our partners, *i.e.* our customers' employees.

ALD Electric's deployment also accelerated significantly in 2021 to meet growing market demand.

CSR issue (description)	Policies implemented (description)	Indicator (indicator type/box)	Objective qualitative/ quantitative (indicator type/box)	Result (indicator type/box)		
				2021	2020	2019
New uses/economy of car-sharing, ride sharing	ALD Move	Number of countries deployed	Geographic extension of ALD Move with Skipr	Co-creation with a client in the Netherlands and acquisition of a stake in Skipr	Minimum Viable Product (MVP)	
New uses/the sharing economy	Flexibility	Number of countries deployed	Integration and launch of the Integration plan and launch of the Fleetpool internationalisation plan	ALD Flex: 32 Acquisition of Fleetpool		
New uses/the sharing economy	Electrification	Number of countries deployed	ALD Electric geographical extension	22	12	7

2021 Highlights	2022 Priorities
Corporate Car Sharing Strategy reviewed and adapted ALD Move in co-creation with a client in the Netherlands: Investment in the start-up Skipr ALD Flex: acquisition of Fleetpool ALD Electric available in 22 countries	Geographic extension of ALD Move with Skipr Fleetpool internationalization plan Improvement and additional deployment of ALD Electric, positioning in the value chain Deployment of a global electrification training program (BIC Academy)

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 aides (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 (accident rates down by 7% in the month following training), as well as a significant drop in fuel consumption. The ALD Safe Drive global offer is currently available in seven countries, and more than 30 Group countries offer physical or online training.

Events and communications for customers are traditionally organised on this theme. The pandemic context made it impossible to organise face-to-face events. ALD France nevertheless continued to publish its newsletter in 2021 to raise awareness of "ALD Safety" for corporate customers.

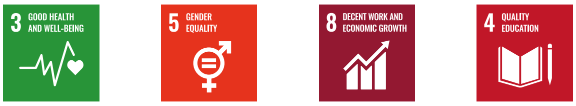
Finally, one of the pillars of the ALD consulting offering is dedicated entirely to road safety: assistance with accident data analysis, review of Company car policies, advice on choice of vehicles. This comprehensive approach has a single objective: reduce the cost of accidents, whether human, financial or environmental, with safe and ecological driving going hand in hand.

5.3 Responsible employer AFR DEFP

Significant risks identified:

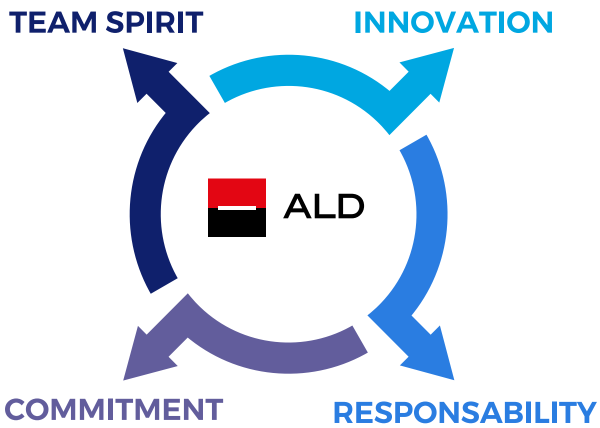
- difficulties with recruiting and retaining qualified employees;
- insufficient support for employees in the transformation of the business model;
- risk of discrimination, particularly regarding gender;
- not taking into account well-being at work issues.

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.

As a responsible employer and a subsidiary of Societe Generale, ALD is committed to respecting and applying in all its entities, the specific agreements and charters signed by Societe Generale, in particular the UNI Charter, guaranteeing the highest standards in terms of integrity and behaviour, defending fundamental rights and freedom of association but also creating a work environment conducive to inclusion and promoting employee diversity that reflects our customers and our societies and combats all forms of discrimination.

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.

As a responsible employer, ALD reaffirmed these values in its Move 2025 strategic plan through its Move For Good pillar, reaffirming the place of people at the heart of its business, and launched a cultural transformation programme in 2021 focused on people and a "**Ready To Shape Tomorrow**" state of mind (hereinafter referred to as "RTST").

In an increasingly volatile and changing work environment, where automation, technology and artificial intelligence are dramatically and very rapidly transforming the way we work and reshaping the future not only of mobility but also of our employees, customers and partners; the main objectives of this global transformation program for the ALD Group are to prepare and support all its employees in order to put them in the best position to deliver on the ambitions of the Move 2025 strategic plan.

It is structured around three main pillars: leadership and mindset, attractiveness and future workplace.

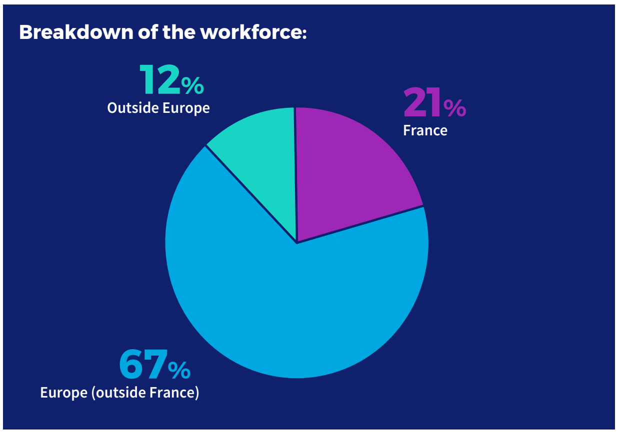
The collaborative approach meant that all entities helped define the Group's vision and objectives, making it possible to apply the mindset and values that ALD cherishes; then leaving to the entities to implement their own action plans in light of their own challenges and their local context.

With activity recovering post-pandemic and very active local labour markets but workforce shortages on the market, the deployment of this global programme will be one of the differentiating factors in order to attract future employees and retain existing ones.

5.3.2 Recruiting and retaining employees and encouraging engagement

5.3.2.1 Recruiting

A few facts about ALD's workforce



See all the quantitative indicators in Section 5.4.2

Since the pandemic caused by the COVID-19 virus, HR processes have been revised and upgraded where necessary to ensure continuity of HR activity. This involved stepping up use of digital channels and ensuring the continuation of operations. The goal of digitalisation is also at the core of the " future workplace" pillar of the RTST program, with the aim being to enhance the digitalisation of all Company processes, including HR.

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 integration program independently, while relying on the **ALD Group Onboarding programme** launched in 2019, which complements local practices and gives a sense of belonging to a Group whose values are shared by each entity.

In an increasingly hybrid and uncertain working environment, onboarding remains all the more essential and key. Development and adaptation of the system mixing face-to-face and remote solutions, where local constraints permit, has been enhanced in various entities. This is notably the case at ALD SA (holding) in France, the Baltic countries, Spain, the Netherlands, Chile, Hungary, Luxembourg, Romania, Portugal, the Nordic countries.

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, recognising the contribution of each to the Group's performance; it depends on the achievement of objectives defined at the beginning of the year, assessed according to the context but also how those objectives have been fullfiled, in compliance with the Group's ethical principles and Code of Conduct. 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 CRD5 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.**

In 2021, due to the exceptional results of the ALD Group and in order to recognise the contribution of each individual to the Group's performance, each entity that did not already have a profit-sharing or incentive scheme was able to pay its eligible employees an exceptional bonus of an amount determined by the entity.

Employer-employee dialogue

Dialogue with employee representatives is fundamental to the relationship that ALD has built with its employees.

As a subsidiary of Societe Generale, which has signed up to the UNI agreement, ALD is committed to fundamental rights and trade union freedom by ensuring respect for freedom of association and collective bargaining as well as maintaining a favourable social climate.

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. Six agreements were signed in 2021 with the trade unions within our entity ALD France (agreement on the implementation of paid leave by calendar year, three-year jobs and skills management agreement, three-year profit-sharing agreement, annual pay agreement, agreement on the allocation of an additional incentive scheme, agreement on the exemption from the ban on Sunday work in the IT Department).

The CSE is also particularly involved in the discussions and mechanisms set up ensure fluid and constant social dialogue. The CSE was regularly consulted before any decisions of its concern was made and in accordance with the requirements of the French Labour 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.

Overall, the turnover rate for permanent employees returned to rates observed in 2018/2019, a sign that the labour market is recovering in the different entities.

TURNOVER RATE FOR PERMANENT EMPLOYEES

2019	2020	2021
14.66%	10.25%	13.17%

RATE OF VOLUNTARY TURNOVER OF PERMANENT CONTRACTS

2019	2020	2021
8.78%	5.26%	8.96%

5.3.2.3 Encouraging commitment

76% = vs 2020
Commitment rate

82% + 1 vs 2020
Confidence in the business strategy

76% + 12 vs 2020
Participation rate 2021

82% -1 vs 2020
Satisfaction with current position

87% -2 vs 2020
Pride in belonging to the Group

Through the **attractiveness pillar** of its RTST programme, ALD underscores the importance of employees in its approach, making every effort to provide them with the best employee experience. This will be all the more important in a labour market that is becoming more active after the health crisis and where priorities for some employees may have changed.

In response to a growing need for flexible working and a better work-life balance, some ALD entities (such as ALD SA, ALD France, ALD Belgium, the Netherlands, Germany, the United Kingdom, Mexico, Hungary, Russia, Latvia, Poland, Bulgaria, Brazil, Portugal, Italy, and the Nordic countries) had already implemented or tested the "**Home Office**" remote working concept; giving the opportunity to most of the ALD Group employees to test those new ways of working and of organization.

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) were also 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.). Based on this experience, ALD, through its RTST programme, looked at the feasibility of continuing these measures and schemes after the pandemic and to ensure that remote working in general becomes for the ALD Group an accessible, ordinary way of working in the long term, for all employees whose activities can be carried out remotely. In this context, a certain number of entities, such as ALD SA, ALD France, Italy, the United Kingdom, the Netherlands, Brazil and Portugal have already revised and upgraded their remote working and support policy already in place to promote even greater flexibility. Entities such as Bulgaria and Hungary have developed their own remote working policy and Bulgaria has started to think about the implementation of new initiatives such flexible working hours.

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, the United Kingdom, 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 as set out in the RTST programme.

Finally, in order to meet the ever-increasing expectations of its employees, ALD encourages the development of new employee commuting schemes and encourages the implementation of actions enabling employees to adapt their mode of travel between home and place of work. This is notably the case for entities such as Italy, ALD France and Colombia.

ALD is also committed to developing a **respectful and safe working environment** to enable each employee to work in the best health and well-being conditions, thus limiting the risk of workplace accidents or ill-being at work in increasingly hybrid environments. As a subsidiary of Societe Generale, ALD undertakes to comply with the Societe Generale policy on Health and Safety at Work. Several of our sites have specific occupational health and safety policies and measures, including incentives to return to work after pandemic-related lockdowns or hybrid working, as in Austria with the “ALD Care” programme, which includes various occupational health and safety measures for employees, in Ukraine *via* the provision of specific medical services, health platforms that can be consulted by employees in complete confidentiality (Italy, ALD SA, ALD France, Luxembourg, etc.), or even in-company interventions such as well-being workshops, further advice on posture in the workplace (ALD SA or United Kingdom, LATAM). In 2021, ALD Spain was awarded the third place in the “Health and Business” award, from among more than 80 of Spain’s leading companies who submitted projects, recognising the best initiatives on occupational health issues for its health and well-being passport programme. It was also recognised for pandemic management measures through certification, *Garantia Madrid*.

Various HR initiatives have been put in place in all our entities to **protect the mental and physical health** of our employees, particularly during the health crisis. These initiatives have been retained and embedded more systematically in normal, non-crisis-related policies. 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.

Specific communication mechanisms such as special and dedicated time with top management and regular meetings involving all staff, set up during the crisis, which improved the way we communicate with all employees have been retained. These mechanisms encourage sustained and regular communication between management and employees and ensure the transparency of Management decisions and ensure that information is fed back throughout all levels of the organisation, helping employees stay connected to their company.

ALD is also committed to offering each of its employees a work environment that is respectful and conducive to the development of all. The Group is thus committed to actions to prevent and combat inappropriate behaviour in the workplace, particularly harassment, whether moral or sexual.

As part of Societe Generale commitment to prevent and combat any behaviour that does not meet the principles stated in its Code of Conduct. ALD has reaffirmed this commitment by putting in place mechanisms to ensure prevention, treatment and rapid resolution of alerts; empowering all employees; creating the conditions for a secure and balanced working relationship. The procedure for reporting and handling inappropriate behaviour states the options open to employees to report an inappropriate situation, in particular *via* the Whistleblowing tool. Moreover, 87% of the Group’s employees believe that if they were to witness or were confronted with inappropriate behaviour, they would exercise their right to alert.

Overall, 89% of the Group’s employees believe that they can express their opinion, express new ideas or express concerns to their manager or colleagues, behaviour encouraged by the development of various tools such as Friday feedback initiatives.

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.

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.

This was confirmed, for example, with the participation of Group employees in the diagnostic phase of the RTST strategic programme. 64% of the Group’s employees responded to the qualitative survey launched worldwide to measure levels in each entity maturity for each of the programme’s dimensions with a view to implementing a second phase of dedicated local actions plans as part of the Group’s objectives defined collectively.

All of these successes, as well as the constant adaptation of our operating methods and actions to the changing context, have led, over the past ten years, to five Group entities being ranked in the Top 10 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, 2020 and 2021.

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. This rate stands at 76% in 2021 based on our latest survey conducted at the end of 2021.

Move 2025: Move for Good

Being a committed and responsible employer

- Towards a sharper and stronger digital mindset and inclusive culture
- Employee engagement

35% women in management bodies*

80% employee engagement rate

Executive Committee and Management Committee of ALD SA (holding) + Operating Board + Chief Executive Officers and local Management Committees of Group entities internationally

5.3.2.4 Societal commitment

It is important for ALD to have a positive contribution *via* societal commitment and involvement in the community. This contribution involves supporting civic, solidarity and philanthropic initiatives. 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 accounts for one-third of actions financed in the Group and involve donations (financial, of vehicles or other donations in kind) to associations, schools, 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 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; several of the Group's countries are particularly active in this area, whether it be through financial support such as ALD France with the Second Chance School scheme, the provision of free vehicles such as ALD Morocco for the association *Enfance Maghreb Avenir* or ALD UK, which provides schools in the community with a free minibus that can be driven by ALD volunteer employees and which has also donated 301 computers to a school in Bristol that was the victim of a malware attack (new hard drives and refurbishment provided by ALD employees on their own time);
- **environmental protection**, whether through reforestation, waste collection, or support for emission reduction initiatives. Several countries have taken part in reforestation initiatives. These include ALD France in partnership with the ONF *(Office National des Forêts)* to help finance the planting of trees in Hardelot national forest (France), ALD Luxembourg in partnership with the NGO *Graine de Vie* to support several reforestation projects in Africa, ALD Portugal in partnership with the Quertus association to reforest the area around Sintra/Cascais, ALD Romania in partnership with Ecotree, ALD Mexico in partnership with the Pro Natura association, ALD SA in partnership with Reforest'action since 2018 (resulting in the planting of around 7,000 trees in France). ALD Nederland sponsored a group of students working on research on cars with solar panels and sustainable mobility;
- **mobility for all**: this principle takes the form of two types of action:

1) providing mobility solutions to disadvantaged populations for whom the vehicle has become a major factor of integration, such as the financial support of ALD SA and its employees for the AGIL'ESS network of solidarity garages,
2) make vehicles available free of charge to social economy companies, such as ALD France's support for MaMaMa or *Les Restos du Cœur,*
3) As in 2020, 2021 was marked by the COVID-19 pandemic. The ALD Group continued to support the medical profession, associations and people involved in the fight against COVID-19 as well as the people most vulnerable to the pandemic, mainly through the loan of vehicles (in seven countries, approximate value EUR 160,000) and financial and in-kind donations worth approximately EUR 40,000. For example, ALD SA has renewed its support of *Fondation 101*, a French foundation supporting research on intensive care around the world; donations in kind supplemented this scheme: 3,000 masks in India, distribution of meals and food baskets in the United Kingdom and in Morocco, in partnership with local NGOs.

In total, taking into account all of these initiatives, ALD allocated EUR 752,000 to solidarity actions in 2021.

Over and above the financial aspect, it is ALD's wish to involve employees in charitable activities. Several countries (UK, ALD SA, ALD Portugal, ALD Re and, since the end of 2021, ALD Finland) have devised programmes that encourage voluntary efforts by their employees during working hours. Although pandemic-related lockdowns had a negative effect on these programmes, the total number of days given by the Group's employees in 2021 was 105 days, mainly in the United Kingdom.

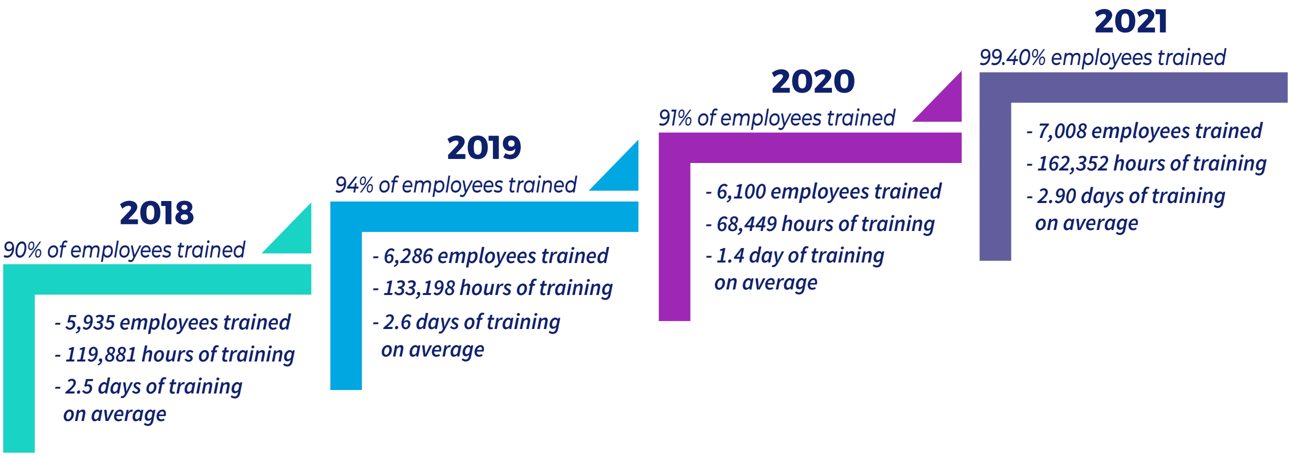
5

5.3.3 Developing the employability and agility of employees

Developing the employability and agility of employees at all levels of the Company, especially in a changing environment, is a principle reinforced in the RTST programme *via* the "Leadership and Mindset" pillar. ALD wants employees at all levels of the Company to be empowered and share a common mindset focused on innovation, diversity and sustainability, to better meet the expectations of customers today while building the world of mobility of tomorrow.

5.3.3.1 Responsible training policy

ALD has a responsible training policy that meets the needs of business lines and promotes employee development.



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.

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 17 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, Turkey, Bulgaria and Ukraine have been trained. A similar customer-focused approach was also undertaken in the LATAM region, particularly in Peru, Colombia and Chile.

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 is to continue to replicate this initiative in other Group countries, with the principle of the customer at the heart of our activity being reaffirmed as part of the RTST programme.

The **Clicks n' Bricks** programme, initially launched by ALD Denmark, aims to transform our traditional used vehicle sales process to digital sales.

It involves shaping traditional sales representatives on the resale site of used vehicles into digital sales representatives on the online platform, whose role is changing, focused on finalising customer sales and effective customer communication using online chat tools.

The Clicks n' Bricks programme has enabled us to effectively expand our sales to include private individuals. It was launched in Denmark and Finland and then rolled out in Portugal, Luxembourg, Hungary, Spain, Germany and Norway in 2019 and 2020. Belgium, Morocco and France rolled it out in 2021.

More comprehensive programmes and initiatives have also been launched to support the Group's transformation but also to strengthen collaboration between entities and thus train and develop the employability of employees in line with the Group's needs.

Thus, the **BIC Academy** programme launched in 2021, available in all entities, helps to develop a common language and understanding of the issues surrounding electrification in order to "talk about and sell electric mobility" and more easily support our customers in this transition. The **Global Corporate Clients programme** was also launched to develop a common set of skills within the Group's commercial teams dealing with our international clients.

Many initiatives have also been launched in different entities to support employees in **the use of collaborative and digital tools** as part of new ways of working asynchronously. Although many training courses were developed in a digital format, ALD has also boosted its training offering by making digital platforms available to offer its employees the most *à la carte* development opportunities and make them more autonomous in their development, whether these are global platforms or initiatives launched at a more local level, such as in Spain, Italy or the Netherlands.

With the same objective of offering a digital solution for knowledge sharing, ALD launched its **ALD Academy** in 2021, a unique and global knowledge platform within the ALD Group, accessible by all entities that enables the sharing of knowledge, expertise and best practices within the Group based on existing know-how but also digital promotion and learning within the Group and between various entities. Many business knowledge and personal development programmes are available; the ultimate goal is to make it a unique training platform containing the entire development offering available to all employees, regardless of entity.

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 and transforming 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.

Added to this is ALD's conviction that **training is a daily process**, enriching expertise and sharing skills. For example: "Learning on the Job" by ALD Spain or "Learning from each other" by ALD Turkey are schemes where employees who have mastered certain skills can help other employees master those same skills, thus promoting 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.

472
strategic talents

42.8%

57.2%

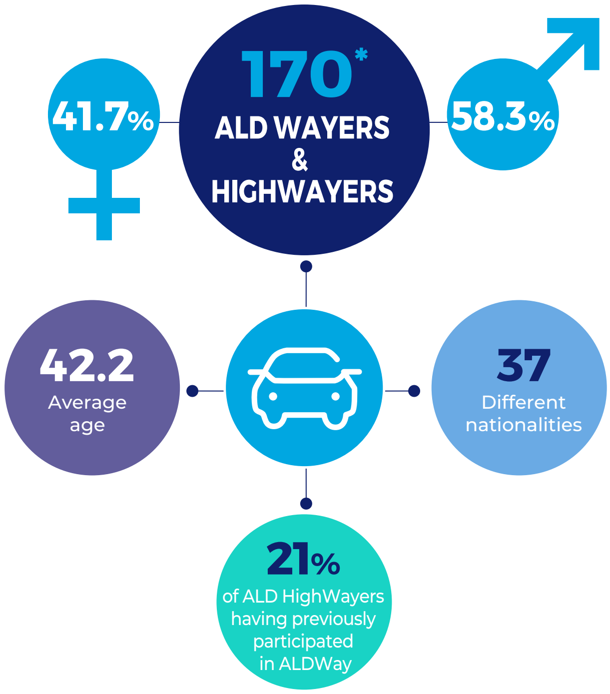
40
nationalities

38.9 years
average age

In addition to Societe Generale's Corporate University programmes, ALD's strategic talents are entitled to 2 programmes specific to the business:

- **ALDWay: Always Learning & Developing Way.** This international programme, launched in 2016, 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**;

- **ALD HighWay:** in 2021, a development programme for ALD's top management was launched, **ALD Highway**, because ALD's first talents are its leaders. This programme, which brings together 70 General Managers and Top Group leaders, aims to:
  - **give them the keys to achieve transformations and support their teams** with confidence in achieving Group objectives set as part of Move 2025,
  - **build on everyone's strengths** and help them work collaboratively,
  - **facilitate transition to the mindset** the Group encourages,
  - supporting them in the longer term by establishing **continuous development** and offering them **opportunities to step back and share** their activities and leadership.



