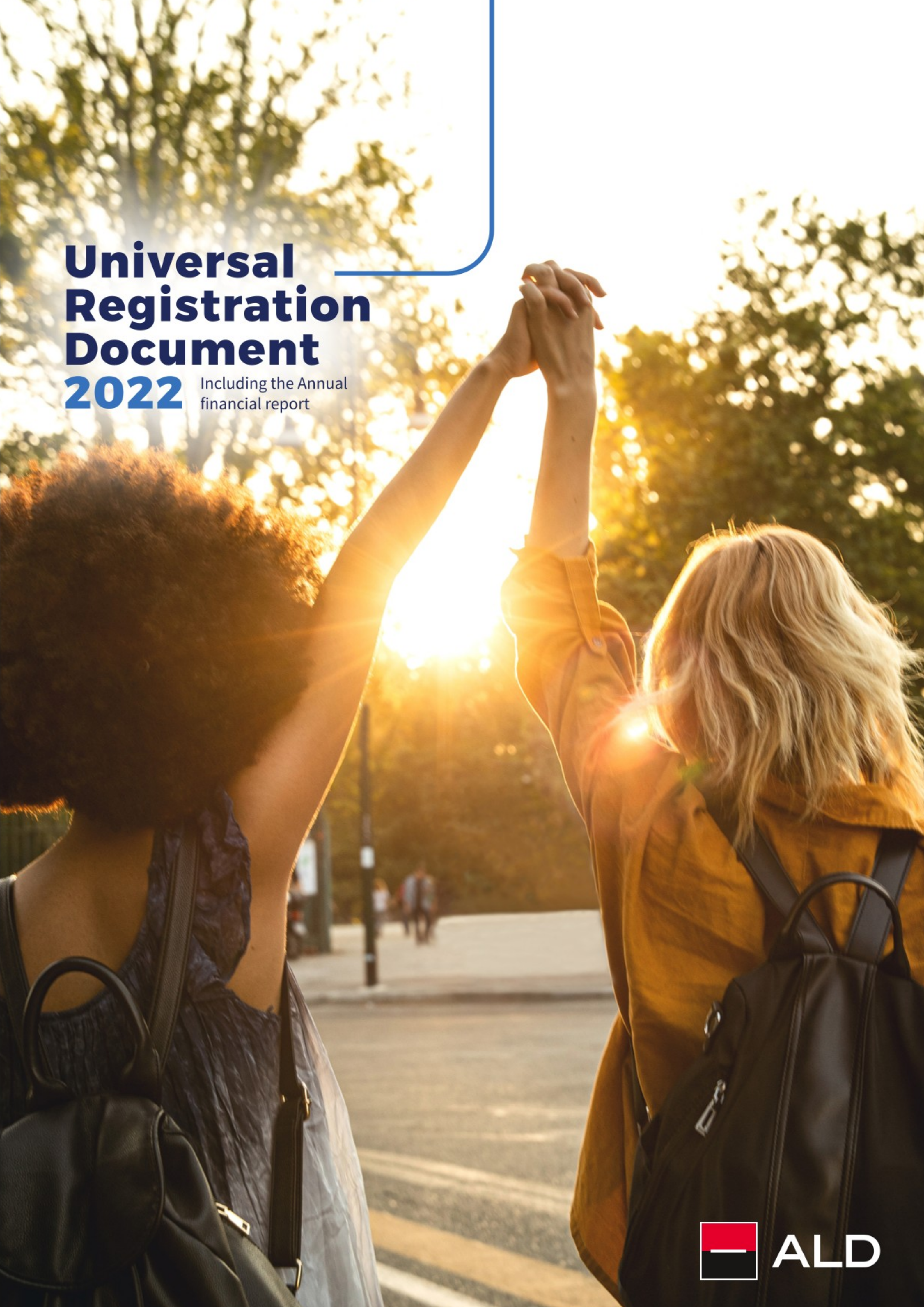
Universal Registration Document 2022

Including the Annual financial report



ALD

Contents

Universal Registration Document

2022 Including the Annual financial report

ALD is a leading Full Service Leasing and Fleet Management company with 1.81 million vehicles under management in 43 countries worldwide.

Through its vast international network, ALD 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 12 April 2023 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 copy of the official version of the Universal Registration Document which has been prepared 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)

2002 - 2005
Expansion in Eastern Europe, South America, Africa and Asia. Already present in all the BRIC countries (Brazil, Russia, India and China), the Group is also developing in other Latin American countries, notably in Mexico, Chile, Peru and Columbia, and has built up strong positions in markets outside Western Europe.

2003
Acquisition of Hertz Lease Europe (180,000 vehicles in 12 countries)

22 countries

Slovenia, Russia, Switzerland

2004
500,000 vehicles

29 countries

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

2005
Acquisition of Ford Lease (61,300 vehicles in 9 countries)

33 countries

Lithuania, China, Latvia, Greece

2006
37 countries

Algeria, Serbia, Mexico

2007
Global partnership with Wheels Inc.

2007 - 2016
In April 2009, the Group entered into a global strategic co-operation alliance with Wheels, a specialist and leader in vehicle Fleet Management for large corporate customers in North America. In 2012, the Group entered into a similar alliance with Fleet Partners, which extended its coverage in the Asia Pacific region. In 2014, another strategic alliance was concluded with ABSA (company based in South 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 31 December 2019, 55 countries.

2008
750,000 vehicles

2009
Partnership with Fleet Partners (Australia, New Zealand)

2010
Launch of ALDCarmarket

2013
1 million vehicles

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 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.

2019
Launch of ALD Electric

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

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

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 of digital subscription company Fleetpool in Germany

Stake in Skipr, a Mobility as a Service startup

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

1.81 million vehicles
43 countries

2022

Announcement of the project to acquire LeasePlan

Launch of ALD Move in France and Belgium

Development of multi-cycle lease

The Company was incorporated in 1998 under its former corporate name “Lysophan”. In 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 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 offered ALD new growth opportunities in the field of consulting services for mobility transformation with digital access to multimodal, flexible and sustainable solutions and the capacity to bolster its ALD Move offer in Europe.

In January 2022, ALD announced its intention to acquire LeasePlan, one of the leading fleet management companies in the world with 1.6 million vehicles at 31 December 2022, to create the leading global sustainable mobility player.

In 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, with Mitsubishi HC Capital Inc. in Malaysia, 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 2022.

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

In December 2022, ALD successfully completed a EUR 1.2 billion rights issue, thus securing the financing of part of the cash component of the transaction price for LeasePlan, which acquisition had been announced in January 2022. The closing of this acquisition is expected on 28 April 2023, subject notably to remaining regulatory approvals and the completion of standard closing conditions.

1.2 Detailed profile

1.2.1 *Business model*

ALD is a full service leasing [1] ("**Full Service Leasing**") and fleet management [2] ("**Fleet Management**") Group with a managed fleet of 1.806 million vehicles at 31 December 2022. It operates directly in 43 countries and through commercial alliances indirectly in 16 countries at 31 December 2022, 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 ("**Leasing Contract margin**"), the Services margin ("**Services margin**", and together with the Leasing Contract margin, the "Total Margins") and used car sales result ("**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 Services 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("Gross Operating Income") for the financial years ended 31 December 2022, 2021 and 2020:

(in EUR million)	Year ended 31/12/22	31/12/21	31/12/20
Leasing contract margin	1,181.1	732.8	604.4
Services margin	703.2	650.0	652.0
Used Car Sales result	747.6	437.7	61.1
GROSS OPERATING INCOME	**2,631.8**	**1,820.6**	**1,317.5**

1) *Under a full service lease, the client pays the leasing company a regular monthly lease payment to cover the 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).*

2) *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.*

Move 2025 - Become an

The car becomes... — **Electric** — **Connected** —

OUR RESOURCES

PEOPLE
- **7,244** employees in **43** countries
- Very committed staff (*commitment rate in 2022: **74%***)
- International culture

OPERATIONS AND ORGANISATION
- Presence in **43** countries
  16 countries covered through strategic alliances
- **86%** 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
- Optimal funding mix including bond issuance and SG funding providing flexibility for sustainable fleet growth
- 2022: EUR 1,950 million bond issues and EUR 400 million 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, **Flex Fleet** *(78,000 vehicles)* and multi-cycle lease *(52,000 vehicles)*[1]
- Strong portfolio of large international accounts (***320** at end 2022*)

ENVIRONMENT
- **282,000 "green"** vehicles including 207,000 EVs[2]
- Average CO_2 footprint = **96 g/km**
- **8,410 TeQ** CO_2, or **1.12 t** per occupant
- Several leading non-financial rating agencies have recognised ALD's strong commitment: CDP **(B)**, Ecovadis **(Gold, Top 2%)**, MSCI ESG **(A)**, Vigeo Eiris (**Advanced**, top 1 of the sector), Sustainalytics **(Top 8% of the sector)**

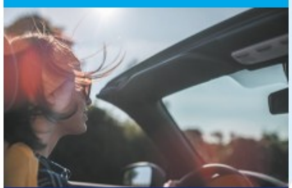
ALD STRATEGY

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

(1) Management information
(2) EV: Battery Electric Vehicles (BEVs), Plug in Hybrids (PHEVs), Fuel Cell (FCEV)

integrated player in mobility

Shared — **Autonomous** — **2025** (1)

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

VALUE CREATION FOR OUR STAKEHOLDERS

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: B2B2E, car-sharing, ALD Move app
- Average annual growth rate of **12%** for individual customers and new mobility offers
- Digital vehicle remarketing platforms
- Investment plan with a total additional budget of EUR **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)
- Promotion of well-being at work
- Proactive training policy: **7,364** employees trained **(88%)**

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 and help them beat their initial objectives thanks to My Net Zero Programme
- 30% electric vehicles in its **new car registrations** (2) by 2025
- Objective of a **30%** reduction in internal emissions (3) by 2025
- **-40%** CO_2 target for new contracts compared to 2019 (3)