** Number of ALD Wayers and ALD HighWayers trained or participating in an ALD Group development programme.*
The last ALDWay promotion took place in 2019, as it was not possible to run the programme in 2020 because of the sanitary situation.

Local initiatives have also been launched to support local leaders and 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.
- entities such as Italy, the United Kingdom, the Netherlands and France are developing and/or reviewing their existing development programmes to adapt them to the Group's context and challenges.

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 diversity such as generational issues, disability, LGBT+, etc. As a subsidiary of Societe Generale, ALD subscribes to the Group's Diversity and Inclusion Policy and is committed to combating all forms of discrimination.

Societe Generale and its subsidiaries in France, ALD France and ALD SA are also committed to promoting an inclusive working environment for LGBT+ people by signing up to the commitment charter for the integration of LGBT+ people.

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. It is also part of a network of companies committed to diversity and equality and members of the European Diversity Charter. Italy has also launched various partnerships to develop its female talents and promote diversity. 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 various actions and strengthening non-discrimination policies.

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%). 7.9/10 is the average rate given by ALD Group employees in 2021 (+0.2% *vs.* 2020) to evaluate inclusion within the workplace; this rating is 0.7 point higher than what is generally observed in other companies (on the basis of other 2020 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 2021:

78.85%
international employees within the Group (non-French)

STRATEGIC TALENTS

40
nationalities

76%
international members

MANAGEMENT BODIES*

39
nationalities

80%
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. 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 given an annual target aiming at improving women representation in management bodies. This same objective has been extended to all heads of ALD Group entities since 2021. Thanks to this incentive as well as awareness-raising initiatives on the subject, a significant number of women joined the Group's management bodies during the financial year 2021, increasing to 34.9% the percentage of women present in the senior management bodies of ALD Group by 31 December 2021.

The efforts made by the ALD Group in this area have been recognised: in October 2021, ALD received the SBF 120 award for the best increase in percentage of women in corporate governance bodies, awarded at the economic and professional equality conference for the 2020 ranking, gaining 64 places on the 2019 ranking.

These efforts are also recognised by ALD Group employees, as 82% of them consider that the Group is doing enough to promote gender equality (+9 points compared to 2020).

Likewise, in order to strengthen its action plan in favour of gender diversity, ALD's Chief Executive Officer signed the *#JamaisSansElles* charter, committing it to ensure that women are well represented in all internal or external discussions in which it participates worldwide. This principle has been relayed to the Group's management teams. As part of ALD's Move 2025 strategic programme, new quantitative objectives have been set as of 31 December 2021:

46%
women in the ALD Group

44%
women in hires

WOMEN IN STRATEGIC TALENT POOL

41% in 2019

41.5% in 2020

42.8% in 2021

WOMEN IN THE MANAGEMENT BODIES OF THE ALD GROUP:

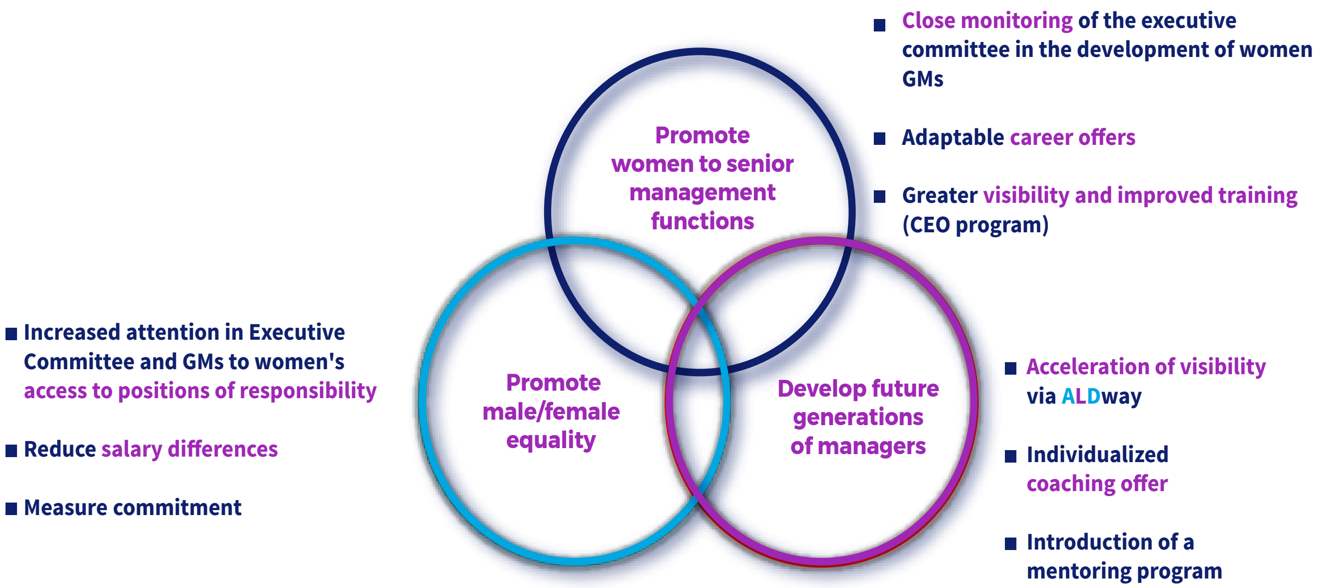
34.9% in 2021

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:



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 ten highest-paid jobs in the Company and the percentage 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.

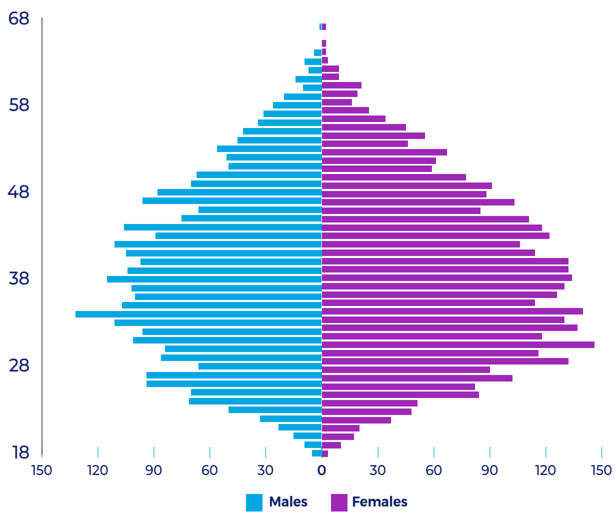
At the end of December 2021, ALD SA and ALD France published index values of 91 points each (*versus* 85 and 91 respectively in 2020). These scores are the result of an active policy pursued by ALD SA and ALD France for several years, implementing the agreement on gender equality in force at ALD France and the action plan implemented within ALD SA. On the basis of the provisional results of the index each year, ALD SA implements targeted corrective actions, in particular aimed at reducing pay gaps at certain levels of responsibility and age groups.

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 2021 are between 57 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. Likewise, as a subsidiary of Societe Generale, ALD subscribes to the ILO Global Network on Disability. Some of its subsidiaries are also carrying out more specific actions on the subject.

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 2021, the rate remained at 4.34% for ALD France. For ALD Group, the percentage of employees with disabilities was 1.84% at the end of 2021.

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.

	31 December 2019	31 December 2020	31 December 2021
France	1,401	1,411	1,491
Europe (outside France)	4,511	4,544	4,736
Outside Europe	796	741	823
TOTAL	**6,708**	**6,696**	**7,050**

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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.

	2019		2020		2021	
	Women	Men	Women	Men	Women	Men
France	105	119	64	66	87	98
Europe (outside France)	249	397	196	238	366	418
Outside Europe	69	98	56	74	40	102
TOTAL	**423**	**614**	**316**	**378**	**493**	**618**

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.

	2019		2020		2021	
	Women	Men	Women	Men	Women	Men
France	51	56	48	47	55	57
Europe (outside France)	122	97	123	81	123	90
Outside Europe	15	11	5	5	18	24
TOTAL	**188**	**164**	**176**	**133**	**196**	**171**

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.

	2019	2020	2021
France	284	192	210
Europe (outside France)	707	522	770
Outside Europe	193	114	121
TOTAL	**1,184**	**828**	**1,101**

5.3.5.2 Breakdown of the workforce

5.3.5.2.1 Breakdown by country (1)

As at 31 December 2021, the breakdown of the Group's workforce by country was as follows, adjusted for the sale of ALD Fortune in China.

	31 December 2020	31 December 2021
Western Europe	4,462	4,708
o/w:		
Belgium	272	280
France	1,411	1,491
Germany	522	553
Italy	576	587
Spain	467	482
UK	663	745
Northern Europe	437	465
Central and Eastern Europe	1,056	1,054
South America, Africa, Asia	741	823
TOTAL	**6,696**	**7,050**

5.3.5.2.2 Breakdown by type of employment contract

The table below shows the proportion of employees on temporary employment contracts over the last three years.

	31 December 2019	31 December 2020	31 December 2021	
	Temporary contracts/ Workforce	Temporary contracts/ Workforce	Temporary contracts/ Workforce	Share of women
France	7%	9%	11%	50%
Europe (outside France)	5%	4%	4%	51%
Outside Europe	2%	3%	9%	40%
TOTAL	**7%**	**5%**	**6%**	**49%**

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 2019	31 December 2020	31 December 2021	
	Managers/Workforce	Managers/Workforce	Managers/Workforce	Share of women
France	19%	18%	19%	40%
Europe (outside France)	18%	19%	19%	40%
Outside Europe	19%	17%	19%	33%
TOTAL	**19%**	**19%**	**19%**	**39%**

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 2019		31 December 2020		31 December 2021	
	Women	Men	Women	Men	Women	Men
France	650	751	677	734	714	777
Europe (outside France)	2,076	2,435	2,126	2,418	2,220	2,516
Outside Europe	311	485	279	462	296	527
TOTAL	**3,037**	**3,671**	**3,082**	**3,614**	**3,230**	**3,820**

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.

	2019	2020	2021
<25 years old	5.8%	5.2%	5.8%
Between 25 and 35 years old	32.9%	31.5%	30.7%
Between 35 and 45 years old	35.0%	34.7%	33.9%
Between 45 and 55 years old	20.8%	23.5%	22.6%
>55 years old	5.6%	5.1%	7.1%
TOTAL	**100%**	**100%**	**100%**

5.3.5.3 Absenteeism

The table below presents the rate of absenteeism over the last three years.

	31 December 2019	31 December 2020	31 December 2021
Rate of absenteeism	2.63%	2.90%	2.75%

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 COURSE DURING THE YEAR

	2019	2020	2021
France	1,336	1,221	1,484
Europe (outside France)	4,127	4,204	4,764
Outside Europe	823	675	778
TOTAL	**6,286**	**6,100**	**7,086**

TOTAL NUMBER OF TRAINING HOURS

	2019	*of which distance training*	2020	*of which distance training*	2021	*of which Distance training*
France	26,240	23%	9,331	63%	14,735	65%
Europe (outside France)	90,078	20%	48,912	57%	85,648	74%
Outside Europe	16,880	16%	10,206	62%	61,969	96%
TOTAL	**113,198**	**20%**	**68,449**	**68%**	**162,352**	**80%**

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 2019	31 December 2020	31 December 2021
Number of workplace accidents	26	6	11

5.4 Responsible practices AFR DEFP

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 (Net Promoter Score, see below). 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. In 2021, ORS adapted to the healthcare context: content was digitised and made available on ALD Academy, the e-learning platform for ALD’s business, to support employees in the digital, cultural or business transformation, thus allowing hybrid sessions (remote + digital content) to be held with ALD countries.

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. The latest survey of international customers revealed that 74% of customers consider ALD to be an environmentally and socially responsible company (up by 12 points compared to 2020).

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. This initiative is duplicated in some countries (France, Italy, Great Britain, Spain, Latin America, Turkey, Romania, Hungary).

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.

The programme at ALD is co-sponsored by two members of the Group's General Management, the Chief Administrative Officer and the Human Resources Director.

Since the end of 2019, each year, an appropriation test involving all employees is organised using the MyLearning training platform.

In 2021, governance was strengthened within ALD through the dissemination of best practice guidelines and the creation of a Corporate Secretary function within entities that report to the holding company.

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).

Since 2019 specifically, ALD started the full application of the anti-corruption section of the Societe Generale remediation programme, which gave rise to the main following actions in 2021:

- the strengthening of the normative framework for entering into relations with third parties acting as intermediaries with public authorities/administrations;
- update of the Anti-Corruption and influence peddling code;
- update of the corruption risk mapping exercise and implementation of action plans.

Legal proceedings against Societe Generale by the French and American authorities were lifted at the end of 2021, following the effective implementation over the last three years of all remedial measures to effectively combat the risk of corruption.

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(E&S)

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=csr

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 (31 cases reported in 2021).

This process was formalised in 2021 in an instruction distributed to all Group entities on E&S risk management. This instruction was the subject of a specific training programme with all Group countries.

The identification, assessment and management of E&S risks was also the subject of specific training for risk, compliance, purchasing and CSR teams (appropriation test: 99.5% of the target population).

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 four levels of risk, from weak to very strong.

The duplication of this approach at the level of approximately 20 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 tenders and was widely distributed in 2021 for use in local calls for tenders (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 final choice of supplier 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.

In 2021, a shortlist of preferred vehicle maintenance suppliers at international level was drawn up. During this process, the weighting of CSR criteria was 10%, in line with the level of risk identified by the mapping.

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.

This process was formalised in 2021 in an instruction distributed to all Group entities on the Purchasing process. The Responsible Purchasing component of this instruction was the subject of a specific training programme with all the Group's countries.

5.4.4 Data protection

After the structural transformations undertaken for the entry into force of the General Data Protection Regulation in 2018, in 2021 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 year 2021 was marked by the implementation of our cookie policy, of banner compliance on our sites, and of new standard contractual clauses in contracts concerning the transfer of data outside the EU.

Application of the privacy by design principle and privacy by default principle was continued through the implementation of projects such as Skipr or FFM (Ford Fleet Management). 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. The system is managed centrally by a Data Protection Officer reporting directly to the Secretary General who is also the designated contact person with the competent national authority, which relies on the network of DPCs [1] in ALD subsidiaries. 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.

5.4.5 Responsible digital technology

Societe Generale has been a founding member of the *Institut du Numérique Responsable* since December 2018 and has signed the Responsible Digital Charter. In particular, it undertakes to:

- optimise digital tools to limit their environmental impact and consumption;
- develop services that are accessible to all, inclusive and sustainable;
- disseminate ethical and responsible digital practices.

ALD is a stakeholder in Societe Generale work within the "CSR by IT" programme. In 2021, it also reworked this programme around the most material issues for ALD:

- IT purchases, with the specific objectives of integrating CSR standards into purchases (see Section 5.4.3), digitising processes (DocuSign system), implementing recycling and second life contracts for IT equipment and installing of a video conference solution to reduce business travel;
- CSR by Design, a set of principles that puts frugality and environmental efficiency at the heart of development, whether in terms of IT architecture, hosting strategy, project management, programming and code;
- digital accessibility of sites and applications offered by ALD to disabled populations;
- development of training and awareness-raising initiatives for ALD employees.

This program is sponsored by the Executive Committee (Deputy CEO) and managed by the team of the Chief Information Officer of the ALD Group in conjunction with multiple contributors including the CSR Department.

1) *Data protection correspondent*

SUMMARY OF ACTIONS RELATED TO SECTION 5.4

CSR issue (description)	Policies implemented (description)	Indicator (indicator type/box)	Objective qualitative/ quantitative (indicator type/box)	Result (indicator type/box)		
				2021	2020	2019
Client service	One Ready Smile Programme	NPS	Improvement of the NPS	31%	33%	36%
Selection of suppliers	E&S Verification KYS process launch	Number of ALD entities that have adopted systematic GR63.3 in describing the KYS	100%	43	42	11
Selection of suppliers	Consideration of CSR aspects in E&S aspects in the selection of purchasing decisions	Integration into all international tenders	100%	100%	100%	N/A
		Number of ALD entities taking into account its suppliers	Cover strategic categories and increase the geographical scope	28	24	19
Culture and Conduct	Appropriation test (1) (2)	% of target population trained	100% (2)	93% (1)	89%	

(1) Training received by 60% of Group employees.
(2) The training will be distributed to the rest of the Group in 2022.

2021 Highlights	2022 Priorities
High NPS maintained despite the impact of COVID-19 Deployment of the Group Regulation GR63.4 describing the due diligence to be carried out on intermediaries in conjunction with public authorities Implementation of a purchasing policy as part of a GR (Group Regulation) including a "Responsible Purchasing" component deployed in all ALD entities Completion of the anti-corruption component of Societe Generale's remediation program Update of the Anti-Corruption and Influence Peddling Code conducting a corruption risk mapping exercise Launch of a Sustainable IT programme	Continue to improve the customer experience, particularly on the digital channel and through hybrid sessions Launch of a call for tenders for the "Replacement Vehicles" activity incorporating CSR criteria with a weighting in line with the level of risk identified by the mapping Continued deployment of the responsible purchasing policy in purchases made at country entity level Implementation of a reporting process on environmental and social KPIs for subsidiaries (Planethic) and their inclusion in the ongoing monitoring process Update of the corruption risk mapping exercise

5

Move 2025: Move for Good

Implementing responsible business culture & practices

- Ethics and governance
- Responsible purchasing
- Satisfaction client

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 AFR DEFP

5.5.1 2019-2025 carbon reduction programme

As part of the Move 2025 strategic plan, ALD is committed to reducing its greenhouse gas (GHG) emissions on its own account by 30%, compared to 2019 (as the year 2020 is an atypical year, it seemed more appropriate to use the year 2019 as a reference). It will do so by relying in particular on the electrification of its internal fleet of vehicles, continually improving the energy performance of buildings and increasing the proportion of renewable electricity to 50% of kWh purchased.

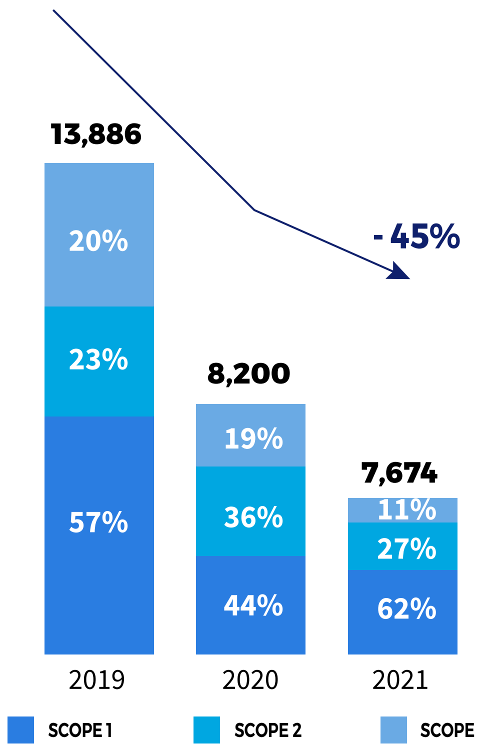
This proactive programme is accompanied by an "internal carbon tax" system that has been in place for seven years at Societe Generale. This programme has been enriched over the years and is based on a double incentive mechanism. Each year, a carbon tax is applied to Societe Generale entities based on their greenhouse gas emissions (25 EUR/t CO_2eq), and the amount collected is redistributed to reward the best internal environmental efficiency initiatives as part of the Environmental Efficiency Award. The 2020 edition was cancelled because of the COVID-19 crisis. The 2021 edition saw eight ALD subsidiaries rewarded for their initiatives, including two (ALD Turkey and ALD UK) in the jury's top five, with total emissions avoided of 1,800 tonnes of CO_2 equivalent.

Some Group entities have supplemented this internal emissions reduction programme by offsetting their residual emissions through the purchase of certified carbon credits. ALD SA, for the third consecutive year, has decided to offset its internal emissions (2020 emissions: 357 tons of CO_2 equivalent), by combining two actions: the purchase of 357 VERRA-certified carbon credits for a project in Brazil with a positive forestry impact (support renewed again in 2020) and the planting of 2,500 trees in France, bringing the number of trees planted in France in the last three years to more than 7,000, ALD France, in partnership with WeNow, offset 997 tonnes of CO_2 emissions in 2020 (*via* the purchase of UN-certified carbon credits to finance construction of a wind farm in India) and financed the planting of 997 trees in France (Saint-Germain-en-Laye forest).

5.5.2 Entity carbon footprints

ALD measures greenhouse gas emissions across its entire value chain (Scope 1, 2 and 3) according to the international GHG Protocol (see methodological note).

For the 42 ALD entities that took part in the collection campaign this year (same scope as in previous years), greenhouse gas (GHG) emissions are estimated at 13,886 tons per CO_2 equivalent on a scope including direct and indirect emissions related to energy, business travel, total paper consumption and waste, *i.e.* 1.35 ton of CO_2 equivalent per occupant, *i.e.* 45% less compared to the 2019 base.



	2019	2020	2021	Var 2021 *vs.* 2019
Scope 1	7,858	3,631	4,746	-40%
Scope 2	3,250	2,986	2,065	-36%
Scope 3	2,778	1,582	863	-69%
	13,886	**8,200**	**7,674**	**-45%**

Greenhouse gas emissions in scopes 1 and 2

		2019	2020	2021	Var 2019-2021
Gas	t CO_2eq	825	1,028	1,012	23%
Fuel/other fluids	t CO_2eq	34	19	144	328%
Company vehicles	t CO_2eq	6,999	2,584	3,590	-49%
TOTAL SCOPE 1 EMISSIONS	**T CO_2EQ**	**7,858**	**3,631**	**4,746**	**-40%**
Electricity	t CO_2eq	3,106	2,830	1,914	-38%
*Of which renewable electricity **		26%	19%	36%	
Iced/Super Chilled/Superheated Water	t CO_2eq	144	156	151	5%
TOTAL SCOPE 2 EMISSIONS	**T CO_2EQ**	**3,250**	**2,986**	**2,065**	**36%**

** Electricity from renewable sources is taken into account in the emissions calculations this year for the first time.*

The energy efficiency of buildings is a major focus of Societe Generale's environmental policy. The total energy consumption of the buildings occupied by ALD stands at 21 GWh in 2021, *i.e.* 3,226k Wh per occupant (+8% *vs.* 2019, an increase due to improved reporting quality, see below).

Gas consumption was 4.4 GWh over the reference period, which represents a 23% increase in gas emissions *vs.* 2019. Consumption of fuel oil and other fluids remains negligible (0.44 GWh).

The increase in Scope 1 energy emissions is due to improved reporting quality which enabled us to correct some missing data in previous years.

The pandemic and lockdowns throughout 2021 as well as the increase in the number of employees working remotely had a significant impact on business travel emissions.

This year, ALD employees travelled a total of 28 million km for their business travel by car (-41% compared to 2019). The CO_2 emissions generated by these trips amounted to 3,590 tonnes, down 49% *vs.* 2019.

In order to reduce these emissions, ALD adopts a proactive policy on the electrification of its internal fleet. For example, a new car policy was published in October 2021 at ALD SA: employees will only have the choice between BEV or PHEV vehicles. And to facilitate the transition to these new types of vehicles, several countries have installed charging stations in their premises (France, Italy, Belgium, the Netherlands, Spain, etc.).

Since 2019, targeted actions have been deployed to promote alternative solutions to the individual use of vehicles. 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 2021, electricity consumption was 14.2 GWh for all of the 42 entities, stable compared to 2019 (13 GWh). Purchases of certified renewable electricity accounted for 36% of the total electricity bought this year (25% of total energy consumed). Consumption of superheated water remains stable and amounts to 1.9 GWh (+1% *vs.* 2019).

Scope 2 emissions fell by 36% compared to 2019, mainly due to the inclusion of renewable energy emission factors in the calculation (see methodological note).

Scope 3 greenhouse gas emissions

ALD measures indirect emissions in scope 3 categories related to business travel, paper consumption and waste.

		2019	2020	2021	Var 2019-2021
Business travel by plane	t CO_2eq	2,050	956	428	-79%
Business travel by train	t CO_2eq	153	69	25	-84%
TOTAL EMISSIONS	**T CO_2EQ**	**2,203**	**1,025**	**453**	**-79%**

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 over the last two years affected the travel habits of ALD employees, who this year travelled a total of 3 million km – by plane and train – for their business travel. The CO_2 emissions generated by these trips amounted to 453 tons, down 79% *vs.* 2019.

As the health situation returns to normal in 2022, ALD is implementing a new travel policy to avoid an excessive rebound in emissions related to air/train travel. Among the main measures of this policy: the application of a "train first" policy and a substantial reduction in "internal" travel.

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 stood at 85 tonnes in 2021, *i.e.* a decrease of 45% *vs.* 2019; 27% of the paper purchased by the Group is recycled.

Teleworking has impacted the results for 2021, however the positive trend 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. In particular, ALD France launched a major dematerialisation project in 2020 which continued in 2021. 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 2021, ALD recorded water consumption of 55 thousand m^3 with an average consumption per occupant of 8 m^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 2021 was 362 tonnes, a decrease of 41% compared to 2019.

As part of Societe Generale, ALD subscribes to the Group's commitment to eliminate single-use plastic of petro-sourced origin in the working environment of employees. Some examples of initiatives adopted in several countries: installation of water fountains, removal of disposable cups, cutlery, plastic plates and their replacement by alternative products.

The catalogue of office supplies and promotional gifts will also be gradually adapted.

Use of products sold

The most significant impact of ALD in terms of CO_2 emissions is that of the managed fleet. These emissions amounted to 4.2 million tons (Section 5.2.1.3). If in scope 3 as defined above we add the emissions of the customer fleet, ALD scope 3 amounts to 4,158 thousand tonnes of CO_2.

(in thousand tonnes)	2019	2020	2021
Scope 1	8	4	5
Scope 2	3	3	2
Scope 3	3	2	1
TOTAL	**14**	**8**	**8**
Scope 3 (including customers fleet)	4,403	4,192	4,151
TOTAL	**4,414**	**4,198**	**4,158**

CSR issue (description)	Policies implemented (description)	Indicator (indicator type/box)	Qualitative/ quantitative objective (indicator type/box)	Result (indicator type/box) 2021	2020	2019
Carbon footprint of internal emissions	Reduction of GHG emissions	GHG emissions	-30% 2025 *vs.* 2019	-35%	-17%	

Move 2025: Move for Good

Reducing our internal environmental footprint

• Carbon reduction programme

- 30%
internal emissions *vs* 2019

5.6 Non-financial ratings AFR DEFP

The year 2021 was 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 of 2021, 25 Group entities had an EcoVadis assessment: six were given Platinum status (France, Luxembourg, Poland, Slovenia, Spain, United Kingdom), ten Gold status (ALD SA [Group], Austria, Belgium, Croatia, Czech Republic, Germany, Italy, Peru, Slovakia, Switzerland), eight Silver status (Brazil, Finland, Hungary, Mexico, Portugal, Romania, Russia, Ukraine) and one Bronze status (Chile). We aim to continue to extend the scope of this evaluation in 2022. 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 obtained "CSR Committed" status after the AFAQ 26000 audit carried out by AFNOR. Six other countries have ISO 14001 certification (Spain, Italy, the Netherlands, Romania, Sweden and UK). These seven countries represent 53% of the global fleet managed by ALD. In addition, fifteen countries (Algeria, Belgium, Brazil, France, Germany, Hungary, India, Italy, Luxembourg, Morocco, the Netherlands, Portugal, Romania, United Kingdom, Ukraine) have ISO 9001 certification.

Agencies	2019	2020	2021	Position vs Peers
ecovadis	Gold : 68/100	Gold : 70/100	Assessment on going	Top 3% of companies in our sector
CDP	D	B	B	Above rental & leasing sector average: C
MSCI ESG RATINGS	A	A	A	Top 40% within the Trading Companies & Distributors
Moody's ESG Solutions	n/a	67/100	67/100	Category 'Advanced' Ranking #1 in Business Support Services sector panel worldwide Top 1% Global Universe
SUSTAINALYTICS	n/a	15.3	16.2	Top 12% on global Universe, Top 8% within Transportation
Gaïa Rating	76/100	79/100	83/100	ALD in leading category Top 15% within the Services sector
FTSE4Good	FTSE Russell ESG Rating: 3.3	FTSE Russell ESG Rating: 3.5	FTSE Russell ESG Rating: 3.3	Percentile rank: 67 Included in the FTSE4Good Index Series

5

5.7 Methodological note AFR DEFP

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 5.4 "Responsible Practices"; 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 [1]). 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).

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.

An awareness-raising effort is regularly made among contributors in order to strengthen engagement with reporting and the tool and thus contribute to the reliability of the data.

Reporting protocols are regularly updated. New protocols were established in 2021 with indicators that made it possible to assess more precisely all of the non-financial risk factors identified as the most significant for the Group.

5.7.3 Indicators

5.7.3.1 Details of employment (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 employment (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

Environmental data is calculated on the basis of invoices, online readings, information received from suppliers or estimates. 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.

The following controls and ratios are used to manage the reported data:

- controls of variations compared to the previous year were applied for all environmental indicators. An alert message asks the contributor to check the recorded data in the event of a variation greater than 30%;
- the data collected relating to energy, office paper and transport are compared to the number of occupants declared by the entity;
- energy consumption (electricity, water vapour, chilled water, fuel oil, gas) is also related to the surface area (expressed in square meters);
- with a view to ensuring permanent reliability of the data, qualitative questions (answers *via* written comments) make it possible to identify the different scopes of the data, to identify best practices and to understand the variations from one year to another.

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.

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.

Changes in methodologies: in 2021, Societe Generale decided to review its methodology for calculating the carbon footprint associated with car travel. Until 2020, emissions were calculated on the basis of kilometres travelled to which we applied an emission factor per country based on the manufacturer's data expressed in g/km.

Since 2021, we have primarily taken the actual consumption in litres by type of fuel to which we apply a unique emission factor per type of fuel (source ADEME) when information is available. Failing this, we take the kilometres travelled and apply an emission factor per country based on the manufacturer data g/km, modified by a realistic increase coefficient.

1) *Malaysia, where trading only began in December 2020, is excluded from the scope of the 2021 figures.*

5.7.3.3 Restatement of historical data

In order to ensure transparency of communication and comparability of data, emissions relating to the vehicle fleet for the year 2019 (baseline for our internal emissions reduction programme announced in the Move 2025 strategic plan) were recalculated under the new method mentioned above (emissions based on litres and type of fuel or failing this on kilometres travelled).

The result of this recalculation is shown in the table below:

	Mesure	January / December 2019	January / December 2019 New Methodology
CARB19C : CO_2 emissions due to business travel by car	T equivalent CO_2	3,661	6,999

5.7.4 Reporting period

With certain exceptions, 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 2021, with the closing date for data being 31 December 2021.

Environmental indicators are generally established over a rolling 12-month period from 1 October 2020 to 30 September 2021, with the data finalised on 30 September 2021.

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 33 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 two-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.

5.7.6 Calculation of CO_2 emissions for the Group's own account

The calculation of CO_2 emissions by ALD, is based on a three-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 and emissions from the fleet;
- 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, the calculation takes 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 European taxonomy

ALD complies with the new non-financial reporting requirements. As part of the implementation of the European financial taxonomy and the associated reporting requirements, in accordance with the texts in force, ALD is in a position to publish the first eligibility indicators for this 2021 financial year.

5.8.1 Methodology

These initial indicators are the result of joint work between the Finance Department and the CSR Department of ALD.

The main reference texts used are as follows:

- REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18 June 2020 on the establishment of a framework to promote sustainable investments;
- COMMISSION DELEGATED REGULATION (EU) 2021/2139 of 4 June 2021;
- COMMISSION DELEGATED REGULATION (EU) 2021/2178 of 6 July 2021;
- Appendices to the Commission's Delegated Regulation: C (2021) 2800 Annex 1, C (2021) 4987 Annexes I and II.

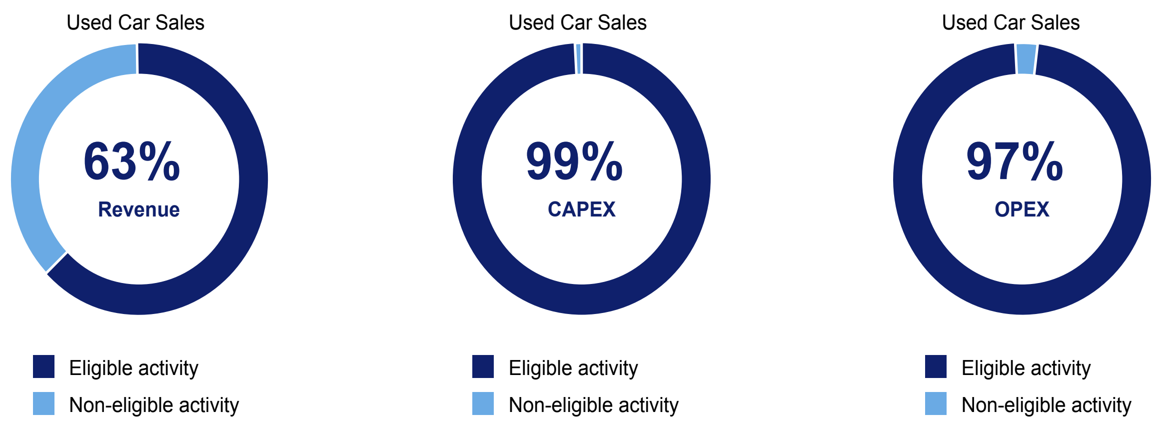
5.8.2 General framework

ALD's commercial activities are eligible for European taxonomy under activity 6.5 listed in the delegated act "Transport by motorbikes, passenger cars and light commercial vehicles", defined as "Purchase, financing, renting, leasing and operation of vehicles". As a result, activities related to Full Service Leasing, financial leasing, Fleet Management and pool vehicles are eligible. Conversely, the resale of used vehicles does not fall within the scope of the taxonomy as it stands.

The taxonomy includes six environmental objectives, two of which have been described in detail in terms of technical eligibility and alignment criteria: climate change mitigation and climate change adaptation. ALD's activity is eligible for both objectives, with different technical criteria. ALD has chosen to report under the objective of climate change mitigation, which is both more demanding and more logical given our business activity.

5.8.3 Main indicators

2021 Eligibility KPI



The used vehicle resale activity generates around 37% of the ALD Group's revenue but OPEX and CAPEX related to this activity are limited.

Notes:

- share of eligible revenue: exclusion of revenue from the resale of used vehicles;
- share of eligible CAPEX: only vehicle-related assets are included in the numerator;
- share of eligible OPEX: exclusion of operating expenses related to used vehicles.

5.9 Third party's report on consolidated non-financial statement

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 General Assembly,

In our quality as an independent third party, accredited by the COFRAC under the 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 conducted our work in order to provide a conclusion expressing a limited level of assurance on the compliance of the consolidated non-financial statement for the year ended 31 December 2021 (hereafter referred to as the "Statement") with the provisions of Article R. 225-105 of the French Commercial Code (Code de commerce) and on the fairness of the historical information (whether observed or extrapolated) provided pursuant to 3° of I and II of Article R. 225-105 of the French Commercial Code (hereafter referred to as the "Information") prepared in accordance with the entity's procedures (hereafter referred to as the "Guidelines"), included in the management report pursuant to the requirements of articles L. 225 102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (Code de commerce).

Conclusion

Based on the procedures performed, as described in "Nature and scope of the work", and on the elements we have collected, we did not identify any material misstatements that would call into question the fact that the consolidated non-financial statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

Preparation of the non-financial performance statement

The absence of a generally accepted and commonly used framework or established practices on which to base the assessment and measurement of information allows for the use of different, but acceptable, measurement techniques that may affect comparability between entities and over time.
Therefore, the Information should be read and understood with reference to the Guidelines, the significant elements of which are presented in the Statement.

Limitations inherent in the preparation of the Information

The information may be subject to uncertainty inherent in the state of scientific or economic knowledge and the quality of external data used. Certain information is sensitive to the methodological choices, assumptions and/or estimates made in preparing it and presented in the Statement.

The entity's responsibility

It is the responsibility of the Board of Directors to:

- Select or establish appropriate criteria for the preparation of the Information;
- Prepare a Statement in accordance with legal and regulatory requirements, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies applied with regard to these risks as well as the results of these policies, including key performance indicators and, in addition, the information required by Article 8 of Regulation (EU) 2020/852 (green taxonomy); and to
- Implement the internal control procedures it deems necessary to ensure that the Information is free from material misstatement, whether due to fraud or error.
  The Statement has been prepared in accordance with the entity's procedures, the main elements of which are presented in the Statement.

Responsibility of the independent third party

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- The compliance of the Statement with the requirements of article R. 225-105 of the French Commercial Code;
- The fairness of the information provided in accordance with article R. 225 105 I, 3° and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks.

As it is our responsibility to form an independent conclusion on the Information as prepared by management, we are not permitted to be involved in the preparation of the Information, as this could compromise our independence.

However, it is not our responsibility to comment on:

- The entity's compliance with other applicable legal and regulatory requirements, in particular the information required by Article 8 of Regulation (EU) 2020/852 (green taxonomy), the French duty of care law and anti-corruption and tax avoidance legislation
- The fairness of the information required by Article 8 of Regulation (EU) 2020/852 (green taxonomy)
- The compliance of products and services with the applicable regulations.

Regulatory provisions and applicable professional standards

The work described below was performed 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 (revised) [(1)].

Independence and quality control

Our independence is defined by the requirements of article L. 822-11-3 of the French Commercial Code and the French Code of Ethics (Code de déontologie) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with applicable legal and regulatory requirements, the ethical requirements and French professional guidance.

Means and resources

Our verification work mobilized the skills of four people and took place between December 2021 and March 2022 on a total duration of intervention of about eight weeks.
We conducted four interviews with the persons responsible for preparing the Declaration, representing in particular the CSR Department, the Human Resources Department, the Digital Marketing Department and the Business Intelligence and Consultancy Department.

Nature and scope of the work

We planned and performed our work taking into account the risks of material misstatement of the Information.
In our opinion, the procedures we have performed in the exercise of our professional judgement enable us to provide a limited level of assurance:

- 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 used to identify and confirm 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 the most important presented in the Appendix. For some risks, our work was performed at the level of the consolidating entity, for the other risks, work was performed at the level of the consolidating entity and in a selection of entities listed below: ALD Germany and ALD Belgium;
- 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;
- 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), 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 12% and 23% of consolidated data selected for these tests;
- 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 judgement allows us to express a limited assurance conclusion; an assurance of a higher level would have required more extensive verification work.

Paris-La Défense, the 23 March 2022

French original signed by:

Independent third party

EY & Associés

Caroline Delérable

Partner, Sustainable Development

1) *ISAE 3000 (revised) - Assurance engagements other than audits or reviews of historical financial information*

Annex: information considered as the most important

Social information

Qualitative Information (Actions or results)	**Quantitative information** (Key performance indicators and coverage)
• Employee training • Equality of treatment (equality between men and women) • Well-being at work	• Share of positions filled through internal mobility (12% of the workforce). • Average number of hours of training per employee (12% of the workforce)

Business information (including environmental and societal information)

Qualitative Information (Actions or results)	**Quantitative information** (Key performance indicators and coverage)
• The program to increase the share of green vehicles and its deployment • The new mobility strategy and offers and their deployment • The consulting strategy and the deployment of the solutions and offers resulting from it	• Size of ALD S.A.'s green fleet (electric or hybrid vehicles) (23% of ALD's green fleet) • Share of diesel engines in contracts produced in 2021 (%) (14% of contracts produced in 2021) • Reduction of the carbon footprint per occupant since 2014 (18% of the Group's GHG emissions) including review of GHG emissions (tCO_2e) scopes 1, 2 and 3 (scope 3 including paper consumption, business trips, freight transport, energy consumption of data centers hosted in France and waste production)

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5.10 Declaration of extra-financial performance (DEFP) – Cross-reference table

Where can I find the items referring to the Declaration of extra-financial performance (DEFP)?

1. Business model		Pages
Business model: key resources, value provided to stakeholders		7-9
Organisation: presentation of principal activities, workforce, governance		28-30 ; Chapter 3
Strategy, outlook and objectives		10-24
2. Significant non-financial risk factors for the Group and reminder of key policies		
Environmental impact and climate change	• Energy transition and low-emission vehicles • Electrification • New uses and new mobility (Mobility as a Service, Sharing, etc.)	118-124
	• Reduction of the internal carbon footprint	144-146
	• Responsible purchasing	141-143
	• Management of environmental and social (E&S) risks	141
Customer expectations and market risks	• New uses and new mobility (Mobility as a Service, Sharing, etc.) • Customer satisfaction and experience programme • Consulting services, alternative mobility offers (car sharing, second lease, mobility budget, etc.)	123-124; 139; 120; 123-124
Human capital and working environment	• Employability and agility of employees • Recruitment, retention and commitment of employees • Societal commitment • Diversity policy, including gender balance • Collective agreements signed with social partners • Health, safety and prevention policy	125-138
Corruption	• Responsible purchasing policy • Being a responsible employer • Culture and Conduct Programme, Code of Conduct • Anti-money laundering policy, sanctions and embargoes policy, KYC • E&S risk management process • Personal data security policy	125-138; 139-143
3. Other regulatory issues		
The fight against tax evasion	• Tax Code of Conduct • Anti-money laundering system	118 139-141
Actions in support of human rights	• Responsible purchasing policy • Being a responsible employer • Code of Conduct • E&S risk management process • Personal data security policy	125-138; 140-143
Circular economy		118

As a company providing financial products and services, ALD considers that the following themes do not constitute key CSR risks and do not warrant detailed consideration in this management report: food waste, fight against food insecurity, respect for the well-being of animals, responsible, equitable and sustainable food.

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6 Financial information

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 2021	Year ended 31 December 2020 [(1)(2)]
Leasing contract revenues [(1)(2)]	8a, 8d	4,477.6	4,396.3
Leasing contract costs - depreciation	8a	(3,592.3)	(3,612.8)
Leasing contract costs - financing [(2)]	8a	(132.7)	(169.5)
Unrealised gains/losses on financial instruments	8a	(19.8)	(9.6)
Leasing contract margin		**732.8**	**604.4**
Services revenues	8b, 8d	2,138.3	2,127.9
Cost of services revenues [(1)]	8b	(1,488.3)	(1,475.9)
Services margin		**650**	**652**
Proceeds of cars sold	8c, 8d	3,863.7	3,378.3
Cost of cars sold	8c	(3,426)	(3,317.1)
Used car sales result		**437.7**	**61.1**
GROSS OPERATING INCOME		**1,820.6**	**1,317.5**
Staff expenses	10	(433.7)	(408.4)
General and administrative expenses	11	(176.3)	(162.4)
Depreciation and amortisation	12	(65.1)	(62.9)
Total operating expenses		**(675.1)**	**(633.7)**
Impairment charges on receivables	9	(24.8)	(71.1)
OPERATING RESULT		**1,120.6**	**612.7**
Share of profit of associates and jointly controlled entities		(1.9)	1.9
Profit before tax		**1,118.7**	**614.6**
Income tax expense	13	(238.6)	(108.9)
Profit for the period from continuing operations		**880.1**	**505.7**
Profit after tax for the period from discontinued operations		-	10
NET INCOME		**880.1**	**515.7**
Net income attributable to:			
Owners of the Company		**873**	**509.8**
Non-controlling interests		7.1	5.8
Earnings per share for net income attributable to the owners of the parent:			
Basic earnings per share *(in EUR)*	33	2.17	1.26
Diluted earnings per share *(in EUR)*	33	2.16	1.26
Earnings per share from continuing operations attributable to the owners of the parent:			
Basic earnings per share *(in EUR)*	33	2.17	1.24
Diluted earnings per share *(in EUR)*	33	2.16	1.24

(1) Consolidated Income statement for the year ended 31 December 2020 has been restated due to reclassification of EUR 21.7 million between "Cost of services revenues" and "Leasing contract revenues" for correct leasing contract revenues presentation. Impact of this reclassification on "Leasing contract margin" is negative EUR 21.7 million with an offsetting positive impact in "Services margin". Details of this restatement are disclosed in note 8 Revenues and Cost of Revenues.

(2) Consolidated Income Statement for the year ended 31 December 2020 has been restated due to reclassification of EUR 10 million between "Leasing contract revenues" and "Leasing contract costs – financing" for correct interest charges 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 2021	2020
NET INCOME		**880.1**	**515.7**
Items that will not be reclassified subsequently to profit or loss		**4.2**	**(0.6)**
Changes in actuarial gain/(Loss) on retirement benefit, before tax		5.5	(0.8)
Deferred tax on actuarial gain/(Loss) on retirement benefit		(1.3)	0.2
Items that may be reclassified subsequently to profit or loss		**24.6**	**(82.7)**
Changes in cash flow hedges, before tax	19	21.6	2.8
Deferred tax on cash flow hedges		(6.3)	(0.5)
Currency translation differences		9.3	(85)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**28.8**	**(83.3)**
Total comprehensive income for the period		**908.9**	**432.3**
Attributable to			
Owners of the Company		902	427.1
Non-controlling interests		6.9	5.2

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6.1.2 Consolidated balance sheet

(in EUR million)	Notes	Year ended 31 December 2021	2020 [1] [2]
ASSETS			
Rental fleet	14	21,711.3	20,077
Other property and equipment [1]	15	85	80.5
Right-of-use assets	16	117.3	128
Goodwill	17	576	576
Other intangible assets [1]	15	88.7	78.8
Investments in associates and jointly controlled entities	18	7.9	10.2
Derivative financial instruments	19	21.1	33.1
Deferred tax assets	13	195.1	195.2
Other non-current financial assets	20	402.5	391.6
NON-CURRENT ASSETS		**23,205**	**21,570.4**
Inventories	21	296.4	324.6
Receivables from clients and financial institutions [2]	22	1,827.6	1,563.8
Current income tax receivable		76.9	119.4
Other receivables and prepayments	23	1,034.6	913.9
Derivative financial instruments	19	17.5	31.6
Other current financial assets	20	380.7	350.4
Cash and cash equivalents	24	152.7	194.7
CURRENT ASSETS		**3,786.4**	**3,498.3**
Assets of disposal group classified as held-for-sale			
TOTAL ASSETS		**26,991.4**	**25,068.7**
EQUITY AND LIABILITIES			
Share capital		606.2	606.2
Share premium		367	367
Other Equity		(13.2)	(12.9)
Retained earnings and other reserves		2,978.8	2,694.2
Net income		873	509.8
Equity attributable to owners of the parent		4,811.8	4,164.3
Non-controlling interests		33.8	30.9
TOTAL EQUITY	**26**	**4,845.6**	**4,195.2**
Borrowings from financial institutions	28	9,407.1	7,763.5
Bonds and notes issued	28	3,228.8	3,467.8
Derivative financial instruments	19	10.3	12.4
Deferred tax liabilities	13	518	452.8
Lease liabilities	16	97.4	108.6
Retirement benefit obligations and long term benefits	29	18.7	23.3
Provisions	30	129.4	125.2
NON-CURRENT LIABILITIES		**13,409.9**	**11,953.5**

(in EUR million)	Notes	Year ended 31 December 2021	2020 (1) (2)
Borrowings from financial institutions	28	4,441.5	4,970.6
Bonds and notes issued	28	1,439.9	1,443.9
Trade and other payables	31	2,573.3	2,276.3
Lease liabilities	16	23.9	24.1
Derivative financial instruments	19	0.8	11.3
Current income tax liabilities		104.3	75.9
Provisions (2)	30	152.3	117.9
CURRENT LIABILITIES		**8,736**	**8,920**
TOTAL LIABILITIES		**22,145.8**	**20,873.5**
TOTAL EQUITY AND LIABILITIES		**26,991.4**	**25,068.7**

(1) Consolidated balance sheet for the year ended 31 December 2020 has been restated due to reclassification of EUR 42.3 million from "Other property and equipment" to "Other intangible asset " for correct asset presentation. Impact of this reclassification on Non-current assets is nil. Details of this restatement are disclosed in note 15 "Other Property and equipment and other intangible assets".