FOR OUR SHAREHOLDERS

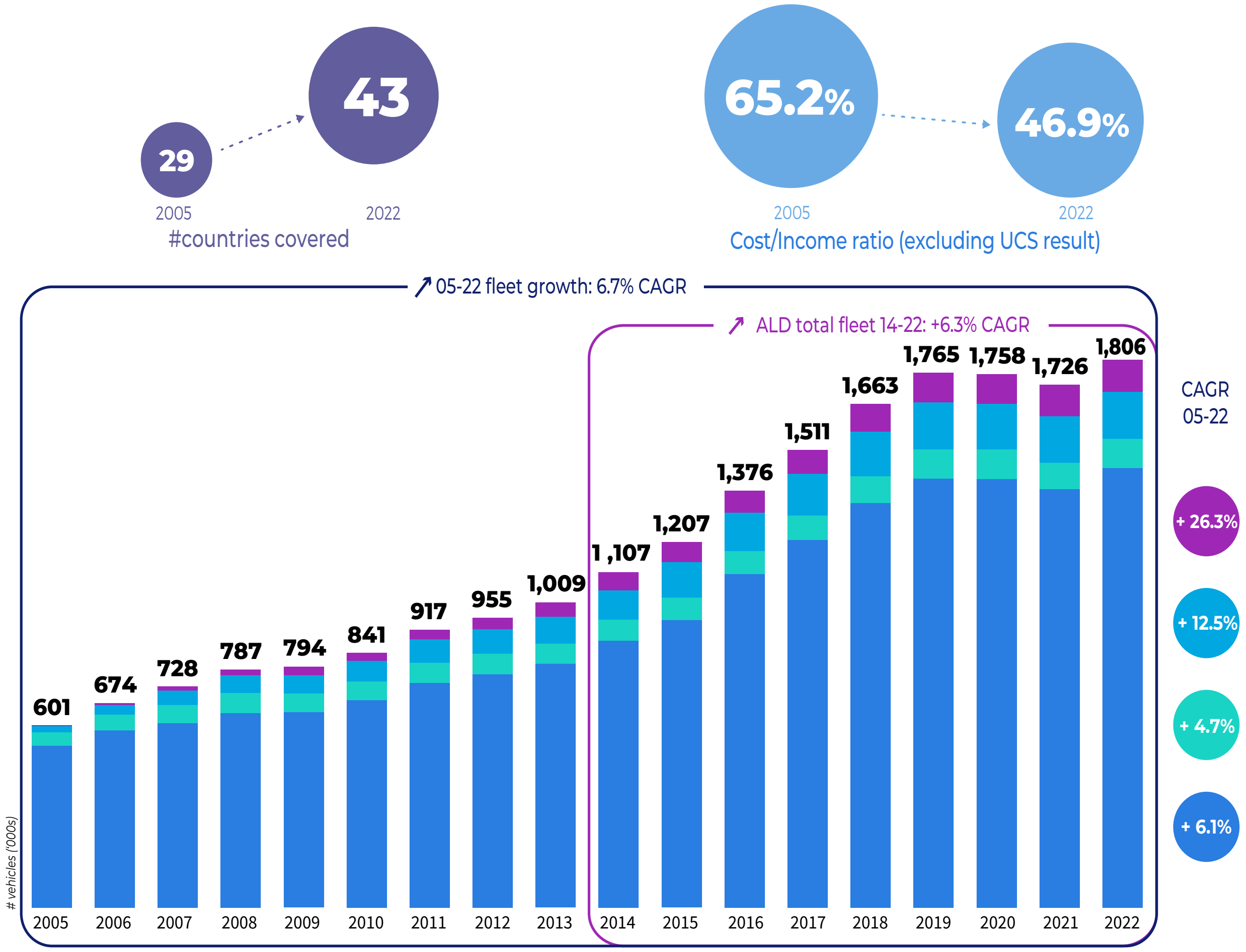
at 31/12/2022

- EUR **2,631.8 million** Gross Operating Income
- EUR **1,203.2 million** Net income (Group share)
- Target Cost/Income ratio: 46%-48% by 2025
- Dividend per share: EUR 1.06
- Target payout ratio: 50% over 2022-2025

(1) Objectives will be updated post LeasePlan acquisition
(2) Target set on new passenger car deliveries for EU + Norway + UK + Switzerland
(3) 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, Colombia, 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*

Northern Europe: *Denmark, Finland, Norway, Sweden*

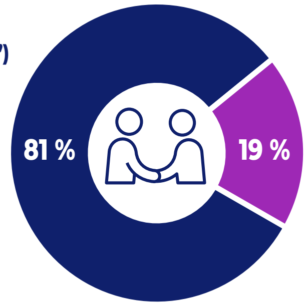
Western Europe: *Belgium, France, Germany, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, UK*

THE ALD OFFERING MEETS ALL CUSTOMER NEEDS

Two main products, addressing corporate and private clients, with a large range of services...

1 Full Service Leasing ("FSL")

ALD receives a monthly payment to cover financing, depreciation and services



In % of total fleet

2 Fleet Management ("FM")

ALD receives a monthly payment providing services and managing client's fleet but does not own the vehicles

Services offered

FULL SERVICE LEASING

FULL SERVICE LEASING	FLEET MANAGEMENT		
FINANCING	CAR POLICY DESIGN	BUDGETING & TCO CONSULTING (1)	FLEET REPORTING & CONSULTING
CAR PURCHASE & REGISTRATION	MAINTENANCE & REPAIR	TYRES MANAGEMENT	DRIVER ASSISTANCE
USED CAR REMARKETING	INSURANCE	FUEL MANAGEMENT	ADDITIONAL SERVICES

... to offer a variety of customer benefits

- Flexible outsourcing solution
- Cost reduction
- Balance sheet optimisation & budgeting tool
- Process simplification (reporting, transparency, etc.)
- Benefits from latest technologies (*e.g.* telematics)

Note: Data as of 31/12/2022

(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 "Innovative products" of this Universal Registration Document.

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

1.2.2.2.1 New mobility paradigms

Vehicles are increasingly becoming electrified, shared, connected and autonomous, with demand for mobility being strongly impacted by four megatrends: usership, digital, demand for flexible and shared mobility and electrification.

These megatrends are expected to shape the future of the mobility sector for the coming 5 to 7 years:

- **usership:** the mobility sector has seen a strong push away from ownership of assets, including cars, with usership becoming the norm for both corporates and private individuals;
- **digital:** technology and digitalization have enabled the introduction of new products and services, leading to increased expectations from customers for on-demand mobility solutions;
- **flexible and shared mobility:** demand for flexible products and services is also driving significant changes in customer demand and behaviour;
- **electrification:** growing environmental awareness and changes in customer behaviour has led to a sizeable increase in demand for more sustainable mobility solutions. Electric vehicles (“EVs”) [1] are expected to continue to replace thermal cars over the coming years, with electric registrations growing at an estimated 30% per year over the 2021-2025 period [2]. The trend is anticipated to continue over the long term, as evidenced by the recent vote by the European Parliament on 8 June 2022 (amending Regulation (EU) 2019/631) to ban all new internal combustion engines in the European Union from 2035.

These megatrends will accelerate the transformation of the mobility sector and create strong growth opportunities for the coming years.

1.2.2.2.2 Market growth perspectives

New customer segments

Fleet leasing companies are currently active in three main customer segments: corporates, small and medium-sized enterprises (“**SMEs**”) and individuals. Further growth is expected in each of those three segments, mainly driven by the impact of the aforementioned four megatrends.

- **Corporates**. Historically, this has been the largest segment for fleet leasing companies, as large corporates looked to outsource non-core activities. This segment has experienced renewed growth potential stemming from the strong corporate demand for EVs. Overall, average growth of European new car registrations of approximately 5% *per annum* is expected in this segment over the 2021-2030 period, from 1.2 million in 2021 to 2.0 million in 2030 [3].
- **SMEs**. An increasing number of SMEs have resorted to fleet leasing in recent years and this segment – addressed mainly through partnerships – has not yet reached its full potential and is expected to continue to grow in the future. Overall, average growth of European new car registrations of approximately 6% *per annum* is expected in this segment over the 2021-2030 period, from 1.3 million in 2021 to 2.2 million in 2030 [3].
- **Individuals**. Private lease activity has been historically limited as individuals adopted other financing solutions (direct purchases, consumer loans, etc.). Appetite for leasing solutions has been growing recently as individuals turn to usership, with a preference for more expensive cars (notably electric ones), and value a large and high-quality services offering. Overall, average growth of European new car registrations is expected to grow by approximately 12% *per annum* in this segment over the 2021-2030 period, from 0.9 million in 2021 to 2.4 million in 2030 [3].

The new mobility sector paradigms are also expected to open additional addressable customer segments for fleet leasing companies, notably light commercial vehicles ("**LCV**s") and employees (Business-to Business-to-Employee, or B2B2E).

- **LCVs**. Currently, there is limited penetration of fleet service companies in this segment, but this is expected to increase rapidly, particularly with the development of new offers and services such as “last mile delivery”, which is tailored to the fast-growing e-commerce sector. Overall, this is expected to translate into strong growth opportunities in the LCVs and electric-LCVs segments.
- **B2B2E**. Data-driven digital solutions are facilitating the ability to serve corporate clients’ employees, which is expected to generate profitable growth in this segment.

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

2) *EV Volumes.*

3) *CVA estimates for European Union, Norway, Switzerland and the UK.*

Products and services

In addition to current products and services provided by fleet leasing companies (car financing, maintenance and repair, insurance, digital services, etc.), the mobility sector's substantial transformation is expected to lead to the development of new mobility products and services.

EVs should offer new revenue generation opportunities in the form of consultancy and other services (large corporates seeking to be accompanied in their fleet transition from thermic to electric, access to charging infrastructure, possibility to switch to a thermal vehicle for specific occasions, etc.).

Connected vehicles also create possibilities for new products and services, notably in terms of Fleet Management (reporting, budget, etc.), as well as through telematics, with the deployment of second-generation insurance products.

Enhanced digital capacities will allow for the development of more flexible offers for customers (ability to switch cars on a more frequent basis, access to vehicles for shorter durations, etc.) and of multi-modal and shared mobility solutions.

The penetration of these new mobility services is expected to increase rapidly over the coming years with subscription and flexible lease products expected to grow by an average of approximately 20% *per annum* between 2021 and 2030 (1) and last-mile delivery by growing by approximately 15% *per annum* over the same period (2).

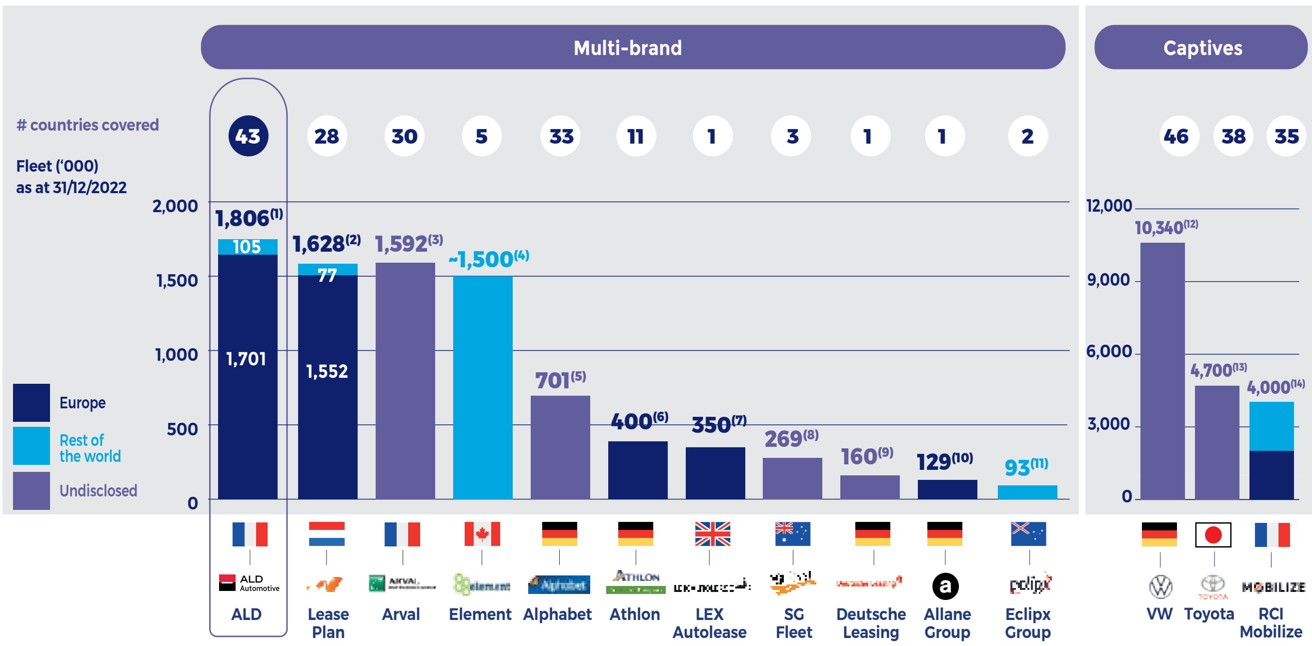
Overall, both existing and new addressable markets should benefit from these new services which are expected to accelerate growth and lead to increased revenue generation opportunities.