(2) Consolidated balance sheet for the year ended 31 December 2020 has been restated due to reclassification of EUR 18.9 million from "Current Provisions" to "Receivables from clients and financial institutions" for correct asset and liability presentation. Impact of this reclassification resulted in decrease of EUR 18.9million in "Current Assets" and a decrease in "Current Liabilities". Details of this restatement are disclosed in note 22 "Receivables from clients and financial institutions" and note 30 "Provisions".

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6.1.3 Consolidated statement of changes in equity

	Attributable to equity holders of the company											
(in EUR million)	Share capital	Share premium	Other equity	Translation reserves	Hedging reserve	Actuarial gain/(loss) reserve	Other reserves	Retained earnings	Net income	Equity attributable to the owners of the parent	Non-controlling interests	Total equity
Balance as at January 1, 2020	**606.2**	**367**	**(9)**	**(109)**	**(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	(0.6)
Currency translation differences	0	(0)	-	(84.4)	-	-	-	-	-	(84.4)	(0.6)	(85)
Other comprehensive income	**0**	**(0)**	**-**	**(84.4)**	**2.3**	**(0.6)**	**-**	**0**	**-**	**(82.7)**	**(0.6)**	**(83.3)**
Net income	-	-	-	-	-	-	-	0	509.8	509.8	5.8	515.7
Total comprehensive income for the period	**0**	**(0)**	**-**	**(84.4)**	**2.3**	**(0.6)**	**-**	**-**	**509.8**	**427.1**	**5.2**	**432.3**
Acquisition of treasury shares	0	-	(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)	-	0	0
Balance as at December 31, 2020	**606.2**	**367**	**(12.9)**	**(193.4)**	**(24.2)**	**(5.4)**	**13.8**	**2,903.4**	**509.8**	**4,164.3**	**30.9**	**4,195.2**
Changes in cash flow hedges	-	-	-	-	15.3	-	-	-	-	15.3	0	15.3
Actuarial gain/(loss) on post employment benefit obligations	-	-	-	-	-	4.2	-	-	-	4.2	(0)	4.2
Currency translation differences	(0)	0	-	9.4	-	-	-	(0)	0	9.4	(0.2)	9.3
Other comprehensive income	**(0)**	**0**	**-**	**9.4**	**15.3**	**4.2**	**-**	**(0)**	**0**	**29**	**(0.2)**	**28.8**
Net income	-	-	-	-	-	-	-	-	873	873	7.1	880.1
Total comprehensive income for the period	**(0)**	**0**	**-**	**9.4**	**15.3**	**4.2**	**-**	**(0)**	**873**	**902**	**6.9**	**908.9**
Acquisition of treasury shares	-	-	(3.2)	-	-	-	-	-	-	(3.2)	-	(3.2)
Share-Based payments	-	-	-	-	-	-	2.6	-	-	2.6	-	2.6
Issue of treasury shares to employees	-	-	2.9	-	-	-	(2.9)	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	(253.9)	-	(253.9)	(5.2)	(259.1)
Scope changes	-	-	-	-	-	-	-	0	-	0	1.1	1.1
Appropriation of net income	-	-	-	-	-	-	-	509.8	(509.8)	0	-	0
Balance as at December 31, 2021	**606.2**	**367**	**(13.2)**	**(183.9)**	**(8.9)**	**(1.2)**	**13.4**	**3,159.3**	**873**	**4,811.8**	**33.8**	**4,845.6**

6.1.4 Consolidated statement of cash flows

(in EUR million)	Notes	For the twelve months period ended 31 December 2021	2020 [1]
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax excluding discontinued operations		1,118.7	614.6
Profit before tax from discontinued operations	7	-	10.1
PROFIT BEFORE TAX		**1,118.7**	**624.7**
Adjustments for:			
• Rental Fleet	14	3,708.5	3,824.3
• Other property, equipment and right-of-use assets		42.8	51.4
• Intangible assets		27.3	16
• Regulated prov., contingency and expenses provisions		37.8	1.7
Depreciation and provision		**3,816.4**	**3,893.4**
(Profit)/loss on disposal of property and equipment		12.5	18.9
(Profit)/loss on disposal of intangible assets		18.1	2.5
(Profit)/loss on disposal of discontinued operation	7	-	(10.1)
Profit and losses on disposal of assets		**30.6**	**11.4**
Fair value of derivative financial instruments		8.4	(3.5)
Interest charges [1]	*8a*	*132.7*	*169.5*
Interest income [1]		*(850.5)*	*(825.5)*
Net interest income		**(717.8)**	**(656)**
Other		5.2	1.1
Amounts received for disposal of rental fleet	14	3,530.5	3,231.9
Amounts paid for acquisition of rental fleet	14	(8,767.8)	(7,195.6)
Change in working capital		168.8	292.9
Interest paid [1]		*(137.5)*	*(255.3)*
Interest received [1]		*882.6*	*858.9*
Net interest paid		**745.1**	**603.6**
Income taxes paid		(96.5)	(62.5)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES		**(158.4)**	**741.4**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of other property and equipment		(34.6)	(51.7)
Acquisition of intangible assets		(55)	(14)
Acquisition of financial assets (non consolidated securities)		(117.9)	(4.7)
Effect of change in group structure		1	(0.1)
Proceeds from sale of discontinued operations net of cash disposed	7	-	14.1
Long term investment		108.8	79.7
Loans and receivables from related parties		(206)	(1.1)
Other financial investment		(31)	(25.2)
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES		**(334.7)**	**(2.7)**

(in EUR million)	Notes	For the twelve months period ended 31 December 2021	2020 (1)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds of borrowings from financial institutions		9,925.7	4,519.6
Repayment of borrowings from financial institutions		(8,823.6)	(4,918)
Proceeds from issued bonds		1,304.6	350.7
Repayment of issued bonds		(1,579.6)	(400.1)
Payment of lease liabilities	16	(26.9)	(27.2)
Dividends paid to company's shareholders	32	(253.9)	(253.9)
Dividends paid to minority interest		(5.2)	(4.9)
Increase/decrease in treasury shares	26	(3.2)	(4.1)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES		**537.9**	**(737.9)**
Exchange gains/(losses) on cash and cash equivalents		**0.4**	**(6.8)**
Net increase/(decrease) in cash and cash equivalents		**45.3**	**(6.1)**
CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**24**	**(121)**	**(114.9)**
CASH & CASH EQUIVALENTS AT THE END OF THE PERIOD	**24**	**(75.7)**	**(121)**

(1) Consolidated Statement of Cash Flows for the year ended 31 December 2020 has been restated due to reclassification of EUR 10 million between "Interest Charges" and "Interest Income" for correct interest charges presentation. Impact of this reclassification on "Net Interest Income" is nil. Details of this restatement are disclosed in note 8 Revenues and Cost of Revenues.

6.2 Notes to consolidated financial statements

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 1,725,800 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. 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 Societe Generale (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 2021 were closed by the Board of Directors on 29 March 2022.

NOTE 2 Major events of the period

2.1 COVID-19 pandemic

The COVID-19 pandemic continues to affect economic and financial markets, and all industries are facing challenges associated with the economic conditions resulting from efforts to address it. The COVID-19 pandemic has triggered a global recession as countries 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 remains an uncertain exercise, although some signs of recovery are beginning to show in certain economies with vaccination programmes being rolled out, giving reason to believe that a turning point has been reached. However, there are still major concerns that recovery is uneven throughout the globe, due to an increase in new COVID-19 cases, and new variants of COVID-19 appearing, thus creating further economic uncertainty.

Given that the COVID-19 crisis has not yet been resolved or durably mitigated globally, the Group has reassessed the pandemic's impact on its principal risks based on current market trends.

Credit risk

In these unprecedented times, determining the recoverability of receivables remains 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. As in the previous financial year, mainly due to continued government support programmes, the Group has not yet seen any significant deterioration in the recoverability of customer receivables in 2021. The ageing profile of the sound trade and lease receivables has improved during this period and as a result, although there has been no change in methodology, the provision has decreased by EUR 9.9 million. The Group considers that the initial assessment criteria used to calculate IFRS 9 forward-looking provision are still relevant in 2021 and the provision booked remains adequate until countries' governments remove their pandemic economic support programmes. Please refer to note 22 for further details on change in provision and maturity of receivables.

Expected credit losses are reassessed at each reporting date and 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. The Group continues monitoring economic conditions and other 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.

Expected Credit Losses

In 2020, 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 was considered to have a material impact on the Group financial statements. The increase in the provision in 2020 reflected the greater probability of customer defaults and the higher magnitude of loss given default. In 2021, the main considerations in the forward looking provision calculation which were used in December 2020 have been reviewed in the context of the latest economic environment. Due to the improvement in the ageing profile of sound trade and lease receivables, the forward looking provision has decreased by EUR 6.2 million including foreign exchange impact in 2021 (EUR 6.5 million release in profit or loss).

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 financial statements in 2020 and has been updated for the full year 2021 with the latest available data on customer activity and individual country economic situations;
- adjustments to the PD rates defined in the model described above 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 2021, the forward looking provision booked is EUR 9.2 million (EUR 15.4 million as at 31 December 2020) 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 10.4 million. In the baseline scenario, exclusion of the 20% uplift on all other sound customer balances would have decreased the provision by EUR 1.7 million; increase of the uplift on all other sound receivables to 30% would have increased the provision by EUR 0.9 million.

2021

(in EUR million)	Baseline Scenario incl. +20% uplift
TOTAL IFRS 9 PROVISION	**(24.7)**
-of which forward looking provision	(9.2)

2020

(in EUR million)	Baseline Scenario incl. +20% uplift
TOTAL IFRS 9 PROVISION	**(34.6)**
-of which forward looking provision	(15.4)

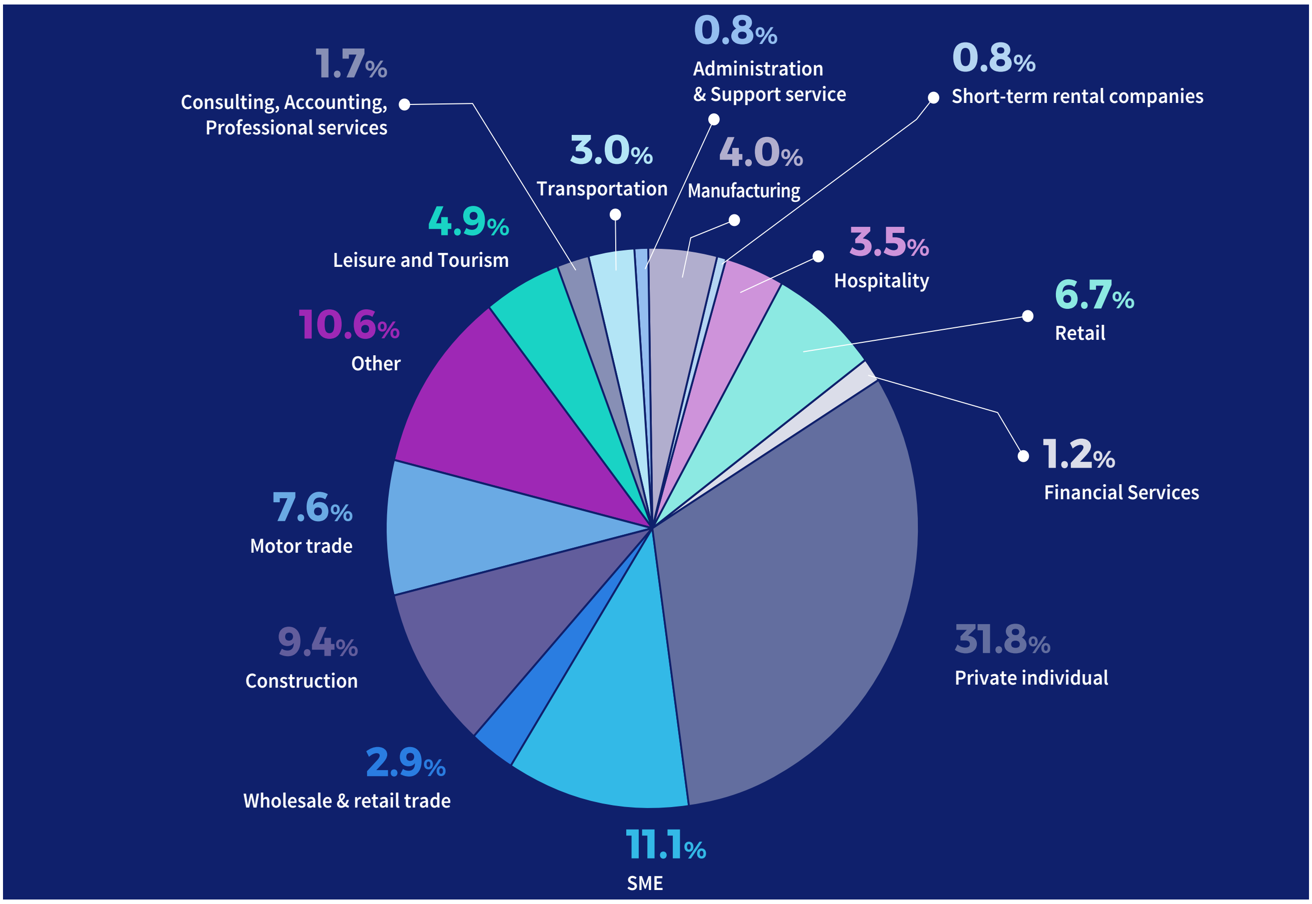
2021

	Sensitivity Impact				
Scenario	**Baseline**	**Baseline**	**Adverse**	**Adverse**	**Adverse**
Change in uplift	**-20%**	**+10%**	**0%**	**-20%**	**+10%**
Impact on Income statement (in EUR million)	+1.7	-0.9	-0.2	+1.4	-1.2

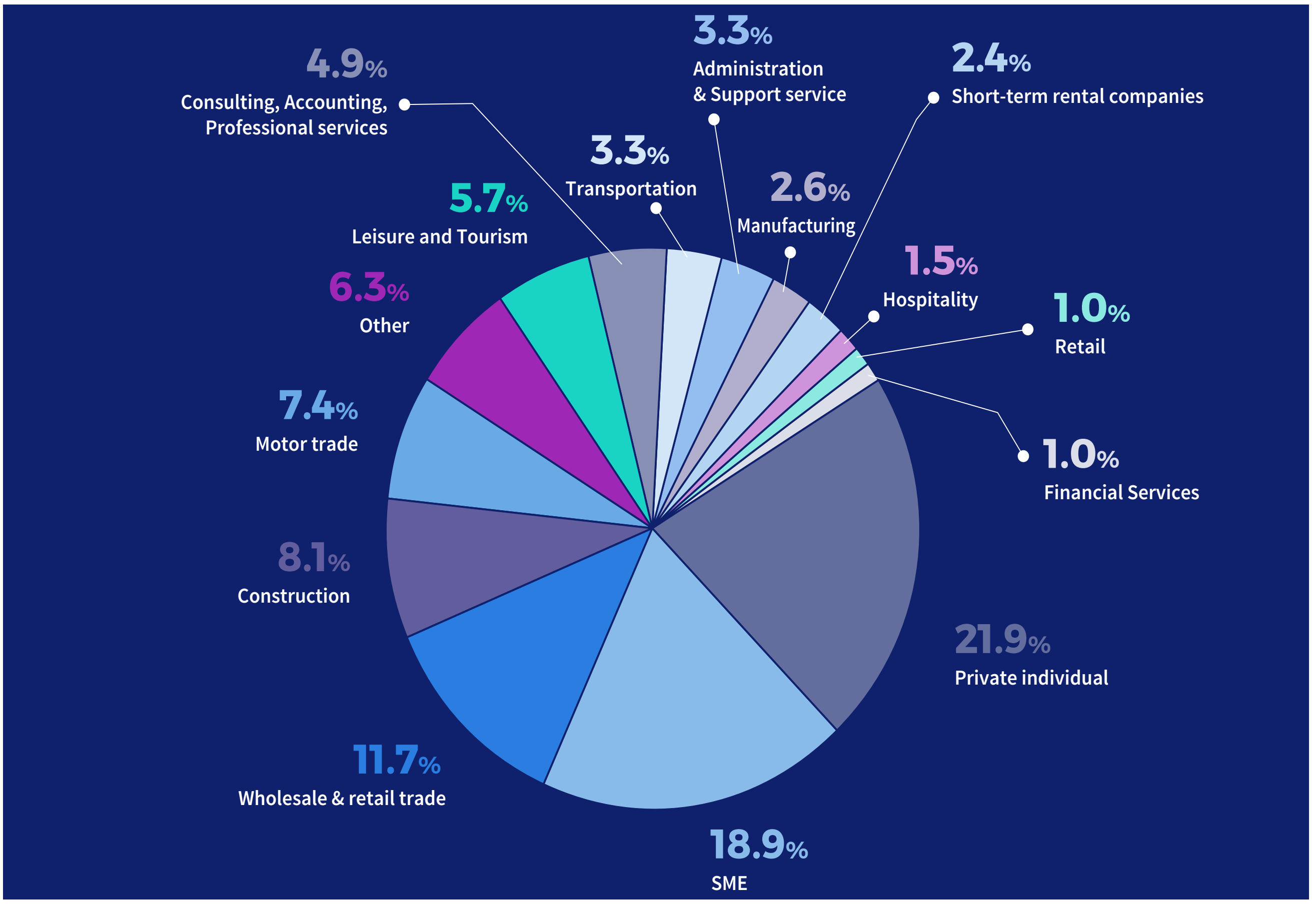
2020

	Sensitivity Impact				
Scenario	**Baseline**	**Baseline**	**Adverse**	**Adverse**	**Adverse**
Change in uplift	**-20%**	**+10%**	**0%**	**-20%**	**+10%**
Impact on Income statement (in EUR million)	+1.4	-0.7	-0.5	+0.9	-1.2

Breakdown of the forward looking provision by sector as at 31 December 2021:



Breakdown of the forward looking provision by sector as at 31 December 2020:



On average, 20% (December 2020: 19%) 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) over the last two years is shown in the table below.

	2021		2020	
(in EUR million)	December YTD	June YTD	December YTD	June YTD
Cost of risk – income statement charge/(release)	24.8	16.6	71.1	47.6
• of which forward looking provision movement	*(6.5)*	*(3.5)*	*15.4*	*13.4*
Average NEA	21,657	21,205	21,004	20,831
Cost of risk as % of average NEA (bps)	11	16	34	46

In 2021, there has been no deterioration in the Cost of risk. Management considers the current level of provisions to be adequate. 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 IFRS9 for sound customers and the loss provision matrix are shown in note 22 Receivables from clients 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 been exceptionally strong, mainly driven by shortage of new vehicles and scarcity of used vehicles in the market.

According to the Group policies, a revaluation of the fleet residual values has been performed in the second semester of 2021 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. Given the market trend in the first semester of 2021, the COVID-19 stress of EUR 171 per vehicle embedded in 2020 fleet revaluation was removed. In addition, in the second semester, further increases in used car sales prices due to impact of semi-conductor shortages and increase in demand of used vehicles have contributed to a net release of EUR 49.8 million booked in the Depreciation costs in profit or loss (31 December 2020: EUR 39 million net charge).

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.

Strong demand for used vehicles, fading of lockdowns and minimal impact on the used cars resale process resulted in the Group net release of EUR 15.4 million in stock provision (additional EUR 3.2 million charge in 31 December 2020).

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.

2.2 Supply of semiconductors

2021 has been affected by a growing shortage in the supply of semiconductors which has limited the production capacity of new cars. As global demand has increased, this shortage has caused delays in the delivery of new cars, including by ALD. The recovery of the used car market, already started in the second semester of 2020 due to strong demand, and in 2021 supply disruption caused by the semiconductor shortage, strengthened the used car market even further, altogether contributing to a record used car sales result of EUR 437.7 million in 2021 (December 30, 2020: EUR 61.1 million).

2.3 Major acquisitions in 2021

Bansabadell Renting acquisition and strategic partnership in Spain

On 29 April 2021, ALD signed an agreement to acquire Bansabadell Renting, the renting arm of Banco Sabadell in Spain, totalling c. 19,500 vehicles. The acquisition also includes the entry into a white label distribution agreement whereby Banco Sabadell will make available to its SME and Private Lease customers in Spain a Full Service Leasing solution managed by ALD.

This transaction forms part of ALD's development strategy and is an example of ALD's focus on value accretive bolt-on acquisitions. This acquisition is expected to strengthen ALD's offering in Spain, positioning the company as the 2nd largest player in the market, while expanding the commercial reach of its solutions.

The completion of this transaction was authorized by the Spanish Competition Authority in November 2021. Bansabadell Renting has not been consolidated within the Group financial statements as at 31 December 2021 due to the timing of the acquisition and is presented as an investment of EUR 59 million in Other Non-current Financial Assets. Net income for one month of ownership in 2021 was not included in the consolidated income statement as at December 31, 2021 and is deemed to be not material. This entity will form part of the Group consolidated financial statements as at 30 June 2022.

Fleetpool acquisition to develop digital subscription services in Europe

In October 2021, ALD signed an agreement to acquire Fleetpool, a leading German car subscription company, and its portfolio of c. 10,000 vehicles. The acquisition will enable ALD to rapidly develop digital car subscription services for partners, employees and private individuals and expand the commercial reach of its mobility solutions across Europe.

This acquisition will allow ALD to grow its mobility offering with Fleetpool's car subscription expertise for private individuals and companies, as well as OEM partners looking to diversify their distribution models and service offerings. Expansion is envisaged in over 10 European countries by 2026.

This transaction is an example of ALD's focus on targeted and value accretive bolt-on acquisitions and forms part of ALD's growth strategy to deliver flexible, value-added mobility solutions.

The completion of this transaction was authorized by the German Competition Authority in November 2021. Fleetpool has not been consolidated within the Group financial statements as at 31 December 2021 due to the timing of the acquisition and is presented as an investment of EUR 55 million in Other Non-current Financial Assets. Net income for one month of ownership in 2021 was not included in the consolidated income statement as at December 31, 2021 and is deemed to be not material. This entity will form part of the Group consolidated financial statements as at 30 June 2022.

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 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 2021.

3.2 Changes in accounting policies and disclosures

New and amended standards and Interpretations applicable as 1 January 2021

The Group has adopted the following new standards, amendments and interpretations to published standards for the first time for the financial year 1 January 2021:

Accounting standards, amendments or Interpretations	Note	Adoption dates by The European Union
Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	3.3.1	January 01, 2021
Extension of COVID-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16	3.3.2	April 01, 2021

3.2.1 Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include the following practical expedients:

- a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest;

- permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued;
- provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the consolidated financial statements of the Group.