ALD believes it is well-positioned to benefit from all of these trends, with its core products of operating leasing and Fleet Management and its ability to provide flexible use options responding to the mobility demands of all customer segments.

Through its product offering, ALD's business model is ideally placed to address future mobility trends, which will be driven by an increasing use of new technologies, shared mobility, and a shift away from ownership of assets.

1.2.3 Competitive environment

ALD, a leader in Full Service Leasing



Note: Peers shown are international, multi-brand players. Fleet figures include Full-Service Leasing and Fleet Management

(1) Total fleet as at 31 December 2022, including Russia, Belarus and remedies agreed with antitrust authorities
(2) Total fleet as at 31 December 2022, excluding LeasePlan USA
(3) Average funded fleet as at Q4 2022
(4) Element Q4 2022 Investor presentation
(5) As at 31 December 2022
(6) As at 30 June 2022, including Athlon & Daimler Fleet Management's fleet and country coverage, fleet figures outside Europe not available
(7) As publicly communicated by Lex Autolease
(8) SG Fleet 2022 results, investor presentation
(9) ALD estimation based on Deutsche Leasing annual report 2021
(10) Allane Group SE interim report as at 30 September 2022
(11) Eclipx Group H1 2022 results presentation
(12) VW Group 2022 annual report
(13) Toyota presentation materials for investors as of February 2023
(14) ALD estimation based on RCI bank 2022 business report

1) *Global subscription market growth; source: Strait Research (September 2022).*
2) *Last mile delivery global market growth; source: Quince Market Insight (November 2021).*

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 1.806 million vehicles across 43 countries as at 31 December 2022. 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 (1.628 million [1] vehicles managed), Arval (1.592 million [2] vehicles financed), Alphabet (0.701 million [3] vehicles managed) and Athlon/Daimler Fleet Management (0.400 million [4] vehicles managed). In some of the Group's markets, it also competes with strong local players offering full service leases.

The Group competes with the captive finance subsidiaries of car manufacturers, the largest of which finance fleets that run into several 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 Mobilize, 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 cash financing and leasing businesses and, in some cases, to assist in raising funds for their manufacturing businesses.

(iii) Independent operators

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

(iv) Regional players

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

1) Number of vehicles including remedies agreed with antitrust authorities as at 31 December 2022 (source: LeasePlan).

2) Financed vehicles as at 31 December 2022 (source: BNP Paribas).

3) Fleet leasing contracts under management as at 31 December 2022 (source: BMW).

4) Number of vehicles in Fleet Management as at 31 December 2022, including Daimler Fleet (source: Daimler).

1.2.4 Product distribution

The Group has two product offerings: Full Service Leasing and Fleet Management. The following table gives the breakdown of the managed fleet (in thousands of vehicles) by product offering for the financial years ended 31 December 2022 (1), 2021 and 2020:

(in thousands of vehicles)	Year ended 31/12/22		Year ended 31/12/21		Year ended 31/12/20	
Full Service Leasing	1,464	81%	1,427	83%	1,372	78%
Fleet Management	342	19%	299	17%	386	22%
TOTAL FLEET	**1,806**	**100%**	**1,726**	**100%**	**1,758**	**100%**

Full Service Leasing

Full Service Leasing contracts represented 81% of the Group's fleet as at 31 December 2022. 97% 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 19% of the Group's fleet at 31 December 2022. 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 (2) remained limited at 5.6% as at 31 December 2022 compared to 6.3% as at 31 December 2021.

The Group's leasing contracts have an average length of 45 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.

1.2.4.2 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 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 167,400 vehicles as at 31 December 2022 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 its different offerings allow for *a-la-carte* services and contract modifications in terms of duration, mileage and other options.

1) *Including 51 thousand funded fleet and 7 thousand fleet under management from entities held for sale: Russia, Belarus and remedies agreed with antitrust authorities (Portugal, Ireland and Norway except NF Fleet Norway).*

2) *By size of fleet financed.*

1.2.5 Regions

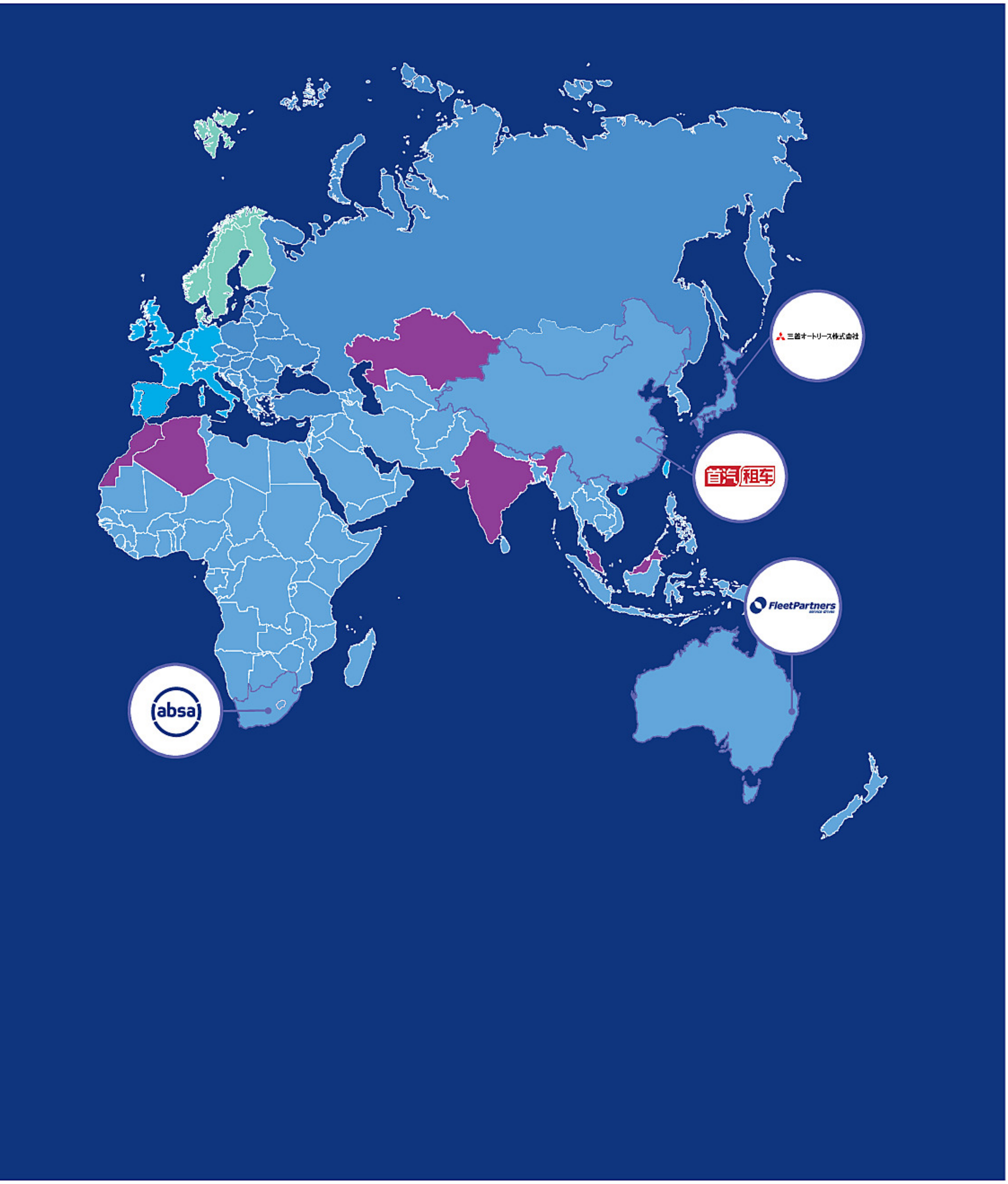
43 countries

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**

1

59 countries including alliances



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 at 31 December 2022, the Group had a direct presence in 43 countries spread over five continents, enhanced by strategic alliances in 16 countries. The geographical coverage will be further extended in 2023, thanks to a new joint venture with Mitsubishi HC Capital Inc. in Thailand, which is expected to be followed by others in the region.

The following table shows a breakdown of product offerings by number of vehicles and geographic region for the financial year ended 31 December 2022 [1]:

	At 31/12/22		
(in thousands of vehicles)	**Full Service Leasing**	**Fleet Management**	**Total**
Western Europe	1,139	311	1,450
Central and Eastern Europe	148	8	156
Northern Europe	85	11	96
South America, Africa and Asia	93	13	105
TOTAL FLEET	**1,464**	**342**	**1,806**
%	**81%**	**19%**	**100%**

Revenues from external customers and fleet by country generating more than EUR 500 million are detailed below (see Section 6.2 note 6 "Segment information" of this Universal Registration Document):

	Year ended 31/12/22		Year ended 31/12/21	
(in EUR million)	**Revenues from external customers**	**Rental Fleet(1) on the statement of financial position**	**Revenues from external customers**	**Rental Fleet on the statement of financial position**
France	2,260.4	5,495.9	2,241.7	4,977.0
Italy	1,257.6	2,532.1	1,374.8	2,224.9
UK	1,116.4	2,326.7	1,074.7	2,238.8
Germany	1,092.4	2,282.1	921.8	2,292.1
Spain	820.1	1,959.8	724.1	1,764.2
Netherlands	686.0	1,528.4	679.4	1,466.8
Belgium	680.6	1,604.6	622.9	1,455.3
Other countries (1)	3,305.2	6,350.1	2,840.2	5,292.2
TOTAL	**11,218.8**	**24,079.6**	**10,479.6**	**21,711.3**

(1) Including balances of disposal groups classified as held for sale (see Section 6.2 "Notes to consolidated financial statements", note 8 "Assets held for sale" of this Universal Registration Document).

1.2.6 Global alliances

In addition to its direct presence in 43 countries as at 31 December 2022, 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

1) Including 57 thousand vehicles in entities held for sale: Russia, Belarus and remedies agreed with antitrust authorities (Portugal, Ireland and Norway except NF Fleet Norway).

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 EVs, 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 usership 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 more than 40 countries and is available for both drivers and fleet managers. The portal provides one central point of connection to the Group's drivers and fleet managers for accessing fleet data and contract information, reporting tools, car configurator, web quoter and various self-serve 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 value added connected products and services based on the interpretation of data provided by connected cars.

ALD Profleet is a connected car solution that delivers company and commercial fleet managers greater insight into daily fleet activities and fuels longer-term strategies - regardless of the size of the fleet. It serves as a single interface for the fleet manager to produce real time reports about their whole fleet with a high level of accuracy to make better data driven decisions. This solution enables fleet managers to improve their day-to-day operations in terms of fleet utilization and efficiency, promote cost savings, improve driver experience as well as harness the power of real-time data to effortlessly manage business mobility through a single, digital interface. It is currently live in a few countries in Latin America and Europe and will be deployed in more countries in the upcoming years.

ALD Connected Insurance is an insurance "cost-avoidance" product for accident and theft management. In 2022, it was deployed in Italy and will be further expanded in the coming years. This solution will be complemented by a product based on a driving score with the objective of launching a first Minimum Viable Product ("**MVP**") in 2023.

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 or traders 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 digital solution tools allow the Group to remarket its used vehicles through a multi-channel approach to seize any business opportunity in the countries where it operates in.

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 simply enable vehicles to be purchased.

The vehicles channelling and decision-making process has been also strengthened and improved thanks to the implementation of a predictive pricing tool based on an IA algorithm. The tool has been deployed since 2021 in Spain, Belgium, Netherlands, France and Luxembourg. On the ALDCarmarket.com platform for professional dealers, three types of sales events are offered:

- auction (an offer is manually or automatically posted online and the dealer who offers the best bid gets the vehicle);
- sale by closed bidding (buyers make a closed bid, the Group selects the best offer and awards the vehicle to that person); or
- 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 traders as well as local dealers. It provides a unique and global stock of qualitative and selected ex-leased vehicles.

The platform allows customers to have access to vehicles for sale in the different countries where the Group is present, purchase them, and in certain cases, arrange for their delivery. This platform has been rolled out in 41 countries.

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:

- the purchase of used vehicles at a fixed price (with the option of online financing with credit partners);
- Full Service Leasing of used vehicles (with online reservation and online payment of the deposit).

In the case where the vehicle is purchased online, 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 currently available in 16 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.

Sustainable solutions

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

In order to support its customers in the transition to the EV , 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 34 countries in 2022 (+12 countries *vs.* 2021), is to cover all the needs of the driver and fleet manager in terms of EVs. 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 EV 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's commitment to innovative and sustainable mobility and to shaping the future of the industry is further evidenced by the roll out of the ALD Move offer in France and Belgium in 2022, in addition to the Netherlands. This product targets the Business to Business to Employees (B2B2E) channel. A cutting-edge mobile application allowing users to plan, book and pay multimodal transports, ALD Move's functionalities have been enriched thanks to Skipr, the Belgian Mobility-as-a-Service (MaaS) startup in which ALD acquired a 17% stake in 2021. ALD Move's potential customer base is much larger than that of traditional car leasing, as it targets all of its corporate clients' employees, including those not eligible for company cars. By providing users with a high number of flexible and adapted travel options, ALD Move leverages on multimodality, thereby contributing to the reduction of the carbon footprint, within a dedicated budget.

This product is an innovative and digital solution to manage the daily mobility of corporate clients' employees. The *Crédit Mobilité* offer applies to those employees eligible for a company car by allowing them to convert the benefit of this car into a sum which can be spent in both professional and personal multi-modal trips. The *Forfait Mobilités Durables* offer provides those employees not eligible for a company car with a budget allocation which can be spent on the multi-modal transport options of their choice between home and work. ALD Move allows users to plan, book and pay mobility, while actively managing the collective efforts to reduce the carbon footprint. It thereby enhances employee attraction and retention and promotes quality of life at work.

In particular, ALD Move provides corporates with:

- a centralized administrative management platform to define and control employees' mobility budgets and expenses;
- a CO_2 emissions report to quantify the reduction of their carbon footprint; and
- a dedicated team as a support in the implementation of their mobility strategy.

Employees benefit from:

- a payment card for mobility services;
- a mobile application to help them plan their multi-modal trips; and
- a web interface to manage their mobility budget.

ALD Move has been deployed in Belgium and in France in 2022.

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 now live in France and the Netherlands and will be rolled out in five other countries in 2023.

My Net Zero Programme is a tool to support customers to reach their CO_2 reduction targets in building their CO_2 baseline in the 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. This tool will be fully digitalized in the Green Scorecard going forward.

These new solutions are part of the Group's proactive policy to diversify engine types and promote sustainable solutions. They have proved effective. In 2022, EVs [1] accounted for 27% of ALD's new passenger vehicle registrations in Europe [2].

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 30 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.

Subscription – In 2021, ALD announced the acquisition of Fleetpool, the leading automotive subscriptions provider in Germany, to leverage on its mobility offer for individuals and companies, as well as car manufacturers wishing to diversify their distribution model and service offering. Operating through the "like 2 drive" and "eazycars" brands in Germany, ALD now addresses these customers through a simple all-inclusive and fully digital subscription product offering short-term vehicle leases and will progressively roll out this offer across Europe. The new partnership with Kia to provide a flexible subscription service called "Kia Flex" consists in a digital product offering full flexibility to the customer, with a wide range of new vehicles to choose from, including EVs.

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

2) European Union, UK, Norway, Switzerland.

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" of this Universal Registration Document.

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 awareness and regulatory factors will drive sales of electric cars. Tax incentives implemented in several European countries have made these products more attractive and affordable. In addition, connected car services such as contactless delivery and digital customer journeys are becoming essential for customers;
- lastly, the industry should consolidate further, with local players and mobility start-ups providing opportunities for targeted acquisitions.

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

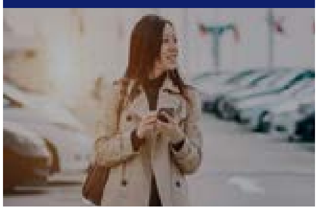
Become a fully integrated sustainable mobility provider and the global leader in our industry.

Four pillars to Move for

Customers

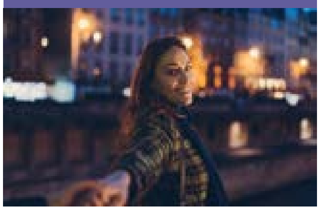
Be recognised as the most innovative provider of mobility products and services.

Growth



Be the global leader in sustainable mobility solutions.

Good



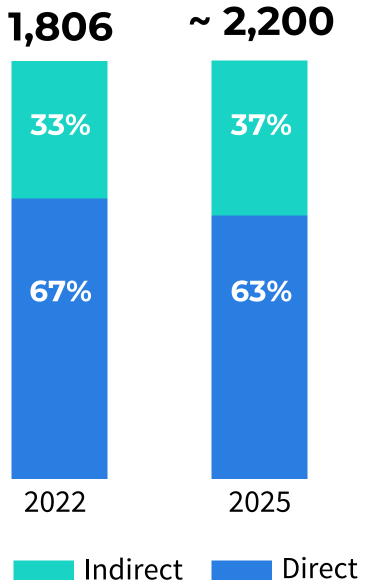
Place people and corporate social responsibility at the heart of everything we do.

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

Breakdown of fleet by distribution channel (in '000 vehicles)



Direct: International clients, SMEs, Flex and Used car lease
Indirect: partnerships and new mobility contracts

Prior to the announcement of its project to acquire LeasePlan, ALD had set out a strategic plan to achieve 2.3 million contracts by 2025, including potential acquisitions. 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 EVs, 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) was enhanced by the acquisition in 2021 of a stake in the Skipr start-up, operating in mobility services. With these products, ALD is targeting annualised growth of 12% 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 combines the strong regional footprint of Mitsubishi UFJ Lease & Finance with the access that ALD has to local and international companies. Joint ventures with Mitsubishi HC Capital Inc. were announced in Malaysia in March 2020 and in Thailand in 2023. 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 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 ALD Move 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. The acquisition of LeasePlan is fully aligned with this strategy (see Section 1.5.1 "Rationale" of this Universal Registration Document).

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, EVs are expected to account for 40% [(1)] of global vehicle sales of passenger cars and LCVs by 2030, and close to 70% [(1)] of passenger car sales in Europe.

With the ALD Electric offering (including recharging) rolled out in 34 countries, ALD continues to outperform in the field of sustainable mobility: the share of EVs in passenger car deliveries in Europe stood at 27% in the financial year 2022 ahead of the European market at 23% [(1)].

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.).

1) Source: EV Volumes.

1.5 Acquisition of LeasePlan

The acquisition of LeasePlan, which closing is expected on 28 April 2023, subject notably to remaining regulatory approvals and the completion of standard closing conditions, would reinforce ALD's position in this changing environment. ALD's strategy is to pursue the development of its capabilities in order to capture the growth momentum and further strengthen the Company's position in the market over the long term. In this perspective, the acquisition of LeasePlan will be transformational, contributing to an acceleration of ALD's strategic journey.

1.5.1 Rationale

1.5.1.1 ALD and LeasePlan's complementary capabilities

The combination of ALD and LeasePlan is expected to be highly synergetic and create an opportunity to cross-leverage the two companies' complementary skills and strengths.

Clients

ALD and LeasePlan serve the same three client segments (large corporates, SMEs, individual consumers), but each of them has specific areas of leadership.

LeasePlan has a network of large and very large blue-chip international and national corporate clients and has been particularly strong in this segment in which there is limited customer overlap between ALD and LeasePlan.

ALD has developed a strong partnership network with more than 200 partners across a large spectrum of sectors. It has allowed the Company to rapidly develop its presence in the SME and individual consumers segments.

This is expected to give the combined entity the best footprint across all segments.

Products and Digital

Both companies have built a strong track record in innovation and digitalization, fostered by an entrepreneurial mindset. The combination is expected to result in leading positions in most of the new mobility markets and segments, strongly supported by ALD's recent acquisitions of Fleetpool, the leading digital subscription model in Germany, and Skipr, a leading Corporate MaaS digital platform in Europe. Strong specialities in LeasePlan include specific offerings on LCVs and for customers focused on managing last-mile delivery fleets.

Insurance, Service & Operations

ALD and LeasePlan have complementary insurance capabilities with ALD's reinsurance business and LeasePlan's captive motor insurance company. Both companies can leverage on an extensive network of captive and non-captive service providers for repair, maintenance, tyres and accident damage.

Remarketing

ALD and LeasePlan have experience developing in-house remarketing platforms: ALD Carmarket and CarNext, respectively. ALD Carmarket sells over 250,000 vehicles per year in 41 countries and has a physical network in 20 countries. CarNext's operations were carved out from LeasePlan and subsequently acquired in 2021 by Constellation Automotive Group **("CAG")**, which is expected to become one of the leading digital used car sales players in Europe through its different participations in CarNext and BCA. CAG will be a partner of choice of ALD's future remarketing strategy.

Funding

ALD's funding mix and strong credit ratings (debt ratings: BBB S&P/ BBB+ Fitch, both on CreditWatch positive) benefit from the support of Societe Generale, facilitating efficient access to external funding. LeasePlan is also an established issuer in the debt capital market (debt ratings: BBB- S&P/BBB+ Fitch/Baa1 Moody's). ALD's debt ratings are expected to be upgraded to A- by both S&P and Fitch following the completion of the acquisition. LeasePlan also relies on its deposit collection platforms in Germany and the Netherlands. The combined entity would therefore have an enlarged funding source base (deposits, borrowings from commercial banks, bonds and securitizations would represent approximately 25%, 10%, 25% and 10%, respectively, of total funding in the target combined funding structure), while continuing to benefit from Societe Generale's support (expected to represent approximately 30%).

In addition, ALD is expected to issue EUR 750 million of Additional Tier 1 and EUR 1,500 million of Tier 2 debt fully subscribed by Societe Generale upon completion of the acquisition.