3.2.2 Amendments to IFRS 16 – COVID-19 Rent Concessions

The lessee perspective

On 28 May 2020, the IASB 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. The amendment was intended to apply until 30 June 2021, but as impact of the COVID-19 pandemic is continuing, on March 2021, The IASB extended the period of application of the practical expedient to 30 June 2022.

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 IASB 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 2022; 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 2021 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.

3.3 Standards and interpretations adopted by IASB but not yet applicable at 31 December 2021

IASB publishes accounting standards, amendments and interpretations, some of which have not been adopted by the European Union as at 31 December 2021. They are required to be applied from annual periods beginning on 1 January 2022 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 2021.

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.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- what is meant by a right to defer settlement;
- that a right to defer must exist at the end of the reporting period;
- that classification is unaffected by the likelihood that an entity will exercise its deferral right;
- that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial reporting issued in March 2018 without significantly changing its requirements. The IASB also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately. At the same time, the IASB decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments are not expected to have an impact on the Group.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group.

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Group.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality

Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group's accounting policy disclosures.

3.4 Consolidation

Group entities described in note 37 Scope of consolidation are included within the scope. Changes to the scope are presented in note 7 Changes in the scope of consolidation in the year ended 31 December 2021.

3.4.1 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.

3.4.2 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.

3.4.3 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.

3.4.4 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.

3.5 Foreign currency translation

3.5.1 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.

3.5.2 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".

3.5.3 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 2021 and 31 December 2020 are based on Paris stock exchange rates and are as follows:

	31 December 2021		31 December 2020	
	Period-end Rate	Average Rate	Period-end Rate	Average Rate
EUR/UK Pound:	0.8403	0.8600	0.8990	0.8892
EUR/Turkish Lira:	15.2335	10.4670	9.1131	8.0436
EUR/Swedish Krona:	10.2503	10.1449	10.0343	10.4881
EUR/Russia Ruble:	85.3004	87.2321	91.4671	82.6454
EUR/Norwegian Krona:	9.9888	10.1634	10.4703	10.7248
EUR/Brazilian Real:	6.3101	6.3814	6.3735	5.8900
EUR/Ukrainian Hryvnia:	30.8765	32.2531	34.7501	31.2476

3.6 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.

3.6.1 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.

3.6.2 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.

3.6.3 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.

3.7 Property and equipment

3.7.1 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.

3.7.2 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 Right-of-use assets and lease liabilities (where the Group is a lessee)

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.

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.

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.

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.

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.

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.

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.

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.

Further details are provided in note 16 Right-of-use Assets and Lease Liabilities.

3.9 Intangible assets

3.9.1 Goodwill

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, Belarus, 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.

3.9.2 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.

3.10 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.

3.11 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.

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.

3.12 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.

3.13 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.

3.14 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 2021.

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 4.6 Treasury Risk and note 19 Derivative financial instruments.

3.15 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.

3.16 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.

3.17 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.

3.18 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.

3.19 Employee benefits

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans.

3.19.1 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.

3.19.2 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.

3.19.3 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.

3.20 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.

3.21 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.

3.22 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.

3.23 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.

3.24 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).

3.25 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.

3.26 General and administrative expenses

This item includes office overheads, automation costs, advertising costs, professional fees and other general expenses.

3.27 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, 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 +100 bps and -100 bps 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)*
+100 bps	- 11.1
-100 bps	+ 11.2

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.

Most of the funding provided by the SG Group is granted through Societe Generale Luxembourg and Societe Generale Paris. SG Luxembourg and SG Paris fund ALD Group Central Treasury which then grants loans in different currencies to ALD operating subsidiaries as well as to the holding companies. The total amount of loans granted by SG Luxembourg and SG Paris amounted to EUR 10,876 million at 31 December 2021 with an average residual maturity of 2 years.

The remaining SG funding is provided either by local SG branches or subsidiaries. As at 31 December 2021 the total amount of loans granted to the Group by Societe Generale, including local branches and subsidiaries, was EUR 13,125 million.

29% of fiscal year 2021 funding is provided from local external banks or third parties, representing EUR 5,392 million at 31 December 2021.

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.

The following funding arrangements concluded by the Group impacted the assessment of liquidity risk:

Securitisation

As at 31 December 2021, the Group has asset-backed securitisation programmes in five 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, France and Germany).

For further details on the transactions reference is made to note 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 2021 and 31 December 2020 is as follows:

	As at 31 December,	
(in EUR million)	**2021**	**2020**
Total Equity	4,845.6	4,195.2
Total Assets (1)	26,991.4	25,068.7
Leverage ratio	**18.0%**	**16.7%**

(1) Consolidated balance sheet for the year ended 31 December 2020 has been restated due to reclassification of EUR 19 million from "Current Provisions" to "Receivables from clients and financial institutions" for correct asset and liability presentation. Impact of this reclassification resulted in decrease of EUR 19 million in "Current Assets" and a decrease in "Current Liabilities". Details of this restatement are disclosed in note 22 "Receivables from clients and financial institutions" and note 30 "Provisions".

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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 2021 amounts to EUR 15,275 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;
- other current financial assets which have quoted market prices;
- over-the-counter derivatives.

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 corporate bonds and investment in equities.

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 2020. 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 concerning expected credit losses have remained the same as those at 31 December 2020. Estimates relating to residual value risk management have undergone significant revision due to buoyant used car market conditions. Further details can be found in note 2.1 COVID-19 Pandemic.

5.1 Fleet revaluation

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 Group level. The current residual value embedded in the contract is compared with the expected market value on a car-by-car basis taking into account concentration mix of vehicle makes and models, fuel type and other local market specificities. 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.

In 2021, the Group also considered centrally two further assumptions which could affect future sales proceeds such as:

- the semiconductor shortage which resulted in a positive impact on the expected sales proceeds and
- lack of market data on used electric vehicle sales which resulted in management applying a risk buffer on the expected sales proceeds.

The net impact to the income statement of these two additional assumptions is a positive EUR 10.2 million.

5.2 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 2021, 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 6.4% in recoverable value and would not generate any additional impairment.

Further details are provided in note 17 Goodwill.

5.3 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 2021, no provision for impairment on rental fleet was required.

5.4 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 judgement 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.

5.5 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 1.4 million lower.

Further details are provided in note 29 Retirement benefit obligations and long term benefits.

5.6 Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement 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.

5.7 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 20 ALD entities located in 13 countries. The total loans in place to these entities amounts to EUR 13.9 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 2021		Year ended 31 December 2020	
	Profit before tax	Revenue from external customers	Profit before tax	Revenue from external customers [1] [2]
Western Europe	797.0	8,033.7	364.9	7,568.4
Nordic	104.0	1,050.6	73.8	952.9
Continental & Eastern Europe	168.8	1,032.5	135.2	1,022.4
LatAm, Africa, Asia & Rest of world	49.0	362.7	40.8	358.9
TOTAL	**1,118.7**	**10,479.6**	**614.6**	**9,902.5**

(in EUR million)	Year ended 31 December 2021	Year ended 31 December 2020
	Revenue from external customers	Revenue from external customers [1] [2]
Leasing contract revenues [1] [2]	4,477.6	4,396.3
Service revenues	2,138.3	2,127.9
Proceeds of cars sold	3,863.7	3,378.3
TOTAL	**10,479.6**	**9,902.5**

Other disclosures

(in EUR million)	YEAR ENDED 31 DECEMBER 2021		
	Rental fleet	Total assets	Net financial debt [3]
Western Europe	17,226.5	22,047.3	16,340.7
Nordic	1,885.7	2,061.5	78.3
Continental & Eastern Europe	1,917.0	2,025.9	1,289.1
LatAm, Africa, Asia & Rest of world	682.1	856.8	656.4
TOTAL	**21,711.3**	**26,991.4**	**18,364.6**

(in EUR million)	Year ended 31 December 2020		
	Rental fleet	Total assets [4]	Net financial debt [3]
Western Europe	15,871.9	20,385.7	15,509.4
Nordic	1,817.7	1,981.6	85.5
Continental & Eastern Europe	1,797.0	1,932.8	1,235.7
LatAm, Africa, Asia & Rest of world	590.4	768.6	620.3
TOTAL	**20,077.0**	**25,068.7**	**17,451.0**

Revenue from external customers and Rental Fleet by countries with Revenues in excess of EUR 500 million are detailed below:

	Year ended 31 December 2021	Year ended 31 December 2020	Year ended 31 December 2021	Year ended 31 December 2020
	Revenue from external customers *(EUR million)*	Revenue from external customers *(EUR million)* (1) (2)	Rental Fleet *(EUR million)*	Rental Fleet *(EUR million)*
France	2,241.7	2,039.5	4,977.0	4,630.6
Italy	1,374.8	1,521.6	2,224.9	2,397.7
UK	1,074.7	894.0	2,238.8	1,677.4
Germany	921.8	788.6	2,292.1	1,972.4
Spain	724.1	715.8	1,764.2	1,700.1
Netherlands	679.4	661.0	1,466.8	1,374.3
Belgium	622.9	586.7	1,455.3	1,340.3
Other Countries	2,840.2	2,695.3	5,292.2	4,984.2
	10,479.6	**9,902.5**	**21,711.3**	**20,077.0**

(1) For the year ended 31 December 2020, reclassification of EUR 21.7 million between "Cost of services revenues" and "Leasing contract revenues – operating leases" was required to present revenues from operating leases correctly. Volume rebates paid to customers, previously reported in the "Cost of services revenues", were reclassified to "Leasing contract revenues" as those rebates are driven by the levels of leasing revenues generated from customers and not services revenues. This reclassification has resulted in the reduction of "Leasing contract revenues" and subsequently "Leasing contract margin".

(2) For the year ended 31 December 2020, reclassification of EUR 10 million between "Other Interest Income" and "Other Interest Charges" was required to present interest charges correctly. Interest Income received from financial instruments has been presented on a net basis with interest costs on financial instruments where these instruments are embedded in the same structured funding transaction and are designed to remove market risk from this transaction.

(3) 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.

(4) Consolidated balance sheet for the year ended 31 December 2020 has been restated due to reclassification of EUR 18.9 million from "Current Provisions" to "Receivables from clients and financial institutions" for correct asset and liability presentation. Impact of this reclassification resulted in decrease of EUR 18.9 million in "Current Assets" and a decrease in "Current Liabilities". Details of this restatement are disclosed in note 22 "Receivables from clients and financial institutions" and note 30 "Provisions".

NOTE 7 Changes in the scope of consolidation in the year ended 31 December 2021

At 31 December 2021, all companies are fully consolidated, except 2 companies accounted using the equity method (note 18). Changes in the scope of consolidation compared to December 2020 are as follows:

- in the first semester of 2021, ALD MHC Mobility Services Malaysia Sdn Bhd entity has been added to the scope where ALD holds 60% of shares and 40% are held by external shareholder Mitsubishi HC Capital Inc. The impact of including this subsidiary in the scope of consolidation is not material;
- in 2021, ALD Belarus activity has been transferred from Representative office reported under ALD Russia to local legal entity (now reported as a subsidiary on standalone basis);
- ALD Automotive Russie SAS has been merged with parent company ALD International SA from 1 January 2021 and no longer exists as a separate consolidated entity under global integration.

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. ALD recorded an after tax gain on sale of this discontinued operation of EUR 10 million in its financial statements ended 31 December 2020.

NOTE 8 Revenues and cost of revenues

8a Leasing contract margin

(in EUR million)	Year ended 31 December, 2021	2020 [1] [2]
Leasing contract revenue - operating leases [1] [2]	4,439.2	4,354.9
Interest income from finance lease	35.7	39.0
Other interest income [2]	2.7	2.4
LEASING CONTRACT REVENUES [1]	**4,477.6**	**4,396.3**
Leasing contract costs - depreciation	(3,592.3)	(3,612.8)
Leasing contract costs - financing:		
Interest charges on loans from financial institutions	(119.5)	(141.1)
Interest charges on issued bonds	(16.0)	(14.5)
Other interest charges [2]	2.9	(13.9)
Total interest charges	(132.7)	(169.5)
LEASING CONTRACT COSTS - DEPRECIATION AND FINANCING	**(3,725.0)**	**(3,782.3)**
Trading derivatives	(7.4)	4.7
Imperfectness of derivatives at fair value hedges	0.3	–
Imperfectness of derivatives at cash flow hedges	(1.3)	(1.2)
Unrealised gains/losses on derivative financial instruments	(8.4)	3.5
Unrealised Foreign Exchange Gains or Losses	(11.3)	(13.1)
TOTAL UNREALISED GAINS/LOSSES ON FINANCIAL INSTRUMENTS	**(19.8)**	**(9.6)**
LEASING CONTRACT MARGIN [1]	**732.8**	**604.4**

(1) For the year ended 31 December 2020, reclassification of EUR 21.7 million between “Cost of services revenues” and “Leasing contract revenues – operating leases” was required to present revenues from operating leases correctly. Volume rebates paid to customers, previously reported in the “Cost of services revenues”, were reclassified to “Leasing contract revenues” as those rebates are driven by the levels of leasing revenues generated from customers and not services revenues. This reclassification has resulted in the reduction of “Leasing contract revenues” and subsequently “Leasing contract margin”.

(2) For the year ended 31 December 2020, reclassification of EUR 10 million between “Other Interest Income” and “Other Interest Charges” was required to present interest charges correctly. Interest Income received from financial instruments has been presented on a net basis with interest costs on financial instruments where these instruments are embedded in the same structured funding transaction and are designed to remove market risk from this transaction.

“Other interest income” mainly comprises of 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 2021, the impact of the movement in excess depreciation was a net release of EUR 49.8 million (2020: EUR 39 million net cost).

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.

	Year ended 31 December,	
(in EUR million)	**2021**	**2020** [(1)]
Services revenue	2,138.3	2,127.9
Cost of services revenues [(1)]	(1,488.3)	(1,475.9)
Services margin	**650.0**	**652.0**

(1) See 8a.

8c Car sales result

	Year ended 31 December,	
(in EUR million)	**2021**	**2020**
Proceeds of cars sold	3,863.7	3,378.3
Cost of cars sold	(3,426.0)	(3,317.1)
Used Car Sales result	**437.7**	**61.1**

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 significant increase in Used Car Sales result is driven by exceptionally favourable conditions in used car markets due to semiconductor shortages which have impacted availability of new cars and extended delays in their delivery and due to cars being a preferred mode of public transportation for pandemic reasons.

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.

	Year ended 31 December,	
(in EUR million)	**2021**	**2020** [(1) (2)]
Services Revenues	**2,138.3**	**2,127.9**
Leasing contract revenue - operating leases [(1)]	4,439.2	4,354.9
Interest revenue [(2)]	38.4	41.5
Leasing contract revenues [(1)]	**4,477.6**	**4,396.3**
SUB-TOTAL - REVENUES FROM RENTAL ACTIVITY [(1)]	**6,615.9**	**6,524.2**
Proceeds of Cars Sold	3,863.7	3,378.3
TOTAL REVENUES [(1)]	**10,479.6**	**9,902.5**
TOTAL REVENUES EXCLUDING INTEREST INCOME [(1)]	**9,629.1**	**9,077.0**

(1) and(2) See 8a.

NOTE 9 Impairment charges on receivables

		Year ended 31 December,	
(in EUR million)	**Note**	**2021**	**2020**
Impairment		(104.2)	(142.0)
Reversal of impairment [(1)]		79.4	70.9
Impairment charges on receivables	**2.1, 22**	**(24.8)**	**(71.1)**

(1) Reversal of impairment represents doubtful receivables recovered in the year and the movement in IFRS9 provision.

NOTE 10 Staff expenses

(in EUR million)	Year ended 31 December, 2021	2020
Wages and salaries	(333.6)	(316.7)
Social security charges	(69.7)	(65.0)
Defined benefit post-employment costs	(2.5)	(2.3)
Other staff costs	(27.9)	(24.4)
TOTAL	**(433.7)**	**(408.4)**

The average number of staff employed (including temporary staff) by the Group during the year was 6,748 (2020: 6,543). At year-end, the full time equivalent number of staff employed by the Group was 6,893 (2020: 6,606).

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.

NOTE 12 Depreciation and amortisation

(in EUR million)	Notes	Year ended 31 December, 2021	2020
Depreciation of other property and equipment	**15**	(18.2)	(25.7)
Depreciation of intangible assets	**15**	(27.3)	(16.0)
Depreciation of right of use asset	**16**	(19.7)	(21.1)
TOTAL		**(65.1)**	**(62.9)**

NOTE 13 Income tax expense

(in EUR million)	Year ended 31 December, 2021	2020
Current tax	(167.6)	(64.6)
Deferred tax	(71.1)	(44.3)
Income tax expense	**(238.6)**	**(108.9)**

In 2021, there was a EUR 11.1 million benefit (EUR 37 million in 2020) 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 s.r.l (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. 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, 2021	2020
Profit before tax	**1,118.7**	**614.6**
Standard tax rate in France	**28.41%**	**32.02%**
Tax expense at standard rate	**(317.8)**	**(196.8)**
Tax calculated at domestic tax rates applicable to profits in the respective countries	65.5	62.0
Tax effects of:		
• Associates' results reported net of tax	(0.6)	0.6
• Income not subject to tax	(7.3)	(12.3)
• Expenses not deductible for tax purposes	5.0	23.4
• Utilisation of previously unrecognised tax losses	–	0.3
• Tax losses for which no deferred income tax asset was recognised	–	(1.5)
• Re-measurement of deferred tax	19.3	22.6
• Adjustment in respect of prior years	7.7	(0.7)
• Other (1)	(10.5)	(6.6)
TOTAL	**(238.6)**	**(108.9)**
Effective rate of income tax	21.33%	17.73%

(1) Mainly regional taxes based on the productive activities.

The positive impact in expenses not deductible for tax purposes continues to be driven by the benefit of the Stability law in Italy, although in a lower amount than in prior years as the vehicles eligible for this tax benefit are gradually running off.

Adjustment in respect of prior years is related mostly to Luxembourg where additional EUR 8.3 million corresponds to tax benefit that can be deducted from corporate income tax due in an amount of 13% of the additional investment carried out during the tax year in qualifying assets as per Article 152 bis of Luxembourg Income Tax law.

Of the tax calculated at domestic rates applicable to profits in the respective countries in 2021, the major contributors are UK, Ireland, Luxembourg, Italy, Russia, Finland and Spain where effective tax rates are lower than in France (with applicable tax rates of 19%, 12.5%, 18.9%, 24%, 20%, 20% and 25% respectively).

NET DEFERRED TAX VARIATION

The gross movement on the net deferred tax account is as follows:

(in EUR million)	As at 31 December, 2021	2020
Net deferred tax liabilities at 1 January	**(257.6)**	**(220.0)**
Income statement charge	(71.1)	(44.3)
Tax charged/(credited) directly to equity	(7.5)	(0.3)
Exchange differences	13.3	9.0
Scope changes	–	(2.0)
Net deferred tax liabilities at 31 December	**(322.9)**	**(257.6)**

DEFERRED INCOME TAX BY NATURE

(in EUR million)	As at 31 December, 2021	2020
Accelerated tax depreciation	(604.1)	(511.0)
Provisions	156.9	143.9
Tax losses	67.3	76.0
Fair value gains	3.6	(1.6)
Retirement benefit obligation	3.2	4.1
Other timing differences	50.1	30.7
Other	0.1	0.3
Net deferred tax asset/(liability)	**(322.9)**	**(257.6)**

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 2021, there has been no substantively enacted changes which had material impacts on the Group's statements.

Tax losses

The majority of the 2021 tax losses EUR 67.3 million (2020: EUR 76 million) are attributable to Norway EUR 16.9 million (2020: EUR 23 million), France EUR 28.5 million (2020: EUR 40.1 million) and Belgium EUR 13.9 million (2020: 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 2020	
Cost	27,563.4
Accumulated depreciation & impairment	(7,226.7)
Carrying amount as at 1 January 2020	**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 to assets qualified as held-for-sale	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**
Year ended 31 December 2021	
Opening net book amount	20,077.0
Additions	8,767.8
Disposals	(3,530.5)
Depreciation charge	(3,708.5)
Currency translation differences	105.5
Closing net book amount as at 31 December 2021	**21,711.3**
At 31 December 2021	
Cost	29,917.0
Accumulated depreciation & impairment	(8,205.7)
Carrying amount as at 31 December 2021	**21,711.3**

At 31 December 2021 and 31 December 2020, there were no impairments on the "Rental fleet".

The Group concluded a number of asset-backed securitisation programmes which involve the sale of future lease instalment receivables and, in some cases, related residual value receivables originated by various ALD subsidiaries to special purpose companies which are included in the consolidated financial statements of the Group.

As a result of this sale, net book value of securitised operating lease assets amounts to EUR 2,466 million at 31 December 2021 (EUR 1,801 million at 31 December 2020). The transferred lease receivables cannot be sold.

For further details on the securitisation transactions and transferred assets reference is made to the note 28.

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 2020					
Cost		4.5	72.7	144.2	221.4
Accumulated depreciation & impairment			(26.6)	(76.6)	(103.2)
Carrying amount As at 1 January 2020		**4.5**	**46.1**	**67.6**	**118.2**
Year ended 31 December 2020					
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)
Transfer to intangible assets [(1)]		–	(16.6)	(25.7)	(42.3)
Currency translation differences		–	(0.6)	(1.9)	(2.4)
Closing Net book amount As at 31 December 2020 [(1)]		**4.5**	**33.5**	**42.5**	**80.5**
At 31 December 2020					
Cost		4.5	64.2	90.5	159.2
Accumulated depreciation & impairment			(30.8)	(48.0)	(78.8)
Carrying amount As at 31 December 2020 [(1)]		**4.5**	**33.5**	**42.5**	**80.5**
Opening net book amount		4.5	33.5	42.5	80.5
Additions		–	3.2	31.4	34.6
Disposals		–	(0.7)	(11.7)	(12.5)
Depreciation charge	**12**	–	(5.9)	(12.2)	(18.2)
Currency translation differences		–	0.2	0.3	0.5
Closing Net book amount As at 31 December 2021		**4.5**	**30.2**	**50.3**	**85.0**
At 31 December 2021					
Cost		4.5	66.0	103.3	173.8
Accumulated depreciation & impairment			(35.8)	(53.0)	(88.8)
Carrying amount As at 31 December 2021		**4.5**	**30.2**	**50.3**	**85.0**

OTHER INTANGIBLE ASSETS

(in EUR million)	Note	Software	Other	Total
At 1 January 2020				
Cost		77.3	12.7	90.0
Accumulated amortisation and impairment		(48.4)	(1.2)	(49.6)
Carrying amount As at 31 December 2020 (1)		**28.8**	**11.5**	**40.4**
Year ended 31 December 2020				
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
Transfer from other property and equipment (1)		–	42.3	42.3
Currency translation differences		(0.1)	(0.0)	(0.1)
Closing net book amount As at 31 December 2020 (1)		**24.1**	**54.7**	**78.8**
At 31 December 2020				
Cost		85.3	93.4	178.8
Accumulated amortisation and impairment		(61.2)	(38.8)	(100.0)
Carrying amount As at 31 December 2020 (1)		**24.1**	**54.7**	**78.8**
Year ended 31 December 2020				
Opening net book amount		24.1	54.7	78.8
Additions		9.6	45.4	55.0
Divestments		(0.0)	(18.1)	(18.1)
Amortization	**12**	(14.7)	(12.6)	(27.3)
Currency translation differences		0.1	0.3	0.3
Closing net book amount As at 31 December 2021		**19.1**	**69.6**	**88.7**
At 31 December 2021				
Cost		90.3	113.3	203.6
Accumulated amortisation and impairment		(71.2)	(43.6)	(114.8)
Carrying amount As at 31 December 2021		**19.1**	**69.6**	**88.7**

(1) EUR 42.3 million were reclassified from Property, Plant and Equipment to Other Intangible Assets in order to correct asset presentation. Majority of this reclassification relates to capitalised workforce and work-in-progress on the IT projects.