ALD aims to have a robust capital position with c. 12% of Common Equity Tier 1 ("CET1") ratio and layers of Additional Tier 1 and Tier 2 capital ensuring the maintenance of an adequate management buffer over all solvency ratios. ALD's total capital ratio would reach c. 16%.

Geographical footprint

ALD and LeasePlan both have a large geographical presence, covering 43 and 28 countries, respectively, and 44 for the combined entity [1] as at 31 December 2022. The two companies are broadly present in similar geographies (especially for the largest countries by fleet size which are France, the Netherlands, Germany, the UK, Spain and Italy). The combination will allow for a more balanced presence across mature European markets.

1) *Taking into account the sale of LeasePlan USA completed on 1 December 2022 and entities held for sale: subsidiaries in Russia and Belarus and remedies agreed with antitrust authorities.*

1.5.1.2 Synergies and value creation expected from the acquisition

The 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 will benefit from a fast-growing market driven by strong underlying megatrends, including:

- the shift from ownership to usership on all fronts: large corporates, SMEs and individual consumers (including B2B2E [(1)]);
- the data-driven digital transformation of the mobility industry; and
- the transition towards zero-emission and sustainable mobility.

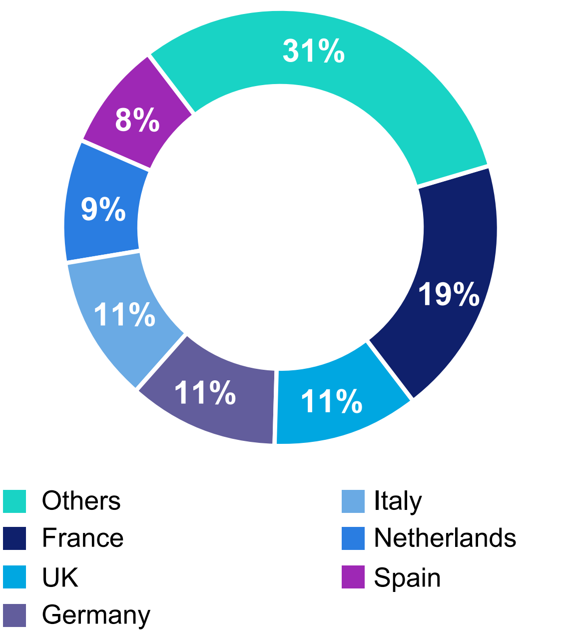
1.5.1.2.1 Size

The increased size of ALD, with a total fleet size of approximately 3.3 million [(2)] vehicles as at 31 December 2022, would provide several key advantages.

Thanks to the combination with LeasePlan, ALD would be able to propose a global offering and coverage of all customer segments (large corporates, SMEs, consumers) and increased breadth in terms of products and services. The acquisition would also enable ALD to anticipate future market needs and meet client expectations with industry-leading operating efficiency and optimized procurement.

The combined entity would also benefit from a more balanced geographical coverage, notably between the more mature countries of operation:

COMBINED ENTITY FLEET AS AT 31 DECEMBER 2022



Note: Based on the sum of ALD and LeasePlan total fleets as at 31 December 2022, excluding LeasePlan USA and remedies agreed with antitrust authorities; LeasePlan breakdown estimated based on funded fleet book value

The combined entity's significant procurement volumes would give ALD significant savings opportunities, in particular through volume discounts:

- combined fleet of approximately 3.3 million vehicles (as at 31 December 2022);
- approximately 800,000 vehicles and 4 million tyres purchased *per annum*;
- other combined pools of direct and indirect procurement, including other vehicle-related consumables and services, and company-related services (*i.e.* IT services, real estate, etc.).

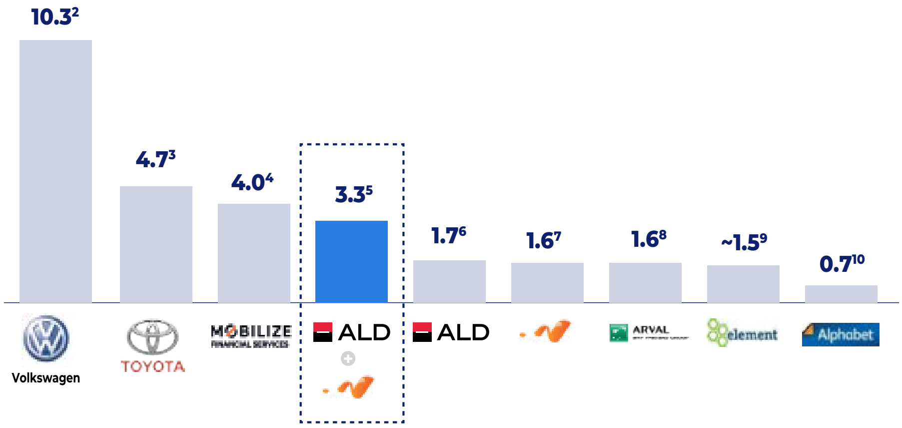
With this step-change in size, the combined entity would be better positioned to compete with large OEM captives (such as VW, Toyota and RCI Mobilize) and other companies entering or potentially looking to enter the fleet leasing market.

1) *Business to business to employees.*

2) *Taking into account the sale of LeasePlan USA completed on 1 December 2022 and of entities held for sale (Russia and Belarus subsidiaries and remedies agreed with antitrust authorities.*

Ideally positioned to take advantage of the sector's growth

Total fleet (in m)[1]



(1) As at 31 December 2022
(2) VW Group 2022 Annual report
(3) Toyota presentation Materials for Investors as of February 2023
(4) ALD estimation based on RCI bank 2022 business report
(5) As at 31 December 2022
(6) Total fleet as at 31 December 2022, excluding Russia, Belarus and remedies agreed with antitrust authorities
(7) Total fleet as at 31 December 2022, excluding LeasePlan USA and remedies agreed with antitrust authorities
(8) Average Funded fleet as at Q4 2022
(9) Element Q4 2022 Investor presentation
(10) As at 31 December 2022

1.5.1.2.2 Digital

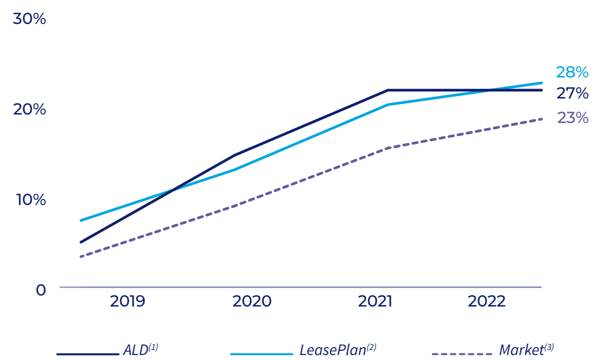
Following the acquisition, ALD believes it will be ideally positioned to lead the digital transformation of the industry, embracing the sustainable mobility sector's global growth megatrends.

The combined entity would benefit from an enhanced ability to invest and develop new mobility products and ancillary services. For informative purposes, combined strategic investments [1] in this area represented approximately EUR 400 million in 2021. This would allow the combined entity to build new digital business models based on core value chain competencies.

1.5.1.2.3 Sustainability

As a result of the acquisition, the combined entity is expected to become a leading global provider of sustainable mobility solutions and the partner of choice for clients to support the transition towards EVs.

EV [2] PENETRATION IN NEW CAR DELIVERIES



(1) Management information
(2) LeasePlan 2022 Annual report
(3) EV Volumes

1) Including both operating and capital expenditures.

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

1.5.1.2.4 Delivering value to shareholders through the creation of the leading global sustainable mobility player

The combined entity is expected to be well-placed to seize new growth opportunities in the sustainable mobility sector. Powered by its enlarged offering, geographical presence, and extensive digital capabilities, the combined entity is expected to benefit from strong growth across all client categories.

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

This transformative combination is expected to position ALD for long-term fleet growth of at least 6% *per annum* post integration.

ALD is targeting a Cost/Income [(1)] (excluding Used Car Sales) ratio of 46% to 47% by 2025, representing a strong improvement compared to 56% [(2)] for the combined entity in 2022. This improvement in efficiency is expected to further boost the Company's resilience through the cycle.

Improvement in efficiency will be underpinned by scale effects and cost synergies. Annual run-rate procurement and cost synergies are estimated at approximately EUR 440 million *per annum* before tax and expected to fully materialize by 2025. Procurement optimization would contribute a substantial part of this, through synergies on vehicle and tyre spending and savings on services and indirect expenditure. The remainder would come from other cost synergies. Total restructuring costs are estimated at approximately EUR 475 million before tax, incurred from 2022 to 2025.

ALD targets a dividend pay-out ratio of 50% over 2022 to 2025 and expects this transaction to provide attractive returns and significant value creation for its shareholders.

1.5.2 ALD's strategic ambitions along the 4 strategic pillars of the "Move 2025" plan will be further enhanced through the acquisition

The acquisition of LeasePlan is fully aligned with ALD's "Move 2025" plan, and it should help accelerate the Company's strategic journey to become a fully-integrated, digital and global market leader in mobility, along its four key strategic pillars: Customers, Growth, Good, and Performance.

Move for Customers: ALD aims to be recognized as the most innovative provider of mobility products and services across all customer groups, offering a variety of innovations, including subscription, short-term rental models, multi-modal offers and digital services.

Move for Growth: In the context of the acquisition, ALD is looking to establish an ambitious growth agenda in its resilient core segment (operating leasing for corporates), as well as expand into new customer segments (SME, private individuals) and new products (*e.g.* flexible products, LCVs), and leverage on its strong partnership strategy.

Move for Good: ALD places people, CSR (corporate social responsibility) and protection of the environment at the heart of its activities, both internally and externally. ALD will seek to leverage its leadership position in electrified mobility to actively support its customers in reducing their carbon footprint.

Move for Performance: ALD intends to aggressively develop digital processes, tools, and data management in order to maximize the efficiency of core processes. Thanks to the Acquisition, ALD is expected to benefit from substantial synergies and a greater ability to invest in its own capabilities, services and products.

1) Computed as: Total overheads/gross margin (excluding Used Car Sales).

2) Based on LeasePlan's disclosure and excluding non-operating items.