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NOTE 16 Right-of-use assets and lease liabilities

(in EUR million)	Right-of-use assets (property leases)	Lease liabilities
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**
As at 1 January 2021	**128.0**	**132.7**
Additions	21.9	21.6
Disposals	(7.4)	(7.6)
Accumulated depreciation	(25.0)	-
Interest	-	1.6
Payments	-	(26.9)
As at 31 December 2021	**117.3**	**121.4**

NOTE 17 Goodwill

(in EUR million)	Goodwill
At 1 January 2020	
Cost	575.7
Accumulated impairment	–
Carrying amount As at 1 January 2020	**575.7**
Year ended 31 December 2020	
Opening net book amount	575.7
Additions	2.0
Transfer to rental fleet	(0.9)
Transfer to other intangibles	(0.8)
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**
Year ended 31 December 2021	
Opening net book amount	576.0
Closing net book amount As at 31 December 2021	**576.0**
At 31 December 2021	
Cost	576.0
Accumulated impairment	–
Carrying amount As at 31 December 2021	**576.0**

GOODWILL BY CASH-GENERATING UNITS

(in EUR million)	As at 1 January 2021	Addition	Decrease	Scope changes	As at 31 December 2021
France	212.0	–	–	–	212.0
Germany	35.2	–	–	–	35.2
Italy	50.2	–	–	–	50.2
Spain	109.1	–	–	–	109.1
UK	22.6	–	–	–	22.6
Benelux	56.9	–	–	–	56.9
Ireland	24.1	–	–	–	24.1
Mediterranean Hub	2.5	–	–	–	2.5
Nordics Hub	18.3	–	–	–	18.3
South Eastern Europe Hub	9.5	–	–	–	9.5
North Eastern Europe Hub	4.1	–	–	–	4.1
Central Europe Hub	31.5	–	–	–	31.5
TOTAL	**576.0**	**–**	**–**	**–**	**576.0**

(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**

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 uncertainties related to COVID-19 pandemic, the Group has performed additional "stressed" scenario for the future cashflow projections. The scenario had the following stresses:

- 10% decrease in expected fleet growth in 2022-2026;
- 10% reduction in proceeds from used car sales in 2022 and 2023.

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 2021. There was no impairment recognised in 2020.

The key assumptions used for value-in-use calculations in 2021 and 2020 are as follows:

ASSUMPTIONS IN 2021 AND 2020

	Discount Factor 2021	Discount Factor 2020	Perpetuity rate (2021 and 2020)
France	9.40%	9.30%	2.00%
Germany	9.40%	9.30%	2.00%
Italy	9.40%	9.30%	2.00%
Spain	9.40%	9.30%	2.00%
UK	9.40%	9.30%	2.00%
Ireland	10.99%	10.39%	2.00%
Benelux	9.40%	9.30%	2.00%
Mediterranean Hub	9.40%	9.30%	2.00%
Nordics Hub	9.40%	9.30%	2.00%
South Eastern Europe Hub	17.30%	16.90%	2.00%
North Eastern Europe Hub	9.40%	9.60%	2.00%
Central Europe Hub	9.55%	11.92%	2.00%

NOTE 18 Investments in associates

(in EUR million)	Year ended 31 December, 2021	2020
Balance as at 1 January	**10.2**	**9.0**
Share of results	(2.6)	1.2
Currency translation differences	0.3	(0.1)
Balance as at 31 December	**7.9**	**10.2**

Name	Country of incorporation	Assets	Liabilities (1)	Revenues	Profit/ (Loss)	% interest held
As at 1 January 2020						
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**	
As at 31 December 2021						
ALD Automotive SA Morocco	MOROCCO	52.2	45.5	19.1	(1.9)	35%
Nedderfeld 95 Immobilien Gmbh & Co. KG	GERMANY	1.2	0.0	–	–	35%
TOTAL		**53.4**	**45.5**	**19.1**	**(1.9)**	

(1) 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 2021		Year ended 31 December 2020	
(in EUR million)	Assets	Liabilities	Assets	Liabilities
Interest rate swaps - cash flow hedge	3.9	0.1	0.5	10.2
Interest rate swaps - fair value hedge	–	–	–	–
Foreign Exchange swaps	23.5	4.9	47.4	4.1
Trading derivatives	11.2	6.1	16.9	9.4
TOTAL	**38.6**	**11.2**	**64.7**	**23.7**
Less non-current portion:				
Interest rate swaps - cash flow hedge	3.9	0.1	0.1	7.3
Interest rate swaps - fair value hedge	–	–	–	–
Foreign Exchange swaps	12.4	4.7	24.4	2.8
Trading derivatives	4.8	5.5	8.6	2.4
Total non-current portion	**21.1**	**10.3**	**33.1**	**12.4**
CURRENT PORTION	**17.5**	**0.8**	**31.6**	**11.3**

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 2021 were EUR 361.7 million (2020: EUR 320.8 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 2021 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 2021 were EUR 1,962 million (2020: EUR 2,294 million).

At 31 December 2021, the main floating rates used are EURIBOR and SONIA (UK). Gains and losses recognised in the hedging reserve in equity on interest rate swap contracts as of 31 December 2021 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

	Year ended 31 December,	
(in EUR million)	**2021**	**2020**
Long-term investments (10 years)	279.9	386.9
Other current financial assets	380.7	350.4
Other	122.6	4.7
TOTAL	**783.2**	**742.0**

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 5 years' time and will not be renewed.

The movement in other non-current financial assets is driven by the investment of EUR 59 million in Bansabadell Renting and EUR 55 million in Fleetpool (see note 2.2).

NOTE 21 Inventories

	As at 31 December,	
(in EUR million)	**2021**	**2020**
Inventories - gross value	304.9	348.4
Valuation allowance	(8.5)	(23.9)
Inventories net	**296.4**	**324.6**

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.

(in EUR million)	As at 31 December, 2021	2020
Amounts receivable under finance lease contracts	790.3	762.5
Provision for impairment of Finance lease receivables	(13.0)	(14.2)
-Of which:		
• provision for doubtful receivables	(8.0)	(6.8)
• provision for sound receivables	(4.0)	(4.7)
• provision for sound receivables (forward looking)	(1.0)	(2.7)
Amounts receivable from credit institutions and related parties [1]	240.7	35.3
Trade receivables	1,012.0	977.2
Provision for impairment of trade receivables	(171.8)	(178.1)
-Of which:		
• provision for doubtful receivables	(152.0)	(150.8)
• provision for sound receivables	(11.6)	(14.5)
• provision for sound receivables (forward looking)	(8.2)	(12.7)
Provision for customer disputes [2]	(30.6)	(18.9)
TOTAL RECEIVABLES	**1,827.6**	**1,563.7**

(1) Mainly towards Societe Generale – no impairment provision has been calculated on these receivables due to their inter-Group nature. Increase in these receivables relates to excess cash from current accounts deposited with Societe Generale as at year end and loan receivable from Fleetpool subsidiary not yet consolidated in the financial statements as at 31 December 2021. See note 2.3.

(2) EUR 18.9 million as at 31 December 2020 were reclassified from Current provisions to Receivables from clients and financial institutions in order to correct asset/liability presentation. Provision for receivables disputed by customers is now presented as a reduction of receivables rather than a liability. It is also considered separately to impairment of receivables and does not represent a credit risk.

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.

ALD considers some specific receivable types as out of scope. These receivables have zero or almost no history of credit risk and include receivables on used car sales and insurance, which have been reviewed for credit losses and found to be of a different risk nature to the Group's main lease receivables.

	31 December 2021			31 December 2020		
(in EUR million)	In scope	Out of scope	Total	In scope	Out of scope	Total
Amounts receivable under finance lease contracts	771.9 [1]	18.5 [2]	790.3	749.3 [1]	13.2 [2]	762.5
Provision for impairment of receivables under finance lease contracts	(4.0)	(8.0)	(12.0)	(4.7)	(6.7)	(11.4)
Provision for impairment of receivables under finance lease contracts - forward looking	(1.0)	-	(1.0)	(2.7)	–	(2.7)
Amounts receivable from credit institutions	-	240.7	240.7	-	35.3	35.3
Trade receivables	598.9	413.2 [2]	1,012.0	580.4	396.7 [2]	977.2
Provision for impairment of trade receivables	(11.6)	(152.1)	(163.6)	(14.5)	(150.9)	(165.4)
Provision for impairment of trade receivables - forward looking	(8.2)	–	(8.2)	(12.7)	–	(12.7)
Provision for customer disputes [3]	-	(30.6)	(30.6)	-	(18.9)	(18.9)
TOTAL RECEIVABLES	**1,346.0**	**481.6**	**1,827.6**	**1,295.1**	**268.6**	**1,563.8**

(1) Including remaining capital.

(2) These amounts represent doubtful and non-lease receivables.

(3) EUR 18.9 million as at 31 December 2020 were reclassified from Current provisions to Receivables from clients and financial institutions in order to correct asset/liability presentation. Provision for receivables disputed by customers is now presented as a reduction of receivables rather than a liability. It is also considered separately to impairment of receivables and does not represent a credit risk.

Based on the receivables which are in the scope, the loss allowance as at 31 December 2021 and 31 December 2020 was determined as follows for both trade and finance lease receivables:

PROVISION MATRIX 31 DECEMBER 2021

(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%	3%	8%	12%	14%	
Gross carrying amount of receivables in IFRS 9 scope	1,194.0	106.1	29.5	8.1	33.0	1,370.7
Loss Allowance	(13.3)	(3.5)	(2.3)	(1.0)	(4.6)	(24.7)
Net carrying amount of receivables in IFRS 9 scope	**1,180.7**	**102.7**	**27.2**	**7.1**	**28.4**	**1,346.0**

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**

The decrease in the provision for impairment of receivables under finance lease contracts and trade receivables is due to the improvement of the aged receivable balances. 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.

	Year ended 31 December 2021					
	Loans and receivables to customers					
(in EUR million)	Banks	Corporates	Small and medium enterprises	Credit to individuals	Very small companies	Total
Amounts not past due	9.0	371.1	65.4	82.2	192.4	720.1
Amounts including past due between 1 to 30 days	0.3	5.1	10.8	0.2	5.1	21.5
Amounts including past due between 31 to 60 days	0.0	5.3	2.4	0.0	1.6	9.3
Amounts including past due between 61 to 90 days	–	0.1	0.5	0.0	0.8	1.5
Amounts including past due between 91 to 180 days	0.5	7.3	0.1	0.2	2.8	10.9
Amounts including past due between 181 days to 1 year	0.0	4.5	0.5	0.0	2.3	7.3
Amounts including past due over 1 year	-	0.3	0.2	0.0	0.7	1.2
TOTAL	**9.7**	**393.8**	**79.9**	**82.8**	**205.7**	**771.9**

	Year ended 31 December 2020					
	Loans and receivables to customers					
(in EUR million)	Banks	Corporates	Small and medium enterprises (1)	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**

(1) There has been a reclassification between portfolios in 2020

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The increase in amounts not past due is related to fleet increase.

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:

		As at 31 December,	
(in EUR million)	Note	2021	2020
Balance at 1 January		(178.1)	(136.5)
Net Impairment charges	9	(24.8)	(71.1)
Receivables written off		33.1	20.7
Movement in Finance Lease Provision		(1.2)	3.5
Other and currency translation differences		(0.7)	5.4
Balance at 31 December		**(171.8)**	**(178.1)**

The maturity analysis is as follows:

	As at 31 December,	
(in EUR million)	2021	2020
Trade receivables not overdue	670.2	623.3
Past due up to 90 days	144.1	160.8
Past due between 90 - 180 days	23.9	41.5
Past due over 180 days	173.8	151.6
TOTAL	**1,012.0**	**977.2**

The deterioration in the past due over 180 days maturity profile in 2021 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 180 days categories.

NOTE 23 Other receivables and prepayments

	As at 31 December,	
(in EUR million)	2021	2020
VAT and other taxes	276.8	237.1
Prepaid motor vehicle tax and insurance premiums	95.4	108.1
Reclaimable damages	8.2	8.5
Prepaid expenses	346.6	296.4
Other	307.6	263.7
Other receivables and prepayments	**1,034.6**	**913.9**

The majority of the other receivables and prepayments have a maturity of less than one year.

The other receivables balance includes EUR 193.3 million (2020: EUR 105.8 million) relating to rebates receivable from dealers and manufacturers.

NOTE 24 Cash and cash equivalents

(in EUR million)	As at 31 December, 2021	2020
Cash at bank and on hand	112.2	122.6
Short-term bank deposits	40.5	72.1
Cash and cash equivalents excl. bank overdrafts	**152.7**	**194.7**
Bank overdrafts	(228.4)	(315.7)
Cash and cash equivalents, net of bank overdrafts	**(75.7)**	**(121.0)**

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

		Fair Value		
As at 31 December 2021 *(in EUR million)*	**Carrying Value**	**Level 1**	**Level 2**	**Total**
Financial assets measured at fair value				
Derivative financial instruments in hedge	27.4		27.4	27.4
Derivative financial instruments not in hedge	11.2		11.2	11.2
Other current financial assets	260.3	260.3		260.3
Financial assets not measured at fair value				
Receivables from clients and from financial institutions	1,827.6		1,827.6	1,827.6
Investment in associates	7.9			
Other non-current and current financial assets	522.9			
Cash and cash equivalents	152.7			
TOTAL	**2,810.0**	**260.3**	**1,866.2**	**2,126.6**

		Fair Value		
As at 31 December 2020 *(in EUR million)*	**Carrying Value**	**Level 1**	**Level 2**	**Total**
Financial assets measured at fair value				
Derivative financial instruments in hedge	47.8		47.8	47.8
Derivative financial instruments not in hedge	16.9		16.9	16.9
Other current financial assets	249.0	249.0		
Financial assets not measured at fair value				
Receivables from clients and from financial institutions	1,563.8		1,563.8	1,563.8
Investment in associates	10.2			
Other non-current and current financial assets	492.9			
Cash and cash equivalents	194.7			
TOTAL	**2,575.3**	**249.0**	**1,628.4**	**1,628.4**

(1) EUR 18.9 million as at 31 December 2020 were reclassified from Current provisions to Receivables from clients and financial institutions. See Note 22.

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FINANCIAL LIABILITIES

As at 31 December 2021 *(in EUR million)*	Carrying Value	Fair Value Level 1	Fair Value Level 2	Fair Value Total
Financial liabilities measured at fair value				
Derivative financial instruments in hedge	5.0		5.0	5.0
Derivative financial instruments not in hedge	6.1		6.1	6.1
Financial liabilities not measured at fair value				
Bank borrowings	13,848.6		13,848.6	13,848.6
Bonds issued	4,668.7	2,720.0	1,963.6	4,683.6
Trade payables	828.7		828.7	828.7
TOTAL	**19,357.2**	**2,720.0**	**16,652.1**	**19,372.1**

As at 31 December 2020 *(in EUR million)*	Carrying Value	Fair Value Level 1	Fair Value Level 2	Fair Value Total
Financial liabilities measured at fair value				
Derivative financial instruments in hedge	14.3		14.3	14.3
Derivative financial instruments not in hedge	9.4		9.4	9.4
Financial liabilities not measured at fair value				
Bank borrowings	12,734.1		12,734.1	12,734.1
Bonds issued (1)	4,911.6	3,534.6	1,406.4	4,941.0
Trade payables	757.2		757.2	757.2
TOTAL	**18,426.6**		**14,921.5**	**18,456.0**

(1) Fair value of corporate bonds (EMTN programme) was previously disclosed under level 2. Transfer to level 1 is required as these financial instruments are traded in active markets and their fair value is based on quoted market prices as at the balance sheet date

NOTE 26 Shareholders' equity

Share Capital and Share Premium

At 31 December 2021, the authorised capital amounted to EUR 606.2 million (2020: EUR 606.2 million), divided into 404,103,640 ordinary shares with a nominal value of EUR 1.5 each.

At 31 December 2021, share premium amounted to EUR 367 million (2020: EUR 367 million).

All shares issued by ALD S.A. 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 2021, 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 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)**
Opening balance 1 January 2021	**1,062,905**	**(12.9)**
Acquisition of treasury shares employee share schemes	214,044	(2.9)
Employee share scheme issue	(261,610)	2.9
Liquidity contracts	(14,310)	(0.3)
BALANCE AT 31 DECEMBER 2021	**1,001,029**	**(13.2)**

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 2021, 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 2021 LONG-TERM INCENTIVES PLANS APPROVED BY ALD BOARD OF DIRECTORS

	Plan 7	Plan 8.A	Plan 8.B
Date of Board Meeting	26 March 2021	26 March 2021	26 March 2021
Total number of shares granted	264,223	9,913	9,914
Vesting date	31 March 2024	31 March 2023	31 March 2024
Holding period end date	no holding period	30 September 2023	30 September 2024
Fair value (in EUR)	10.72	11.44	10.72
Number of employees in the plan	280	5	5

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	7.75	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	March 31, 2020	31 March 2021
Holding period end date	no holding period	September 30, 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 2021 524 employees (403 employees as at 31 December 2020) 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 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**
As at 1 January 2021	**871,563**
Granted during the year	284,050
Vested during the year	(261,610)
Forfeited during the year	(27,030)
As at 31 December 2021	**866,973**

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 granted by the parent company Societe Generale ("AGA"). Free shares plan ("AGA") was granted to a limited number of managers, subject to attendance conditions. 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 2021	31 December 2020
Net expenses from free share ALD plans	(2.2)	(2.3)
Net expenses from free share Societe Generale plan	–	(0.0)
TOTAL EXPENSE	**(2.2)**	**(2.3)**

NOTE 28 Borrowings from financial institutions, bonds and notes issued

	As at 31 December,	
(in EUR million)	2021	2020
Bank borrowings	9,407.1	7,763.5
Non-current borrowings from financial institutions	**9,407.1**	**7,763.5**
Bank overdrafts	228.4	315.7
Bank borrowings	4,213.1	4,655.0
Current borrowings from financial institutions	4,441.5	4,970.6
TOTAL BORROWINGS FROM FINANCIAL INSTITUTIONS	**13,848.6**	**12,734.1**
Bonds and notes - originated from securitisation transactions	1,628.8	1,267.8
Bonds and notes - originated from EMTN programme	1,600.0	2,200.0
Other non - current bonds issued	–	–
Non-current bonds and notes issued	**3,228.8**	**3,467.8**
Bonds and notes - originated from securitisation transactions	334.8	138.7
Bonds and notes - originated from EMTN programme	1,105.1	1,305.2
Other current bonds issued	–	–
Current bonds and notes issued	**1,439.9**	**1,443.9**
TOTAL BONDS AND NOTES ISSUED	**4,668.7**	**4,911.6**
TOTAL BORROWINGS FROM FINANCIAL INSTITUTIONS AND BONDS	**18,517.3**	**17,645.7**

There are no non-cash items from all outstanding sources of borrowings.

MATURITY OF BORROWINGS AND BONDS

	As at 31 December,	
(in EUR million)	2021	2020
Less than 1 year	5,881.4	6,414.5
1-5 years	12,581.1	11,106.8
Over 5 years	54.8	124.4
TOTAL BORROWINGS AND BONDS	**18,517.3**	**17,645.7**

CURRENCIES

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	As at 31 December,	
(in EUR million)	2021	2020
Euro	13,684.7	13,268.0
UK Pound	2,543.3	2,052.7
Danish Krone	376.9	363.3
Swedish Kronor	388.5	424.6
Other currencies	1,523.9	1,537.1
TOTAL BORROWINGS AND BONDS	**18,517.3**	**17,645.7**

External funding

Local external banks and third parties provide 29.1% of total funding, representing EUR 5,392 million at 31 December 2021 (32.2% and EUR 5,675 million at 31 December 2020).

An amount of EUR 723 million or 4% of total funding is provided by external banks. The residual external funding (EUR 4,669 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. In June 2021, this deal was renewed and increased by EUR 164 million (reaching an outstanding amount EUR 400 million) for two additional years.

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 and again in December 2021 for a 14 month period.

A public securitisation deal has been set up in Germany in October 2020 for EUR 350 million with a revolving period of 1 year. The transaction entered the amortisation phase in November 2021.

A public securitisation deal has been set up in France in October 2021 for EUR 400 million with a revolving period of 1 year.

The following debt securities are currently issued:

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	400 million
Axus Finance SPRL	ALD	Belgium	EUR	360 million
Red & Black Auto Lease Germany SA, compartment 3	ALD	Germany	EUR	306.8 million
FCT Red & Black Auto Lease France 1	ALD	France	EUR	400 million

(1) Transaction outstanding amount at 31 December 2021.

The maturity of the asset-backed securitisation programmes is as follows:

(in EUR million)	31 December 2021	31 December 2020
Less than 1 year	334.8	138.7
1-5 years	1,628.8	1,267.8
Over 5 years	–	–
TOTAL SECURITISATION PROGRAMME	**1,963.6**	**1,406.4**

Transferred assets and associated liabilities

Securitisation programmes involve the sale of future lease instalment receivables and, in some cases, related residual value receivables originated by various ALD subsidiaries to special purpose companies which are included in the consolidated financial statements of the Group. 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 assets in their entirety.

(in EUR million)	Receivables from clients (finance and operating leases)	Cash collateral deposited	Total
At 31 December 2021			
Carrying amount of transferred assets	2,489.6	36.0	2,398.6
Carrying amount of associated liabilities (1)			(1,963.6)
Net carrying amount position			**435.0**
Fair value of transferred assets	2,543.4	36.0	2,586.9
Fair value of associated liabilities (1)			(1,963.6)
NET FAIR VALUE POSITION AS AT 31 DECEMBER 2021			**623.3**
At 31 December 2020			
Carrying amount of transferred assets	1,800.9	45.0	1,758.4
Carrying amount of associated liabilities (1)			(1,406.4)
Net carrying amount position			**352.0**
Fair value of transferred assets	1,851.7	45.0	1,896.7
Fair value of associated liabilities (1)			(1,406.4)
NET FAIR VALUE POSITION AS AT 31 DECEMBER 2020			**490.3**

(1) Bonds and notes originated from asset-backed securitisation transactions

EMTN programme

Within this programme, the Group has the following outstanding bonds issued as at 31 December 2021:

- 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 October 2018 for an amount of EUR 500 million maturing in October 2022 at a fixed rate of 1.25%;
- 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%;
- a bond in February 2021 for an amount of EUR 500 million maturing in February 2024 at a fixed rate of 0%.

The bond issued in October 2018 was 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 71% as at 31 December 2021.

Most of the funding provided by Societe Generale is granted through Societe Generale Luxembourg and Societe Generale Paris. SG Luxembourg and SG Paris fund ALD Group Central Treasury which then grants loans in different currencies to ALD operating subsidiaries as well as to the holding companies. The total amount of loans granted by SG Luxembourg and SG Paris amounted to EUR 10,876 million at 31 December 2021 (EUR 9,877 million at 31 December 2020) with an average residual maturity of 2 years.

The remaining SG funding is provided either by local SG branches or subsidiaries. As at 31 December 2021, the total amount of loans granted to the Group by Societe Generale, including local branches and subsidiaries, was EUR 13,125 million (EUR 11,970 million as at 31 December 2020).