2

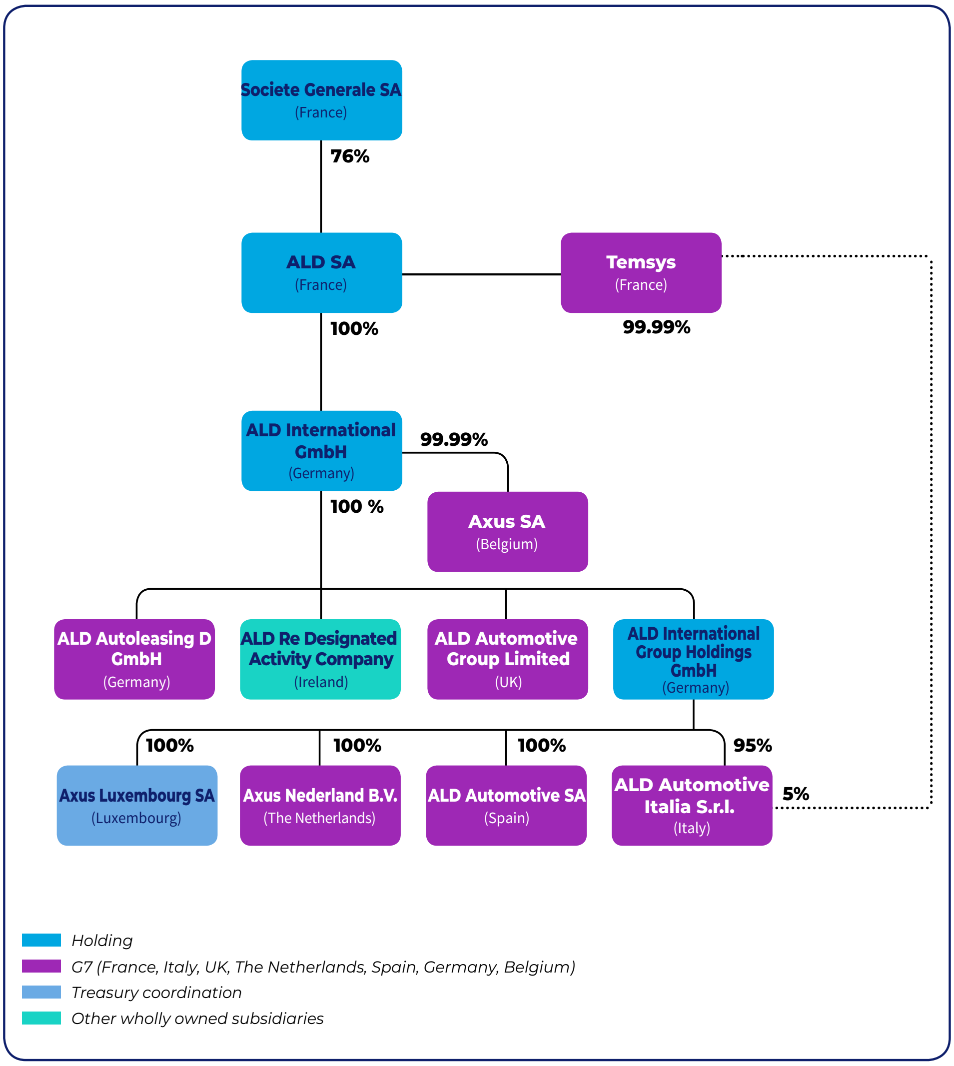
Management report

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 SA 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:

- supervision of the subsidiaries;
- 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.

SIMPLIFIED ORGANIZATION CHART AS AT 31 DECEMBER 2022



Relationship with Societe Generale and funding

Funding

As at 31 December 2022, Societe Generale funded 69% of the Group's debt financing on an arm's length basis. The remaining 31% 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 Group.

The funds provided by Societe Generale are granted *via* Societe Generale Luxembourg, Societe Generale Paris and some local Societe Generale branches and subsidiaries. Societe Generale Luxembourg and Societe Generale Paris finance the central treasury of the 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 2022, the total amount of loans granted to the Group Central Treasury by Societe Generale Luxembourg and Societe Generale Paris was EUR 12,158 million (EUR 10,876 million at 31 December 2021) 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 2022, the total amount of loans granted to the Group by Societe Generale, including local branches and subsidiaries, was EUR 13,711 million (EUR 13,718 million including loans granted to entities held for sale).

The Group intends to maintain its issuance program on the capital markets in the coming years.

Societe Generale provides to cover ALD's financing needs both in business as usual conditions and under stress.

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 mainly in France and Denmark.

For more information, see Sections 3.8 "Related-party transactions" and 6.2 note 36 "Related parties" of this Universal Registration Document.

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 38 "Scope of consolidation" in the consolidated financial statements. For more details on recent disposals and acquisitions, see Section 6.2 note 7 "Changes in the scope of consolidation in the year ended 31 December 2022" in the consolidated financial statements and Section 2.1.4.1 “Historical investments” of this Universal Registration Document.

2.1 Analytical review of 2022 activity

2.1.1 Key indicators

The following table presents the Group's key performance indicators (KPIs) for the financial years ended 31 December 2022, 2021 and 2020.

(in EUR million)	Year ended 31/12/22	Year ended 31/12/21	Year ended 31/12/20
Leasing contract margin	1,181.1	732.8	604.4
Services margin	703.2	650.0	652.0
Used Car Sales result	747.6	437.7	61.1
GROSS OPERATING INCOME	**2,631.8**	**1,820.6**	**1,317.5**
Total Operating Expenses	(884.3)	(675.1)	(633.7)
Cost/income ratio excl. Used Car Sales result (1)	*46.9%*	*48.8%*	*50.4%*
Cost of risk (Impairment charges on receivables)	(46.1)	(24.8)	(71.1)
Cost of risk as % of Average earning assets (in bps) (2)	*20*	*11*	*34*
Non-recurring expenses	(50.6)	0	0
OPERATING INCOME	**1,650.8**	**1,120.6**	**612.7**
Share of profit of associates and jointly controlled entities	1.7	(1.9)	1.9
PROFIT BEFORE TAX	**1,652.5**	**1,118.7**	**614.6**
Income tax expense	(444.6)	(238.6)	(108.9)
Result from discontinued operations	0	0	10.0
Non-controlling interests	4.7	7.1	5.8
NET INCOME GROUP SHARE	**1,203.2**	**873.0**	**509.8**
Other data (in %)			
Return on Average Earning Assets (3)	*5.1%*	*4.0%*	*2.4%*
Return on average equity (4)	*20.6%*	*19.5%*	*12.5%*
Total equity on total assets (5)	*22.0%*	*18.0%*	*16.7%*

(1) "Cost to income ratio excluding Used Car Sales result" is defined as Total Operating Expenses divided by Gross operating income excluding Used Car Sales result.

(2) "Cost of risk as % of Average earning assets" means 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. In 2022, earning assets include entities held for sale (Russia, Belarus, Portugal, Ireland and Norway except NF Fleet Norway).

(3) "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. In 2022, average earning assets include entities held for sale.

(4) "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.

(5) "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 31/12/22	Year ended 31/12/21	Year ended 31/12/20
Total fleet (in thousands of vehicles)	**1,806**	**1,726**	**1,758**
o/w Full Service Leasing activity (1)	1,464	1,427	1,372
o/w off balance sheet fleet (2)	342	299	386
Acquisition cost (3)	31,771.7	29,917	27,749
Accumulated amortisation and impairment (3)	(8,544)	(8,206)	(7,672)
RENTAL FLEET (3)	**23,227**	**21,711**	**20,077**
o/w residual value	15,869	15,275	14,039
Amounts receivable under finance lease contracts	716	777	748
EARNING ASSETS (4)	**24,798**	**22,488**	**20,825**
Other data:			
Average earning assets (5)	23,643	21,657	21,004

(1) Including 51 thousand vehicles in Russia, Belarus and remedies agreed with antitrust authorities (Portugal, Ireland and Norway except NF Fleet Norway).
(2) Including 7 thousand vehicles in Russia, Belarus, and remedies agreed with antitrust authorities (Portugal, Ireland and Norway except NF Fleet Norway).
(3) "Rental fleet" (carrying amount of the rental fleet), "Acquisition cost" and "Cumulative amounts of depreciation, amortisation and impairment" are presented in note 15 "Rental fleet" of the consolidated financial statements of ALD. See Section 6.2.
(4) "Earning assets" corresponds to the net carrying amount of the rental fleet plus receivables on finance leases. In 2022, Earning assets include entities held for sale.
(5) "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 Strong commercial dynamics

In 2022, ALD continued its strategic development, further reinforcing its leadership and positioning itself to take advantage of the industry's long-term growth prospects. ALD's capacity to address new market segments through products specifically designed to meet changing customer needs fuelled business growth.

In this context, the Flex fleet continued to ramp up successfully, reaching 78 thousand vehicles [1] end 2022. This strong development reflects the adequacy of ALD's offer to customers' desire for flexible mobility. Leveraging on Fleetpool, the recently acquired leading car subscription company in Germany, ALD concluded a new partnership with Kia to provide a flexible subscription service called "Kia Flex". This digital product offers full flexibility to the customer, with a wide range of new vehicles to choose from, including EVs, which will be expanded further in the future.

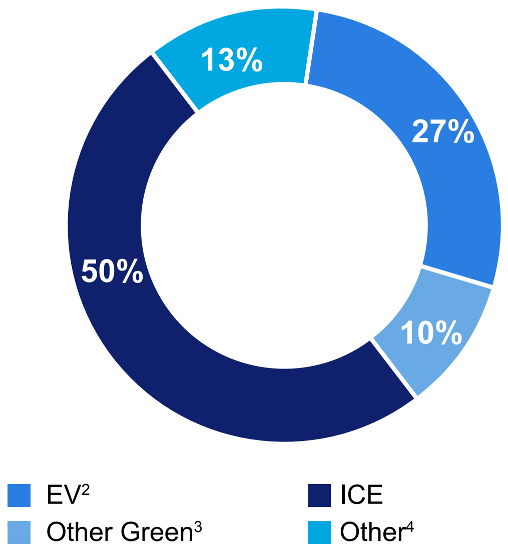
The current constraints on new vehicle supply also bring opportunities, which ALD was able to grasp. Used car lease is one of them. With a fleet of 52 thousand vehicles at end 2022, the multi-lease offer encountered a large success and put ALD on track to reach its Move 2025 objective of 125 thousand cars. This product is key in ALD's strategy as it reinforces the relationship with clients while reducing the residual value risk.

In line with its strategy of promoting sustainable mobility, ALD further increased its advance by extending the functionalities of ALD Move in France, Belgium and the Netherlands. With this mobile application allowing users to plan, book and pay multimodal transports, ALD contributes to the transformation of every employee's mobility journey, while enhancing the management by corporates and other users of their carbon footprint and mobility budget and broadening ALD's customer base.

In 2022, ALD confirmed its commitment to lead the transition towards sustainable mobility and continued driving the shift towards electrification. With EV penetration of 27% of new passenger car registrations in 2022, held back by the continued disruptions in supply chains, ALD retained a leading position in Europe, well ahead of the market (23% [2]). The demand for electrification remains very strong, with EVs accounting for 35% of ALD's order book. The ALD Electric offer (including charging) is now available in 34 countries, from 22 countries a year ago.

1) Management information.
2) Source: EV Volumes

Passenger car deliveries by powertrain in 2022 in EU+[1]



1. EU+: European Union, UK, Norway, Switzerland
2. EV: Battery Electric Vehicles (BEVs), Plug in Hybrids (PHEVs), Fuel Cell (FCEV)
3. Other Green: Full Hybrids (HEVs)
4. Other: Gas, Flex Fuel, Mild Hybrids, other

My Net Zero programme is a unique and state-of-the-art modelling tool helping clients design their CO_2 emission trajectory. This powerful product is particularly suited to clients' needs as it simulates multiple options, factoring in several parameters such as vehicles cycle renewal and the EV readiness of countries in scope. Thanks to this product, clients were able to beat their initial CO_2 emissions objectives quite substantially.

Full-service leasing reached 1,413 thousand vehicles (1) at the end of December 2022, while the order book remained at a high level, reflecting strong commercial dynamics in a context of continuing supply constraints. Funded fleet (2) grew by a strong +3.1% *vs.* end 2021 on a like-for-like basis, in line with the guidance range provided by ALD early 2022 (+2% to +4%).