At 31 December 2021, the Group has undrawn borrowing facilities of EUR 2,4 billion (EUR 3,7 billion at 31 December 2020) of which EUR 515 million are committed undrawn borrowing facilities. Providing there is a market liquidity, these facilities are readily available to ALD entities.

Guarantees 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 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 France, 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 2021	31 December 2020
A - Present value of defined benefit obligations	21.0	24.7
B - Fair Value of plan assets	(14.6)	(13.5)
C- Fair value of separate assets	–	–
D - Change in asset ceiling	–	–
A + B - C + D = NET BALANCE RECORDED IN THE BALANCE SHEET	**6.4**	**11.2**

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)	2021	2020
Current service cost including social security contributions	1.0	1.1
Employee contributions	(0.1)	(0.2)
Past service cost/curtailments	–	–
Transfer *via* the expense	–	–
Net interest	–	0.1
Components recognised in income statement	*0.9*	*1.0*
Actuarial gains and losses due to assets *	(1.2)	0.1
Actuarial gains and losses due to changes in demographic assumptions	(0.1)	–
Actuarial gains and losses due to changes in economical and financial assumptions	(2.5)	1.3
Actuarial gains and losses due to experience	(1.7)	(0.7)
Change in asset ceiling	–	–
Components recognised in unrealised or deferred gains and losses	*(5.5)*	*0.7*
TOTAL COMPONENTS OF THE COST OF THE DEFINED BENEFITS	**(4.6)**	**1.7**

** 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)	2021	2020
Balance at 1 January	**24.7**	**23.5**
Current service cost including social security contributions	1.0	1.1
Employee contributions	–	–
Past service cost/curtailments	–	–
Settlement	–	–
Net interest	0.1	0.2
Actuarial gains and losses due to changes in demographic assumptions	(0.1)	–
Actuarial gains and losses due to changes in economical and financial assumptions	(2.5)	1.3
Actuarial gains and losses due to experience	(1.7)	(0.7)
Foreign exchange adjustment	0.1	–
Benefit payments	(1.0)	(0.7)
Acquisition/(Sale) of subsidiaries	–	–
Transfers and others	0.5	–
Balance at 31 December	**21.0**	**24.7**

Changes in fair value of plan assets and separate assets:

(in EUR million)	2021	2020
Balance at 1 January	**13.5**	**13.3**
Expected return on plan assets	0.0	0.1
Expected return on separate assets	–	–
Actuarial gains and losses due to assets	1.2	(0.1)
Foreign exchange adjustment	0.1	–
Employee contributions	0.2	0.2
Employer contributions to plan assets	0.5	0.6
Benefit payments	(0.8)	(0.5)
Acquisition/(Sale) of subsidiaries	–	–
Transfers and others	–	–
Balance at 31 December	**14.6**	**13.5**

Information regarding funding assets (for all benefits and future contribution)

The breakdown of the fair value of plan assets is as follows: 37% bonds, 45% equities, 3% money market instruments and 14% others.

Employer contributions to be paid to post-employment defined benefit plans for 2022 are estimated at EUR 0.6 million.

Actual returns on funding assets

The actual returns on plan and separate assets were:

(in EUR million)	2021	2020
Plan assets	1.2	0.0
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:

	2021	2020
Discount rate		
Europe	0.8%	0.3%
Long-term inflation		
Europe	2.0%	1.2%
Future salary increase		
Europe	1.4%	1.4%
Average remaining working lifetime of employees (in years)		
Europe	14.1	14.5
Duration (in years)		
Europe	11.7	12.0

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 2021 *	31 December 2020 *
Variation of +1% in discount rate		
Impact on the present value of defined benefit obligations at 31 December, N	(6.7)%	(6.9)%
Variation of +1% in long terme inflation		
Impact on the present value of defined benefit obligations at 31 December N	3.1%	3.0%
Variation of +1% in future salary increases		
Impact on the present value of defined benefit obligations at 31 December N	7.1%	7.4%

** 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)	2021	2020
N+1	0.4	0.5
N+2	0.4	0.4
N+3	0.4	0.4
N+4	1.1	1.0
N+5	0.8	1.2
N+6 to N+10	5.8	5.7

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 12.3 million. The total amount of charges for other long-term benefits is EUR 1.6 million.

NOTE 30 Provisions

(in EUR million)	Damage risk retention	Other	Total
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)
Transfer to Receivables from Clients and Financial Institutions (1)	–	(18.9)	(18.9)
Currency translation differences	(0.1)	(1.2)	(1.3)
At 31 December 2020 (1)	**207.2**	**36.0**	**243.1**
Of which current (1)	97.6	20.3	117.9
As at 1 January 2021 (1)	**207.2**	**36.0**	**243.1**
Additions	38.8	27.2	66.0
Reversal (utilisation)	(25.5)	(3.4)	(29.0)
Currency translation differences	0.1	1.6	1.7
As at 31 December 2021	**220.5**	**61.3**	**281.7**
Of which current	105.3	47.0	152.3

(1) EUR 18.9 million was reclassified from "Current provisions (Other)" to "Receivables from clients and financial institutions" in order to correct asset/liability presentation. Provision for receivables disputed by customers is now presented as a reduction of receivables rather than a liability.

NOTE 31 Trade and other payables

(in EUR million)	As at 31 December, 2021	2020
Trade payables	828.7	757.2
Deferred leasing income (1)	389.9	404.5
Other accruals and other deferred income	582.7	429.1
Advance lease instalments received	325.5	336.4
Accruals for contract settlements	191.2	132.8
VAT and other taxes	254.6	215.9
Other	0.5	0.2
TRADE AND OTHER PAYABLES (2)	**2,573.3**	**2,276.3**

(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) Increase in trade and other payables is due to a larger amount of vehicle orders as at 31 December 2021 as well as due to an increase in customer lease deposits and rentals invoiced in advance.

NOTE 32 Dividends

A dividend related to the period ended 31 December 2020 for an amount of EUR 253.9 million (EUR 0.63 per share) was paid to ALD shareholders on 1 June 2021 of which dividend paid to Societe Generale is EUR 203.2 million (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 was EUR 203.2 million).

NOTE 33 Earnings per share

BASIC EARNINGS PER SHARE

	As at 31 December, 2021	2020
Net income attributable to owners of the parent (in EUR million) [1]	873.0	509.8
Weighted average number of ordinary shares with voting rights (in thousands)	403,072	403,247
TOTAL BASIC EARNINGS PER SHARE (IN EUR)	**2.17**	**1.26**

(1) Net income includes continuing and discontinued operations

	As at 31 December, 2021	2020
Profit for the period from continuing operations attributable to the owners of the parent (in EUR million)	873.0	499.9
Weighted average number of ordinary shares with voting rights (in thousands)	403,072	403,247
TOTAL BASIC EARNINGS PER SHARE FROM CONTINUING OPERATIONS (IN EUR)	**2.17**	**1.24**

Following the combined General Meetings held in 2021, 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 2021, total number of shares to which voting rights are attached, excluding shares without voting rights (treasury shares, etc.) is 403,102,611. Weighted average number of ordinary shares with voting rights is 403,071,673.

DILUTED EARNINGS PER SHARE

	As at 31 December, 2021	2020
Net income attributable to owners of the parent (in EUR million) [1]	873.0	509.8
Weighted average number of ordinary shares (in thousands)	404,104	404,104
TOTAL DILUTED EARNINGS PER SHARE (IN EUR)	**2.16**	**1.26**

(1) Net income includes continuing and discontinued operations

	As at 31 December, 2021	2020
Profit for the period from continuing operations attributable to the owners of the parent (in EUR million)	873.0	499.9
Weighted average number of ordinary shares (in thousands)	404,104	404,104
TOTAL DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS (IN EUR)	**2.16**	**1.24**

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. Transactions with Societe Generale and its subsidiaries have been identified as related party transactions. All business relations with Societe Generale 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 directors.

The compensation paid or payable to key management for employee services is shown below:

	As at 31 December,	
(in EUR million)	2021	2020
Salaries and other short-term employment benefits	2.2	2.5
Post employment benefits	0.6	1.2
Attendance fees for the Board members	0.2	0.2
Other long-term benefits	0.6	0.7
TOTAL	**3.7**	**4.6**

Since the listing of the company in June 2017, ALD S.A. 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 S.A. 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 7,070 cars in 21 countries. Rentals have been priced at normal market conditions. More than 50% of the total fleet leased to Societe Generale is leased by ALD France. Rental paid by Societe Generale to ALD France accounts for EUR 17.2 million and EUR 17 million in the years ended 31 December 2021 and 31 December 2020, 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 21.56 million in fiscal year 2021 (2020: EUR 20.55 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 0.5 million in fiscal year 2021 (2020: EUR 0.7 million) for ALD France and ALD Denmark.

Brokerage

Societe Generale retail and corporate banking network sells long term rental contracts to customers on behalf of ALD against a commission for each contract sourced. In year 2021, around 14,500 contracts have been signed through Societe Generale distribution network in 3 different countries. 81% of contracts originated through this channel come from the French banking networks of Societe Generale. The commission paid to SG by ALD France represented EUR 3 million for the year ended 31 December 2021 (2020: EUR 3 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. 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 59.2 million in fiscal year 2021 (2020: EUR 66.5 million).

Corporate services

Societe Generale, 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 2021 (2020 Actual: EUR 8.3 million (9.5 million disclosed in Financial Statements for the Year Ended 31 December 2020 was estimated)).

In addition, in fiscal year 2021, there were 51 employees coming from SG (59 in 2020) 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 S.A. are still paid by SG and re-billed to ALD; the amount re-billed by SG was EUR 11.7 million in 2021 and 13.9 million in 2020.

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. 71% of the Group's funding was provided through SG in fiscal year 2021, *i.e.* EUR 13,126 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 amounted up to EUR 1,079.1 million as of 31 December 2021 (2020: EUR 1,015.5 million).

Societe Generale also provides ALD Group with derivatives instruments which have a nominal amount of EUR 1,877.4 million, and are represented on the balance sheet for a total amount of EUR 17.7 million in assets and EUR 4.4 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 5 years' time from now on and will not be renewed. At 31 December 2021, the total amount of these long term deposits was EUR 387.4 million (2020: EUR 475.0 million [(1)]).

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 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 s.r.l 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 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 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 2021, amounted to:

- for Deloitte & Associés: EUR 1.6 million for the certification of the accounts;
- for Ernst & Young & Associés: EUR 1.9 million for the certification of the accounts.

Services other than the certification of the accounts mainly consisted of compliance assignments related to regulatory requirements as well as services specifically and exclusively assigned to Statutory auditors. Fees for such services amounted to:

- For Deloitte & Associés: EUR 0.1 million;
- For Ernst & Young & Associés: EUR 0.1 million;

NOTE 36 Events after the reporting period

6

36.1 Proposed acquisition of LeasePlan

On 6 January 2022, the Group has announced in the press release the signing of a memorandum of understanding to acquire 100% of LeasePlan from a consortium led by TDR Capital. Total consideration is estimated at EUR 4.9 billion and would be made through a combination of cash and shares. At expected closing by end of 2022, Societe Generale would own around 53% of the Group and LeasePlan shareholders would hold 30.75%. This strategic operation would generate significant value for shareholders through scale effects and synergies.

36.2 The Group's current situation in Ukraine and Russia

ALD Group is following with the utmost attention the development of the situation in Ukraine and Russia, and it is committed to supporting its clients and all its employees. ALD complies rigorously with legislation in force and diligently applies all necessary measures to strictly observe international sanctions as soon as they become public.

As at December 31, 2021, the Group has 20,270 funded vehicles in Russia, Kazakhstan and Belarus and a combined total assets of EUR 231.9 million. In Ukraine, the Group has 4,980 funded vehicles and a total assets of EUR 70.6 million.

ALD announced on 11 April 2022 that it no longer concludes any new commercial transactions in Russia, Kazakhstan and Belarus.

1) *Amount disclosed in 2020 for EUR 455 million has been restated in 2021 to EUR 475 million due to erroneous exclusion of the deposits in German subsidiary.*

NOTE 37 Scope of consolidation

	As at 31 December,	
(in%)	2021	2020
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 D.O.O. BEOGRAD - SERBIA	100.00	100.00
ALD Automotive D.O.O. ZA. Operativni i Financijski Leasing - CROATIA *	100.00	100.00
ALD Automotive for Cars Rental and Fleet Management S.A.E. - 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 S.A. - 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
ALD Automotive S.A. de C.V. - MEXICO	100.00	100.00
ALD Automotive S.A. Lease of Cars - GREECE	100.00	100.00
ALD Automotive S.A.U - 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

(in%)	As at 31 December, 2021	2020
ALD International SA	**Parent company**	**Parent company**
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 s.r.l	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 Automotive Limitada - CHILE	100.00	100.00
ALD Automotive Peru S.A.C.	100.00	100.00
ALD Mul Mobility Services Malaysia SND. BHD. - MALAYSIA	60.00	–
ALD Automotive LLC (Belarus)	100.00	–
ALD Automotive S.A.S - COLOMBIA	100.00	100.00
Merrion Fleet Management Limited	100.00	100.00
ALD Automotive Slovakia S.R.O	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*

6.3 Auditors' reports on the consolidated financial statements

Year ended 31 December 2021

Statutory auditors' report on the consolidated financial statements

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 regulations 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 31 December 2021.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2021 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 of the French Commercial Code *(Code de commerce)* and the French Code of Ethics for Statutory Auditors *(Code de déontologie de la profession de commissaire aux comptes)* for the period from 1 January 2021 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.

Emphasis of Matter(s)

We draw your attention to the Notes 8, 15, 22 and 30 to the consolidated financial statements that describe the presentation corrections applied. Our opinion is not modified in respect of these matters.

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 special circumstances. 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. Some of these 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, 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 31 December 2021, with a net value of € 21.7 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 by the Group Management. Calculations are based on market segmentation and on a statistical model using internal used car sales data and country specific factors. The residual value that is remeasured during the fleet's revaluation may differ from the initial residual value. Anticipated differences 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, • it is based on a statistical model, • it integrates assumptions based on judgement as specified in Note 5.1 "Fleet revaluation" to the consolidated financial statements, particularly in the context of semi-conductor crisis and growth in the number of electric vehicles in the fleet.	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 also consisted in: • Analyzing the appropriateness of the statistical model and the main assumptions and parameters used particularly in the context of semi-conductor crisis and growth in the number of electric vehicles in the fleet as at 31 December 2021; • Comparing that information used for the residual values calculation comes from the fleet management system and testing data security key controls; • Comparing that accounting information comes from the calculation results; • 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 3.23 "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 € 390 million in the ALD Group's financial statements as at 31 December 2021. 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: • performing analytical procedures to understand the variances of the deferred revenue account between the 2021 financial exercise and the previous one; • 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 statistical data relating to the rate of recognition of costs on past due contracts; • 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 5.2 "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 31 December 2021, 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; • the 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 of the information relating to the Group given in the the Board of Directors' management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement required by 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 said 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.

Report on Other Legal and Regulatory Requirements

Format of preparation 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 the annual and consolidated financial statements prepared 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 Chief Executive Officer's responsibility, complies with the single electronic format defined in Commission Delegated Regulation (EU) No. 2019/815 of 17 December 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-mentioned regulation.

On the basis of our work, 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 AMF *(Autorité des marchés financiers)* agree 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 3 June 2013 for DELOITTE ET ASSOCIES and on 7 November 2001 for ERNST & YOUNG et Autres.

As at 31 December 2021, DELOITTE ET ASSOCIES was in the 9th year of total uninterrupted engagement and ERNST & YOUNG et Autres was in the 21st year of total uninterrupted engagement.

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 risk 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

Objectives 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 consolidated 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 made 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 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 significant deficiencies, if any, 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 as set out in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code *(Code de commerce)* and in the French Code of Ethics for Statutory Auditors *(Code de déontologie de la profession de commissaire aux comptes)*. 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, 22 April 2022

The Statutory Auditors

French original signed by

DELOITTE & ASSOCIES
Pascal Colin

ERNST & YOUNG et Autres
Vincent Roty

6.4 Information on the individual financial statements of ALD SA AFR

6.4.1 Development of activity in 2021 for ALD SA

During the 2021 financial year, the Company continued to assist and advise its subsidiaries and sub-subsidiaries, both in France and abroad.

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.

Under its EUR 6 billion EMTN programme, ALD SA issued EUR 500 million and repaid total EUR 1 300 million in the 2021 financial year. The stock of notes outstanding decreased by 22% to EUR 2,705 million at the end of 2021, compared with EUR 3,505 million at the end of 2020.

The average salaried workforce was 137 in 2021 compared to 125 in 2020.

6.4.2 Presentation of the annual financial statements of ALD SA

The annual financial statements for the financial year ended 31 December 2021 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 2021.

6.4.3.1 Income statement

Total operating income rose by EUR 9,084 thousand from EUR 107,748 thousand in 2020 to EUR 116,832 thousand. Operating expenses for the financial year stood at EUR 151,266 thousand in 2021 compared to EUR 129,810 thousand in 2020.

The result was a loss of EUR 34,434 thousand, down by EUR 12,372 thousand compared to 2020. This decrease is mainly due to the transaction costs of the Leaseplan, Bansabadell and Fleetpool acquisition projects.

Financial income stood at EUR 427,788 thousand compared to EUR 416,216 thousand in 2020. This increase is due to a larger 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 393,354 thousand in 2021 compared with EUR 394,154 thousand at 31 December 2020.

Given these elements, the net profit/loss after tax for the 2021 financial year stood at a profit of EUR 407,806 thousand compared with EUR 375,666 thousand for the previous financial year.

6.4.3.2 Assets

At 31 December 2021, the statement of financial position totalled EUR 5,197,055 thousand compared to EUR 5,908,549 thousand at 31 December 2020.

Net fixed assets amounted to EUR 5,128,451 thousand at 31 December 2021 compared to EUR 5,841,552 thousand in 2020, a decrease of EUR 713,101 thousand, in particular due to the decrease in loans.

Current assets amounted to EUR 68,605 thousand at 31 December 2021 compared to EUR 66,997 at the end of the previous financial year, an increase of EUR 1,608 thousand.

6.4.3.3 Liabilities

The amount of equity rose from EUR 1,877,491 thousand at 31 December 2020 to EUR 2,031,351 thousand at 31 December 2021.

Financial debts stood at EUR 3,080,289 thousand compared to EUR 3,943,544 thousand at the end of 2020, representing a decrease of EUR 863,255 thousand.

Operating debts at the end of December 2021 amounted to EUR 63,862 thousand compared to EUR 63,470 thousand in 2020.

6.4.3.4 Off-statement of financial position

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 230 million in 2021.

6.4.4 Payment terms

6.4.4.1 Accounts payable

6.4.4.1.1 Invoices received and not paid at the reporting date of the financial year whose term has expired

(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 from 2.3.4.1 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	Invoice date +45 days end of month/Invoice date end of month +45 days/ 60 days invoice date
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 Accounts receivable

6.4.4.2.1 Invoices issued but not paid at the reporting date of the financial year whose term has expired

(in EUR thousand)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total
Number of invoices concerned	5	12	2	93	112
Total amount including VAT of invoices concerned	242	175	7	1,654	2,078
Total amount including VAT of credit notes and advances received	(1)	(62)	0	(251)	(314)
Net total amount including VAT of invoices concerned	241	113	7	1,403	1,764
Percentage of total number of sales including VAT for the financial year	0%	0%	0%	1%	1%

6.4.4.2.2. Invoices excluded from (A) 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	2021 financial year	2020 financial year	2019 financial year	2018 financial year	2017 financial year
I. Capital at the end of the reporting date					
a) Share capital (in EUR thousand)	606,155	606,155	606,155	606,155	606,155
b) Number of ordinary shares outstanding	404,410	404,410	404,410	404,410	404,410
c) Number of priority dividend shares (without voting rights) outstanding					
d) Maximum number of future shares to be created					
d-1) by conversion of bonds					
d-2) by exercise of subscription rights					
II. Profit (loss) for the period (in EUR thousand)					
a) Revenue excluding taxes	108,430	101,213	96,457	97,456	88,503
b) Profit before tax and expenses calculated	401,297	401,253	461,724	541,056	42,708
c) Income tax	(16,027)	18,487	13,862	1,447	(2,780)
d) Employee profit-sharing due for the financial year					
e) Depreciation, amortisation and provisions	9,518	7,100	3,042	3,921	1,930
f) Earnings after tax and expenses calculated	407,806	375,667	444,820	535,689	43,557
g) Net income distributed in respect of the financial year	436,432	253,946	254,960	234,003	214,175
III. Earnings per share (in EUR)					
a) Earnings after tax but before expenses calculated	1.03	1.11	1.11	1.34	13.35
b) Income after tax and calculated expenses	1.01	0.93	1.10	1.33	1.08
c) Net ordinary dividend assigned to each share					
IV. Employees					
a) Average salaried workforce	137	124	118	108	89
b) Payroll expenditure for the financial year	12,720	11,299	7,528	10,938	11,362
c) Amounts paid in respect of social benefits for the financial year (social security, pensions, etc.) (in EUR thousand)	7,196	5,990	5,600	5,197	4,559

6.4.6 Proposed appropriation of net income of ALD SA

At the shareholders' Meeting of 18 May 2022, the Board of Directors will propose an appropriation of net income for the financial year ended 31 December 2021 of EUR 407,806 thousand as follows:

- a profit balance for the financial year: EUR 407,806 thousand;
- to which is added retained earnings of: EUR 589,667 thousand;
- forming a distributable profit of: EUR 997,474 thousand;
- dividend deducted from the distributable profit: EUR 436,431 thousand (representing EUR 1.08 per share);
- balance of retained earnings: EUR 561,042 thousand.

Total amount of the distribution based on capital of 404,103,640 shares at 31 December 2021: EUR 436,431 thousand.

Regarding taxation, for individual shareholders resident for tax purposes in France, it should be noted that this dividend of EUR 1.08 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 31 May 2022 with payment on 2 June 2022.

6.4.7 Sumptuary expenses and non-tax-deductible expenses of ALD SA

In accordance with the provisions of Articles 223 *quater* 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 277 thousand relative to non-deductible depreciation of the fleet held by ALD SA for its employees.