The total number of Fleet Management contracts increased by 43 thousand in 2022 or +14.6% (3) *vs.* 2021, to reach 336 thousand vehicles. Growth was primarily driven by a new banking partnership.

Total contracts stood at 1,806 thousand at end 2022, up by 5.2% (4) compared to end 2021, reflecting ALD's good commercial performance.

2.1.2.2 Key strategic initiatives and operational developments

Appointments to the Executive Committee and Board of directors

Executive Committee

ALD has announced the following changes in its Executive Committee:

On 14 February 2022, Laurent Saucié joined the Group's Executive Committee as Integration Leader of the Integration Management Office (IMO) in the context of the LeasePlan acquisition. He is in charge of developing an effective integration strategy, working hand in hand with the teams at LeasePlan, to complete the integration plan and the integration execution of the two companies efficiently.

On 13 December 2022, Gilles Bellemère stepped down from the position of Deputy Chief Executive Officer of ALD, effective 31 December 2022, in order to focus on his role as Chief Executive Officer of ALD Automotive France, the Group's largest subsidiary, in addition to the direct supervision of ALD Automotive in Morocco and Algeria. He remains a member of ALD's Executive Committee.

Board of Directors

On 7 February 2023, the Board of Directors appointed Frédéric Oudéa as Director by cooptation with immediate effect following the resignation of Karine Destre-Bohn. The appointment of Frédéric Oudéa as Director will be submitted for approval at the next ALD Annual General Meeting. This appointment strengthens the ALD Board in preparation for the upcoming integration with LeasePlan. Frédéric Oudéa has accompanied and supervised ALD's development over the years within the Societe Generale group, as well as the project to acquire LeasePlan. His mandates as CEO and Director of Societe Generale will expire at the next Annual General Meeting in May 2023.

Key strategic initiatives

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 1.6 million vehicles (5) and a comprehensive offering, making it the ideal partner for ALD to support the transformation of the sector. A framework agreement was signed on 22 April 2022 and amended on 28 March 2023, referred to as the "Framework Agreement".

1) *Excluding 51 thousand vehicles in entities held for sale (Russia, Belarus and remedies agreed with antitrust authorities: Portugal, Ireland and Norway except NF Fleet Norway), including ALD Flex and Used Car Lease.*
2) *Excluding contracts in entities held for sale.*
3) *Excluding 7 thousand contracts in entities held for sale.*
4) *Excluding 57 thousand vehicles in entities held for sale.*
5) *Total fleet as at 31 December 2022, taking into account the sale of LeasePlan USA completed on 1 December 2022 and remedies agreed with antitrust authorities.*

The combination of ALD and LeasePlan is expected to be highly synergetic and create an opportunity to cross-leverage the two companies' complementary capabilities. As the leading global player in sustainable mobility, the combined entity would be able to benefit from a fast-growing market driven by strong underlying megatrends (see Section 1.5 "Acquisition of LeasePlan" of this Universal Registration Document).

This transformative deal would be a step-change which would position ALD for long term fleet growth of at least 6% *per annum* post integration. The transaction is expected to generate operational and procurement synergies of EUR 440 million before tax *per annum*. ALD would target an improvement in cost to income ratio to c. 46%-47% by 2025 (from combined 56% (1) in 2022), confirming its position as best-in-class in the industry. ALD expects a dividend pay-out ratio of 50% over 2022 to 2025 and targets to provide attractive returns and significant value creation for investors.

During 2022, a few key milestones were reached towards closing.

Main approvals from competition and regulatory authorities were received: i) ECB, DNB and ACPR regulatory approvals, ii) the waiver to the obligation to file a tender offer on ALD's stock granted by the AMF to the Consortium shareholders of LeasePlan, iii) European Commission approval under the EU Merger Regulation (subject to limited remedies), iv) non-EU Antitrust approvals (UK, Brazil, Mexico and Turkey).

In December 2022, ALD successfully completed a EUR 1.2 billion rights issue, thus securing the financing of part of the cash component of the transaction price. The high subscription rate of approximately 175% (2) attested to the strong support from both existing and new shareholders to the creation of the leading global sustainable mobility player.

The acquisition of LeasePlan is expected to close on 28 April 2023, subject notably to remaining regulatory approvals and the completion of standard closing conditions.

Acquisition price and structure of financing

Under the Framework Agreement, ALD would acquire 100% of the share capital of LP Group B.V. (LeasePlan), a holding company owning 100% of LeasePlan Corporation's N.V., where business activities are conducted, for a total value of EUR 4.7 billion (3), based on LeasePlan's net asset value of EUR 3.502 billion delivered at closing, subject to a contingent consideration of an amount up to EUR 235 million in cash.

The acquisition would be financed through:

- approximately EUR 1.8 billion in cash from (i) a capital increase of EUR 1.2 billion (4), and (ii) the issuance of EUR 0.6 billion of subordinated debt fully subscribed by Societe Generale; and
- the issuance to the benefit of the current shareholders of LeasePlan of (i) approximately 251 million newly issued ALD ordinary shares representing 30.75% of ALD's share capital as at the date of completion of the acquisition, representing an amount of approximately EUR 2.7 billion (5), and (ii) approximately 26 million warrants ("Warrants") of ALD so that the selling shareholders' stake would reach 32.9% in case of full exercise of warrants, assuming that they have not sold the shares received at closing and representing approximately EUR 108 million, in each case as consideration for a contribution in kind (*apport en nature)* by the current shareholders of LeasePlan to ALD of the remaining portion of the LeasePlan shares which are not acquired in cash;
- a contingent consideration of up to EUR 235 million, which the Group estimates at EUR 35 million at the date of this Universal Registration Document. The earn-out mechanism will last until 31 December 2024, subject to an additional 6-month period in certain limited circumstances, with potential payments every quarter.

Unaudited *pro forma* consolidated financial information for the financial year ending 31 December 2022 is presented in Section 6.7 "Unaudited *pro forma* consolidated financial information" of this Universal Registration Document.

Closing conditions of the acquisition

The completion of the acquisition of LeasePlan is subject to certain closing conditions, some of which being already satisfied as of the date of this Universal Registration Document, as described below.

Following completion of the acquisition, Societe Generale, TDR, Lincoln and ATP acting in concert will exceed the legal thresholds of 30% of the share capital and voting rights of ALD, which characterises a situation where a public offer must be filed in accordance with Article 234-2 of the AMF General Regulation (Règlement Général de l'Autorité des marchés financiers). In this context, Societe Generale, TDR, Lincoln and ATP obtained from the AMF the granting of an exemption from the obligation to file a public offer for ALD shares, on the basis of Articles 234-9, 4° and 234-9, 6° of the AMF General Regulation, as published by the AMF on 10 November 2022, and which decision has not been the subject of an application for review within the opposition period provided for in the applicable regulations.

LeasePlan currently has a banking license, allowing it to raise deposits under the Dutch deposit guarantee scheme, and is regulated by the European Central Bank ("**ECB**"). ALD has applied to the ECB for regulated status as a Financial Holding Company ("**FHC**"), which, following the completion of the acquisition, would reinforce ALD's access to funding, including through deposit collection by LeasePlan. The granting of the status of FHC by the ECB to ALD is a condition precedent to the completion of the acquisition. The ECB already granted the FHC status to ALD, effective upon completion of the acquisition.

The completion of the acquisition is conditioned upon the obtention of a decision of non-objection from the ECB for the change of control of LeasePlan Corporation N.V. On 25 November 2022, the ECB rendered a decision confirming their non-objection to the change of control of LeasePlan Corporation N.V.

1) *Based on LeasePlan's public disclosure, excluding non-operating items.*
2) *Excluding the subscription amount of Societe Generale.*
3) *Acquisition price including Warrants and contingent consideration (EUR 4.6 billion excluding Warrants and contingent consideration estimated by the Group at EUR 108 million and EUR 35 million respectively, as at the date of this Universal Registration Document). Implied value of share component based on ALD's share price of EUR 10.80 on 31 March 2023.*
4) *Completed on 20 December 2022.*
5) *Value of share component based on ALD's share price of EUR 10.80 on 31 March 2023.*

The completion of the acquisition is also conditioned upon the obtention of several regulatory clearances or the completion of formal notifications in foreign jurisdictions (mostly in Europe and in Brazil) with financial regulatory authorities and other authorities including in relation to foreign investment regulations. As at the date of this Universal Registration Document, each of these regulatory clearances have already been obtained and it is expected that the outstanding regulatory notifications will have been made prior to the closing of the acquisition.

ALD has obtained all merger control clearances conditioning the completion of the acquisition. The last clearance was obtained from the European Commission on 25 November 2022, it being specified that (i) this clearance is conditional upon the divestiture of the subsidiaries carrying on the full-service leasing and fleet management business of ALD in Portugal, in Ireland and in Norway (with the exception, in the latter country, of NF Fleet Norway, a company jointly owned by ALD and Nordea) and of LeasePlan in the Czech Republic, in Finland and in Luxembourg and (ii) closing of the acquisition is contingent upon receiving from the European Commission a decision agreeing the proposed acquiror and the terms agreed with the latter for the divestiture of these entities. An agreement with Credit Agricole Consumer Finance has been reached on 22 March 2023 for the sale of these six entities, whose combined fleet represented approximately 100,000 vehicles or 3% of the total combined fleet of ALD and LeasePlan as at 31 December 2022.

The completion of the acquisition is subject to the prior approval by the shareholders' general meeting of ALD of the issuance of new ALD ordinary shares and Warrants as consideration for the contribution in kind (apport en nature) by the selling shareholders of LeasePlan to ALD of the fraction of the LeasePlan shares they hold which are not acquired in cash. Such shareholders' general meeting is expected to be held on 28 April 2023.

The completion of the acquisition is also subject to the prior approval by the shareholders' general meeting of LeasePlan of the distribution of a pre-closing dividend, in accordance with the calculation method agreed upon in the Framework Agreement. Such shareholders' approval is expected to be provided prior to closing.

The completion of the acquisition is subject to each of the LeasePlan closing amount and the ALD closing amount being not less than levels agreed in the Framework Agreement.

2.1.2.3 Rental fleet

The net carrying amount of the rental fleet increased from EUR 21,711 million as at 31 December 2021 to EUR 23,227 million [1] as at 31 December 2022. This increase was mainly driven by higher new car prices in the context of shortages, general inflation, the growth in funded fleet and by other factors such as changes in the fleet mix, the geographical distribution of the fleet and the embedded parameters of leasing contracts. The higher value of new vehicles (especially EVs) is leading to an increase in the value of the funded 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 2,313 million and a net carrying amount of EUR 2,173 million at 31 December 2022. The transferred lease receivables cannot be sold.

For further details, see Section 6.2 note 15 "Rental fleet" of this Universal Registration Document.

2.1.3 Record financial results

ALD registered record financial results in 2022, driven by the strong increase in margins and exceptionally high Used Car Sales results, which more than offset the LeasePlan acquisition-related costs incurred in 2022.

In the current geopolitical context and taking into account China's reopening, ALD anticipates that supply chains will only gradually return back to normal, leading new car supply to normalize later than previously anticipated, towards the end of 2023. Against this backdrop, the favourable supply/demand situation in the used car markets is expected to remain in place in 2023.

Taken together, Leasing contract and Services margins (Total margins) reached EUR 1,884.2 million in 2022, up 36.3% over the previous year, and up 31.7% when adjusted for non-operating items [2].