6.5 Annual financial statements AFR

6.5.1 Statement of financial position assets

Statement of financial position - assets *(in EUR thousand)*	2021 financial year			2020 financial year
	Gross	Depreciation	Net	Net
Capital subscribed not called (I)				
Start-up expenses				
Development expenses				
Concessions, patents and similar rights	49,898	28,300	21,597	11,556
Goodwill				
Other intangible assets				
Advances on intangible assets				
TOTAL INTANGIBLE ASSETS	**49,898**	**28,300**	**21,597**	**11,556**
Land				
Buildings				
Technical installations, equipment				
Other tangible assets	3,438	2,069	1,369	1,488
Capital assets under construction	18,808		18,808	16,659
Advances and down-payments				
TOTAL PROPERTY, PLANT AND EQUIPMENT	**22,246**	**2,069**	**20,177**	**18,147**
Equity investments using the equity method				
Other equity investments	1,732,367	41	1,732,326	1,651,239
Receivables related to equity investments				
Other capitalised securities				
Loans	3,352,219		3,352,219	4,158,663
Other long-term financial assets	2,132		2,132	1,947
TOTAL NON-CURRENT FINANCIAL ASSETS	**5,086,718**	**41**	**5,086,677**	**5,811,849**
TOTAL NON-CURRENT ASSETS (II)	**5,158,862**	**30,411**	**5,128,451**	**5,841,552**
Raw materials, supplies				
In the process of production of goods				
Production of services				
Intermediate and finished products				
Goods				
TOTAL INVENTORY				
Advances and down payments made on orders				
Accounts Receivable	32,335		32,335	34,621
Other receivables	11,314		11,314	7,517
Capital subscribed and called, not paid				
TOTAL RECEIVABLES	**43,649**		**43,676**	**42,138**
Investment securities	10,715		10,715	11,491
of which treasury shares:				
Cash at bank and on hand	2,045		2,045	1,710
TOTAL LIQUID ASSETS	**12,760**		**12,760**	**13,201**
Prepaid expenses	12,196		12,196	11,657
TOTAL CURRENT ASSETS (III)	**68,605**		**68,632**	**66,997**
Loan issue costs to be spread (IV)				
Bond redemption premium (V)				
Currency translation losses (VI)				
GENERAL TOTAL (I TO VI)	**5,227,466**	**30,411**	**5,197,082**	**5,908,549**

6.5.2 Statement of financial position liabilities

Statement of financial position - liabilities *(in EUR thousand)*	**2021 financial year**	**2020 financial year**
Share or individual capital	606,155	606,155
of which paid: 0		
Share premium, merger, contribution premiums, etc.	367,050	367,050
Revaluation differences		
of which equity accounting differences: 0		
Legal reserve	60,616	60,616
Statutory or contractual reserves		
Regulated reserves		
of which reserve for currency fluctuations: 0		
Other reserves	56	56
of which reserve for the purchase of original works by artists: 0		
TOTAL RESERVES	**60,672**	**60,672**
Retained earnings	589,667	467,946
Result of the financial year (profit or loss)	**407,806**	**375,667**
Investment subsidies		
Regulated provisions		
TOTAL EQUITY (I)	**2,031,351**	**1,877,491**
Proceeds from issued equities		
Conditional advances		
TOTAL OTHER EQUITY (II)		
Provisions for risks	392	321
Provisions for liabilities	5,900	6,525
TOTAL PROVISIONS FOR RISKS AND LIABILITIES (II)	**6,293**	**6,846**
Convertible bond loans		
Other bond loans	2,705,106	3,505,176
Loans and debts with lending institutions	375,183	438,368
Miscellaneous financial debts and loans		
of which participating loans: 0		
TOTAL FINANCIAL DEBT	**3,080,289**	**3,943,544**
Advances and down payments received on current orders		
Accounts payable	51,022	43,179
Tax and social-security debts	11,552	5,032
Debts on capital assets and related accounts payable		
Other debts	1,345	15,259
TOTAL OPERATING DEBTS	**63,919**	**63,470**
Prepaid income	15,261	17,198
TOTAL DEBTS (IV)	**3,159,469**	**4,024,212**
Translation differences - Liabilities (V)		
GENERAL TOTAL – LIABILITIES (I TO V)	**5,197,082**	**5,908,549**

6.5.3 Income statement

Income statement *(in EUR thousand)*	**2021 financial year** France	Export	Total	**2020 financial year** nET
Sales of goods				
Goods production sold				
Service production sold	26,874	81,556	108,430	101,213
NET REVENUE	**26,874**	**81,556**	**108,430**	**101,213**
Production in inventory				
Capitalized production				
Operating subsidies				
Reversals of impairment and provisions, transfer of expenses			8,364	6,523
Other income			39	13
TOTAL OPERATING INCOME (I)			**116,832**	**107,748**
Purchases of goods (including customs duties)				
Change in inventory (goods)				
Purchases of raw materials and other supplies (including customs duties)			21,118	22,012
Change in inventory (raw materials and supplies)				
Other purchases and external expenses			98,124	79,385
Taxes, duties and similar payments			119	250
Wages and salaries			12,720	11,299
Social security charges			7,196	5,990
Operating allocations				
Allocations to amortisation			6,142	3,909
Allocations to provisions			3,376	3,191
Other expenses			2,472	3,775
TOTAL OPERATING EXPENSES (II)			**151,266**	**129,810**
Operating result			**(34,434)**	**(22,062)**
Profit allocated or loss transferred (III)				
Loss incurred or profit transferred (IV)				
Financial income from equity investments			428,303	420,164
Income from other securities and receivables from non-current assets			21,083	21,053
Other interest and similar income			0	32
Reversals of provisions and transfers of expenses				
Positive exchange-rate differences				
Net income on sales of investment securities				
TOTAL FINANCE INCOME (V)			**449,387**	**441,249**
Financial allocations to impairment and provisions				
Interest and similar expenses			21,599	25,033
Negative exchange-rate differences				
Net expenditure on sales of investment securities			(0)	1
TOTAL FINANCIAL EXPENSES (VI)			**21,599**	**25,034**
Net finance income (expense)			**427,788**	**416,216**
Pre-tax profit/loss (I-II + III-IV + V-VI)			**393,354**	**394,154**
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			1,531	
Exceptional expenses on capital transactions			44	
Exceptional allocations to impairment and provisions				
TOTAL EXCEPTIONAL EXPENSES (VIII)			**1,575**	

Income statement (continued)	2021 financial year	2020 financial year
Exceptional profit/loss (VII-VIII)	**(1,575)**	
Employee profit sharing (IX)		
Income tax (X)*	16,027*	(18,487)*
TOTAL INCOME (I + III + V + VII)	**566,220**	**548,998**
TOTAL EXPENSES (II + IV + VI + VIII + IX - X)	**158,414**	**173,331**
PROFIT OR LOSS (TOTAL INCOME – TOTAL EXPENSES)	**407,806**	**375,667**

** The presentation of the tax line has been modified compared to the financial statements published for 2020. In order to simplify the reading of the income statement, the sign of the income tax line has been aligned with the rest of the table: expenses are indicated in parentheses and income in positive.*

6.5.4 Appendix

General information

The information below constitutes the notes to the statement of financial position before distribution for the financial year ended 31 December 2021 totalling EUR 5,195,055 thousand and net income of EUR 407,806 thousand.

The financial year has a duration of 12 months covering the period from 01/01/2021 to 31/12/2021.

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 at:

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.

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 five years
Installations, fixtures and fittings	Straight-line	Over five years
Office and IT equipment	Straight-line	Over three years
Office furniture	Straight-line	Over ten years
Servers	Straight-line	Over five years
Software	Straight-line	Over three years

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 shares sold was estimated using the FIFO (first in, first out) method.

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 securities 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 1,081,111 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.

Year	2019	2020	2021
Type of plan	Free shares allocation	Free shares allocation	Free shares allocation
Total number of shares granted	268,706	387,916	284,050
Fair value (in euros)	10.16	7.25	10.72
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 2021 financial year was EUR 190 thousand.

Compensation paid in 2021 to the management bodies (the Chief Executive Officer and the Deputy Chief Executive Officers) amounted to EUR 2 million. The Chairperson does not receive any remuneration for her position of 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 2021 was 38.8. No retirement occurred during the financial year. The provision for pension commitments at 31 December 2021 stood at EUR 0.22 million, including 47.8% of employer contributions.

Significant events of the year

Subsidiaries and equity interests

Acquisition of Bansabadell Renting for EUR 59 million

In 2021, ALD acquired Bansabadell Renting, the Full Service Leasing business of Banco Sabadell in Spain, with a financed fleet of around 19,500. The acquisition also includes the signing of a white label distribution agreement under which Banco Sabadell will provide its SME and individual customers in Spain with a Full Service Leasing solution managed by ALD.

Strategic investment in the MaaS (Mobility as a Service) start-up "Skipr" for EUR 5.6 million

In July 2021, ALD acquired 17% of the capital of "Skipr", a Belgian MaaS start-up, alongside existing investors Belfius Bank, Lab Box and the management of "Skipr". This strategic investment will enable the ALD Group to consolidate and accelerate ALD Move, its Mobility as a Service (MaaS) offering, a key objective of its Move 2025 strategy.

ALD Participations capital increase for EUR 50 million

ALD SA carried out a capital increase of EUR 50 million for its subsidiary ALD PARTICIPATIONS to enable it to buy Fleetpool and its portfolio of approximately 10,000 vehicles. Fleetpool's expertise in automotive subscriptions will enable the ALD Group to leverage its mobility offering to individuals and companies, as well as car manufacturers wishing to diversify their distribution model and service offering.

Simplified merger of ALD RUSSIE SAS

In order to simplify the shareholding structure of its subsidiaries, ALD SA proceeded with the simplified merger of its subsidiary ALD RUSSIE SAS, which was acquired from another Group entity in 2020.

Dividends

All dividends received pursuant to the 2021 financial year came to EUR 428 million. Dividend paid to the shareholders in respect of the result for the 2020 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 Statement of financial position and results information

Non-current assets

Box A	Gross value at the beginning of the financial year	Increases: Revaluation	Increases: Acquisitions and contributions
Start-up and development expenses (I)			
Other intangible asset items (II)	34,078		15,820
Land			
Buildings			
Technical installations, equipment and industrial tools			
Other tangible assets			
• general installations, fixtures, miscellaneous fittings	1,961		
• transport equipment			
• office equipment, IT and movables	1,233		245
• recoverable packaging and miscellaneous			
Capital assets under construction	16,659		2,149
Advances and down-payments			
TOTAL (III)	**19,852**		**2,393**
Equity investments valued by the equity method			
Other equity investments	1,651,280		81,087
Other capitalised securities			
Loans and other long-term financial assets	4,160,610		(0)
TOTAL (IV)	**5,811,890**		**81,087**
GENERAL TOTAL (I + II + III + IV)	**5,865,821**		**99,300**

Box B	Reductions: Transfer	Reductions: Divestments	Gross value at the end of the financial year	Revaluation: Original value
Start-up and development expenses (I)				
Other intangible asset items (II)			49,898	
Land				
Buildings				
• On own land				
• On third-party land				
General installations, fixtures and fittings of buildings				
Technical installations, equipment and industrial tools				
• Other tangible assets				
• General installations, fixtures, miscellaneous fittings			1,961	
• Transport equipment				
• Office equipment, IT and movables			1,477	
Recoverable packaging and miscellaneous				
Capital assets under construction			18,808	
Advances and down-payments				
TOTAL (III)			**22,246**	
Equity investments valued by the equity method				
Other equity investments			1,732,367	
Other capitalised securities				
Loans and other long-term financial assets	806,259		3,354,351	
TOTAL (IV)	**806,259**		**5,086,718**	
GENERAL TOTAL (I + II + III + IV)	**806,259**		**5,158,862**	

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Depreciation, amortisation & impairment

Situation and movements concerning impairment for the financial year

Capital assets subject to impairment Box A	Start of financial year	Allocations	Reversal	End of financial year
Start-up and development expenses (I)				
Other intangible asset items (II)	22,522	5,779		28,300
Land				
Buildings				
On own land				
On third-party land				
General installations, fixtures and fittings				
Technical installations, equipment and tools				
Other property, plant and equipment				
• General installations, miscellaneous fixtures				
• Transport equipment	732	197		929
• Office equipment, IT and movables	974	166		1,140
• Recoverable packaging and miscellaneous				
TOTAL PROPERTY, PLANT AND EQUIPMENT (III)	**1,706**	**363**		**2,069**
GENERAL TOTAL (I + II + III)	**24,228**	**6,142**		**30,370**

Box B	Breakdown of changes affecting the provision for special depreciation/amortisation						
	Allocations			Reversal			
Fixed assets	Different amortisation period	Declining balance	Exceptional tax	Different amortisation period	Declining balance	Exceptional tax depreciation	End of financial year
Start-up costs							
Other							
Land							
Buildings:							
On own land							
On third-party land							
Fixtures							
Other fixed assets:							
Tech. inst.							
Gen Inst.							
Transport eq.							
Office eq.							
Pack.							
CORPO.							
Acquired securities							
TOTAL	**0**	**0**		**0**	**0**	**0**	**0**

Box C	Start of financial year	Increase	Reductions	End of financial year
Loan issue costs to be spread				
Bond redemption premiums				

Statements of maturities of receivables and payables

A – Statement of receivables

Box A	Gross amount	Up to 1 year	More than one year
Receivables related to equity investments			
Loans	3,352,219	3,166,788	185,431
Other financial assets	2,132	2,132	
TOTAL RECEIVABLES RELATED TO FIXED ASSETS	**3,354,351**	**3,168,920**	**185,431**
Doubtful or disputed accounts receivable			
Other receivables	32,335	32,335	
Receivables representative of loaned securities			
Personnel and related accounts	36	36	
Social security and other social organisations	27	27	
State and other public authorities			
• Tax on profit			
• Value added tax	6,214	6,214	
• Other taxes			
• State - miscellaneous			
Groups and associates	4,879	4,879	
Miscellaneous debtors	159	159	
TOTAL RECEIVABLES FROM CURRENT ASSETS	**43,649**	**43,649**	
Prepaid expenses	12,196	8,934	3,261
TOTAL RECEIVABLES	**3,410,195**	**3,221,503**	**188,692**
Loans granted during the financial year			
Repayments obtained during the financial year			
Loans and advances granted to associates			

B – Statement of debts

Box B Statement of debts	Gross amount	Up to one year	More than one year and less than five years	More than five years
Convertible bond loans				
Other bond loans	2,705,106	1,105,106	1,600,000	
Loans with lending institutions originally less than one year				
Loans with lending institutions originally more than one year	375,183	183	375,000	
Miscellaneous financial debts and loans				
Accounts payable	51,022	51,022		
Personnel and related accounts	1,844	1,844		
Social security and other social organisations	1,149	1,149		
State and other public authorities				
• Tax on profit	2,469	2,469		
• Value added tax	5,159	5,159		
• Guaranteed bonds				
• Other taxes	807	807		
Debts on capital assets and related accounts payable				
Groups and associates	67	67		
Other debts	1,345	1,345		
Debt representative of borrowed securities				
Prepaid income	15,261	3,784	11,477	
TOTAL DEBTS	**3,159,412**	**1,172,935**	**1,986,477**	
Loans subscribed during the financial year		Loans from natural person partners		
Loans repaid during the financial year				

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Details of expenses to be paid

Accrued expenses	Amount
Convertible bond loans	
Other bond loans	
Loans and debts with lending institutions	183
Miscellaneous financial debts and loans	
Advances and down payments received on current orders	
Accounts payable	46,264
Tax and social-security debts	11,522
Debts on capital assets and related accounts payable	
Other debts	1,412
TOTAL	**59,381**

Details of income to be received

	Amount
Receivables related to equity investments	
Other long-term financial assets	6,909
Accounts receivable	26,753
Personnel and related accounts	
Social security and other social organisations	6,370
State and other public authorities	
Other receivables	
Cash at bank and on hand	
TOTAL	**46,941**

Proposed allocation of earnings

Proposed appropriation of net income	31/12/2021
Retained earnings shown on the statement of financial position for the financial year	589,667
Profit/loss for the financial year	407,806
Deductions from reserves	
TOTAL DISTRIBUTABLE AMOUNTS	**997,474**
Assignment to reserves:	
• legal	
• other	
Dividends	436,432
Other distributions	
Retained earnings	561,042
TOTAL ALLOCATIONS	**997,474**

Prepaid expenses

Prepaid expenses	Operational	Financial	Exceptional
Discount on customer volume		2,597	
Interest on bond loans		3,634	
IT rental	408		
Software license fees	479		
Financial data	1,711		
IT maintenance	2,681		
Rental expenses	3		
Maintenance of premises			
Professional fees	378		
Personnel other expenditure	5		
Events	300		
TOTAL	**5,965**	**6,231**	

Prepaid income

Prepaid income	Operational	Financial	Exceptional
PCA Volume Discount 2019	3,359		
PCA Volume Discount 2020	5,902		
PCA Volume Discount 2021	6,000		
TOTAL	**15,261**		

Number and nominal value of components of share capital

	Number at the start of the financial year	Created during the financial year	Redeemed during the financial year	Number at 31/12/2021	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

Equity	Opening	Increase	Decrease	Distribut. Dividends	Appropriation of earnings N-1	Contributions and mergers	Closing
Share or individual capital	606,155						606,155
Share premium, merger, contribution premiums, etc.	367,050						367,050
Revaluation differences							
Legal reserve	60,616						60,616
Statutory or contractual reserves							
Regulated reserves							
Other reserves	56						56
Retained earnings	467,946	121,082		253,946	254,585		589,667
Profit/loss for the financial year	375,667	407,806	375,667				407,806
Investment subsidies							
Regulated provisions							
TOTAL EQUITY	**1,877,491**	**528,888**	**375,667**	**253,946**	**254,585**		**2,031,351**

Subsidiaries and equity interests

Identification		Capital held		Address			
Company name	SIREN	% holding	Number	Address	Postcode	City	Country
ALD INTERNATIONAL		100	1	NEDDERFELD	22529	HAMBURG	
ALD INTERNATIONAL PARTICIPATIONS	485131155	100	1	EUGENE ET ARMAND PEUGEOT	92500	RUEIL	
ALD Automotive		100	0	PLATEAU DES ANNASSEURS	16050	ALGER	
TEMSYS	351867692	100	1	ALLEES DE L'EUROPE	92588	CLICHY CEDEX	
AXUS FINANCE BELGIQUE		48	1	RUE DU COLONEL BOURG	1140	EVERE	
ALD Automotive BELARUS		99	1	220030, Minsk, st. Myasnikova	117105	MOSCOW	RUSSIA
ALD MITSUBISHI UFJ LEASING MALAYSIA		60	1	Khoo Kay Kim, Seksyen 13	46200	SELANGOR	MALAYSIA
Skipr		17	1	Eugène Flagey		BRUSSELS	BELGIUM
BanSabadell		100	1	Carrer del Sena		BARCELONA	SPAIN

6.6 Statutory Auditors' report on the annual accounts

Year ended 31 December 2021

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of Englishspeaking users.

This statutory auditors' report includes information required by European regulations 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 31 December 2021.

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 31 December 2021 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 the independence requirements of the French Commercial Code *(Code de commerce)* and the French Code of Ethics for Statutory Auditors *(Code de déontologie de la profession de commissaire aux comptes)* for the period from 1 January 2021 to the date of our report, and specifically we did not provide any prohibited nonaudit 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 COVID19 pandemic, the financial statements for this period have been prepared and audited under special circumstances. 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. Some of these 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, evolving context that, in accordance with the requirements of Articles L. 8239 and R. 8237 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 in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Equity securities evaluation

Risk identified	Our response
As at 31 December 2021, equity investments were recorded in the balance sheet for a net value amounting to M€ 1,732, or 33% 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 the 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 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. 4416 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 Articles L. 225374 and L. 221010 and L. 22109 of the French Commercial Code (*Code de commerce*).

Concerning the information given in accordance with the requirements of Article L. 22109 of the French Commercial Code *(Code de commerce)* relating to the remuneration and benefits received by, or allocated to the directors and any other commitments made in their favor, 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 companies controlled thereby, included in the consolidation scope. 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. 221011 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 identity of the shareholders and holders of voting rights has been properly disclosed in the management report.

Report on Other Legal and Regulatory Requirements

Format of preparation 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 statutory auditors regarding the annual and consolidated financial statements prepared 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. 45112, I of the French Monetary and Financial Code (*Code monétaire et financier*), prepared under the Chairman's responsibility, complies with the single electronic format defined in Commission Delegated Regulation (EU) No. 2019/815 of 17 December 2018.

On the basis of our work, 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 (*Autorité des marchés financiers)* agree 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 on 3 June 2013 for DELOITTE & ASSOCIES and on 7 November 2001 for ERNST & YOUNG et Autres.

As at 31 December 2021, we were respectively in the ninth year and twenty-first year of total uninterrupted engagement.

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 risk 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 made on the basis of these financial statements.

As specified in Article L. 823101 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 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 significant deficiencies, if any, 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) No. 537/2014, confirming our independence within the meaning of the rules applicable in France as set out in particular in Articles L. 82210 to L. 82214 of the French Commercial Code *(Code de commerce)* and in the French Code of Ethics for Statutory Auditors *(Code de déontologie de la profession de commissaire aux comptes)*. 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, 22 April 2022

The Statutory Auditors

French original signed by

DELOITTE & ASSOCIES	ERNST & YOUNG et Autres
Pascal Colin	Vincent Roty

7

Share capital and legal information

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' Meeting on 19 May 2021.

Shareholders' Meeting (resolution number)	Purpose of the Resolution	Maximum amount *(in EUR)*	Duration of authorisation	Use of existing authorisations during financial year ended 31/12/2021
	Authorisations and Delegations			
May 19, 2021 (Resolution twenty-one)	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
19 May 2021 (Resolution twenty-two)	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 other than that referred to in Article L. 411-2 1° of the Monetary and Financial Code.	60,000,000	26 months	None
May 19, 2021 (Resolution twenty-three)	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 such as that referred to in Article L. 411-2 1° of the French Commercial Code (*Code de commerce*).	60,000,000	26 months	None
19 May 2021 (Resolution twenty-four)	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
19 May 2021 (Resolution twenty-five)	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
19 May 2021 (Resolution twenty-six)	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 number)	Purpose of the Resolution	Maximum amount *(in EUR)*	Duration of authorisation	Use of existing authorisations during financial year ended 31/12/2021
	Authorisations and delegations for employees and/or Executive Corporate Officers			
19 May 2021 (Resolution twenty-seven)	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
May 19, 2021 (Resolution twenty)	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 the share capital	38 months	None
	Share buyback authorisations			
May 19, 2021 (Resolution eighteen)	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 EUR 500 million in 2021.

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 over authorised 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, Le Corosa, 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 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 (*Code de commerce*) and its Bylaws.

7.3.4.3 Financial year

The Company has a financial year of 12 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 (adoption of resolution twelve) 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 (4) 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 (2) or three (3) 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 of the Bylaws)

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 authorised 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 of the Bylaws)

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, amortised and non-amortised 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 [Code de commerce]) 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 he 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" 7.3 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 takeover 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".

8 Persons responsible

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.

22 April 2022

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, 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.

22 April 2022

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 Vincent ROTY.

ERNST & YOUNG et Autres is a member of the *Compagnie Régionale des Commissaires aux Comptes de Versailles et du Centre* (the Regional Association of Auditors of Versailles and Center).

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 Jean-Baptiste SCHOUTTETEN.

AUDITEX is a member of the *Compagnie Régionale des Commissaires aux Comptes de Versailles et du Centre* (the Regional Association of Auditors of Versailles and Center).

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;
- a report drawn up by an expert at the Company's request, part of which is included or referred to in this Registration Document; and
- 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.

www.aldautomotive.com

9 Cross-reference tables

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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In accordance with EC Regulation No. 2019/890 dated 14 March 2019, complementary to (EU) Regulation No. 2017/1129 of the European Parliament and of the Council, the following information is included by reference in this Universal Registration Document:

- the parent company and consolidated accounts for the year ended 31 December 2019, the related Statutory Auditors' reports and the Group Management Report and presented respectively on pages 203-215, 138-198, 216-219, 199-202 and 25-43 of the Universal Registration Document D.20-0284 filed with the AMF on 9 April 2020;
- the parent company and consolidated accounts for the year ended 31 December 2020, the related Statutory Auditors' reports and the Group Management Report and presented respectively on pages 213-226, 148-207, 227-230, 208-212 and 27-45, of the Universal Registration Document D.21-0358 filed with the AMF on 26 April 2021.

The chapters of the Registration Documents D.21-0358 and D. D.20-0284 not mentioned above do not apply to investors or are covered in another part of this Universal Registration Document.

Both of the aforementioned Registration Documents are available on the Company's website www.aldautomotive.com and on the AMF's (FrenchFinancial Markets Authority) website https://www.amf-france.org/en.

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:

9.3 Cross-reference table for the management report

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Designed & published by LABRADOR INFORMATION DESIGN +33 (0)1 53 06 30 80

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