Reduction in depreciation costs impacted Leasing contract margin by EUR +350.3 million, driven by changes in the depreciation curve, reflecting expected exceptionally high used car prices in the near term. As a result, depreciation has been adjusted or stopped for those vehicles whose sales proceeds are forecasted to be in excess of their net book value.

- The reduction in depreciation costs equals the difference between the contractual amortization costs and the revised amortization cost. It anticipates in the Leasing contract margin part of Used Car Sales results which would otherwise be recorded later.
- The depreciation curve was changed in H1 2022 and subsequently in H2 2022, reflecting higher estimated used car prices and the expectation that normalization of the car markets will be slower than previously anticipated (towards the end of 2023 instead of during 2022).

Non-operating items represented an impact of EUR +128.4 million on Leasing contract margin (*vs.* EUR +49.8 million in 2021):

- Usual fleet revaluation exercise: EUR +72.2 million (*vs.* EUR +49.8 million in 2021), based on the expected roll-off of the fleet portfolio;
- Application of hyperinflation accounting rules [3] in Turkey: EUR +59.9 million;
- Provision in Ukraine: EUR -3.6 million in 2022 based on ALD's most recent assessment, whereby most of the fleet continues to operate and the portion at risk is limited.

Leasing contract margin reached EUR 1,181.1 million in 2022, up 61.2% compared to the prior year and up 54.1% when adjusted for non-operating items. Services margin was EUR 703.2 million, up 8.2% *vs.* 2021, underpinned by the increasing number of Fleet Management contracts and the integration in the consolidation perimeter of Fleetpool.

1) *Excluding assets held for sale.*

2) *Fleet revaluation, hyperinflation in Turkey and provision in Ukraine.*

3) *As per IAS 29 "Financial Reporting in Hyperinflationary Economies".*

The contribution from Used Car Sales result reached an exceptionally high level of EUR 747.6 million in 2022, up from EUR 437.7 million in 2021, reflecting the highly favourable supply/demand situation. The positive impact of reduction in depreciation costs on Leasing contract margin in previous quarters anticipated some Used Car Sales results, for an estimated EUR 111 million in total for 2022.

Used Car Sales result per unit reached EUR 2,846 [1] over the full year 2022, in line with ALD's guidance of "above EUR 2,800", up from EUR 1,422 per unit in average in 2021. Used Car Sales result per unit was negatively impacted by the reduction in depreciation costs accounted for in previous quarters, which anticipated in Leasing contract margin some future Used Car Sales results. Had ALD not recorded any reduction in depreciation costs to reflect exceptionally high used car prices, Used Car Sales result per unit would have reached EUR 3,269[1] in 2022.

Leveraging on its efficient used car remarketing tools, ALD sold 263,000 used vehicles [1] vs. 308,000 units during the previous year. The drop is explained by an increased number of contract extensions and the development of used car lease.

As a result of the exceptionally buoyant used car market, ALD's Gross operating income reached EUR 2,631.8 million in 2022, up 44.6% *vs.* 2021. The impact of the reduction in depreciation costs, net of its impact on Used Car Sales results was EUR +239.4 million over the full year.

Operating expenses amounted to EUR 884.3 million in 2022. The 31%-increase compared to the previous year is mainly driven by: i) LeasePlan acquisition-related costs of EUR 128 million, as preparation for closing and integration have accelerated throughout the year; ii) a scope effect of EUR 31.5 million, with the entry of Sabadell, Fleetpool and Ford Fleet Management into the consolidation perimeter and iii) higher variable compensation accrual linked to strong results.

Cost/Income Ratio (excl. Used Car Sales result) was a low 46.9% in 2022, *vs* 48.8% in 2021, due mainly to the positive impact of reduction in depreciation costs on Leasing contract margin, which more than absorbed the LeasePlan acquisition-related costs.

Impairment charges on receivables increased to EUR 46.1 million from EUR 24.8 million in 2021. The Cost of risk expressed as a percentage of Average earning assets [2], remained moderate at 20 bps in 2022, though it was up from the exceptionally low level of 11 bps in 2021.

The subsidiaries in Russia and Belarus were classified as "assets held for sale" [3] in the consolidated financial statements ended 31 December 2022. This resulted in the booking of an impairment of EUR -50.6 million as non-recurring expenses in ALD's income statement [4].

Income tax expense increased sharply to EUR 444.6 million in 2022, from EUR 238.6 million in 2021. The effective tax rate stood at 26.9% in 2022 *vs.* 21.3% in 2021, mainly due to the aforementioned non tax deductible non-recurring expense.

ALD's Net income (Group share) reached EUR 1,203.2 million in 2022, up 37.8% *vs.* 2021.

Earning Assets increased to EUR 23.9 billion at 31 December 2022, up strongly by 10.3% [5] *vs.* the end of 2021. The increase reflects the strong commercial dynamic as well as higher-value vehicles and the rising share of EVs in the funded fleet. Average earning asset [5] grew by 9.2% in 2022 *vs.* the previous year.

As part of its proactive liquidity management strategy, ALD further diversified its funding by issuing a total of c. EUR 2 billion senior unsecured bonds over the full year 2022. These successful bond issues under challenging market conditions confirm the market's solid appetite for ALD debt.

Total funding at the end of 2022 amounted to EUR 19.9 billion (compared to EUR 18.5 billion at the end of 2021), of which 69% consisted of loans from Societe Generale.

The Group has strong long-term ratings from Fitch (BBB+) and Standard & Poor's (BBB), which were both under Credit watch positive following the announcement on 6 January 2022 of the project to acquire LeasePlan. Since then, both agencies have confirmed a potential upgrade of the debt ratings to A- on the closing of the acquisition.

The Group's Total Equity to Total Assets stood at 22.0% at the end of 2022, compared with 18.0% at the end of 2021, boosted by the EUR 1.2 billion rights issue which will finance part of the LeasePlan acquisition price. Total equity/Total asset ratio restated net of the proposed dividend would have been 20.1% at the end of 2022.

1) *Management information.*
2) *Including earning assets of assets held for sale.*
3) *ALD is engaged in a process to sell these entities, which together operated a 14,600 funded fleet at the end of 2022. Completion of such process would be subject to approvals from the relevant local regulatory authorities.*
4) *As per IFRS 5, upon classification as held for sale, assets are not depreciated and any subsequent differences between the fair value and the net book value will be booked in the income statement in future periods until the closing of the transaction. Accumulated translation reserves will be reclassified into the income statement at the closing of the transaction with no impact to the shareholders' equity. Net assets directly associated with the Russian and Belarus entities amounted to EUR 136.0 million at 31 December 2022, including accumulated translation reserves of EUR -54.3 million.*
5) *Including Earning assets of assets held for sale.*

The Return on Average Earning Assets [1] increased to 5.1% in 2022 (*vs.* 4.0% in 2021), while the Return on Equity [2] soared to 20.6% (*vs.* 19.5% the previous year).

Earnings per share for 2022 amounted to EUR 2.66 [3], up 34.7% *vs.* the previous year (EUR 1.97 [4]).

The Board of Directors has decided to propose to the General Meeting of Shareholders to distribute a dividend of EUR 1.06 per share for the financial year 2022, up 7.1% from the previous year [5]. This amount corresponds to ALD's medium-term objective of paying 50% of net income (Group share) to its shareholders [6]. The current shareholders of LeasePlan will not be entitled to receive the 2022 dividend.

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 2021 and 2022 totalled EUR 89.6 million and EUR 109.2 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 May 2021, ALD announced the acquisition of 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 provides its SME and individual customers in Spain with a Full Service Leasing solution managed by ALD.

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 combination of Skipr and ALD Move's cutting-edge technologies contribute to the successful transition to sustainable mobility solutions that are more flexible, efficient and cost-effective.

In October 2021, ALD signed an agreement to acquire Fleetpool and its portfolio of approximately 10,000 vehicles. Fleetpool's expertise in automotive subscriptions enables ALD to leverage its mobility offer for individuals and companies, as well as car manufacturers wishing to diversify their distribution model and service offering. The offer will be extended across Europe in the coming years.

All acquisitions made by the Group 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" of this Universal Registration Document.

1) Net income (Group share) divided by the arithmetic average of Earning Assets including entities held for sale at the beginning and end of the period.

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

3) Diluted Earnings per share, calculated according to IAS 33, using the average number of shares weighted by time apportionment. Basic EPS for 2022 at EUR 2.66.

4) Diluted Earnings per share for 2021, calculated according to IAS 33, was adjusted for the rights issue in 2022 (adjustment factor applied to historical per share data: 0.91233).

5) Dividend per share in respect of the 2021 financial year was adjusted for the rights issue in 2022 (adjustment factor applied to historical per share data: 0.91233) at EUR 0.99.

6) Total number of shares (including Treasury shares) post rights issue at 565,745,096.

2.1.4.2 Ongoing Investments

During the financial year ended 31 December 2022, 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" of this Universal Registration Document).

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

Acquisition of LeasePlan

On 6 January 2022, ALD announced its intention to acquire LeasePlan (see Sections 1.5 "Acquisition of LeasePlan" and 2.1.2.2 "Key strategic initiatives and operational developments" of this Universal Registration Document).

The risks related to acquisitions and ALD's strategy for managing these risks are described in Chapter 4 "Risk Factors" of this Universal Registration Document.

Divestments

Conversely, a few divestments were announced, which are expected to take place in the course of 2023.

ALD announced on 22 March 2023 that it has entered into a share purchase agreement to sell its subsidiaries in Ireland, Portugal and Norway [1], as well as LeasePlan's subsidiaries in Luxembourg, Finland and the Czech Republic, to Credit Agricole Consumer Finance and Stellantis. These disposals would take place under the commitments made by ALD in the context of the clearance by the European Commission of the acquisition of LeasePlan. The closing of the transaction is subject to regulatory and antitrust approvals and the completion of the acquisition of LeasePlan by ALD. The combined fleet of these six entities represented approximately 100,000 vehicles or 3% of the total combined fleet of ALD and LeasePlan as at 31 December 2022. See Section 6 note 8 "Assets held for sale" of this Universal Registration Document.

ALD is engaged in a process to sell its subsidiaries in Russia and Belarus, which together operated a 14,600 funded fleet at the end of 2022. Completion of such process would be subject to approvals from the relevant local regulatory authorities. Consequently, the Russian and Belarus subsidiaries were classified as "assets held for sale" in the consolidated financial statements ended 31 December 2022. Potential financial impacts of this divesture are described in Section 6 note 8 "Assets held for sale" of this Universal Registration Document.

2.1.4.3 Future Investments

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

2.2 Trend information

2.2.1 Business trends

Detailed descriptions of the Group's results for the financial year ended 31 December 2022 and of the principal factors affecting the Group's operating income are contained in Sections 2.1.2 "ALD activity" and 2.1.3 "Record financial results" 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.

The continued shift from ownership to usership, transition to electrification, subscription, private lease, ALD Flex and used car lease are expected to be strong drivers of ALD's business growth in the medium term.

As part of its Move 2025 strategic plan unveiled at the Capital Markets Day on 12 November 2020, ALD has set a few operational, financial and non-financial targets (see Section 1.4 "Strategy" of this Universal Registration Document). While the strategic reach of the plan remains intact, the targets will be updated after the completion of the transformative acquisition of LeasePlan, expected to close on 28 April 2023, subject notably to remaining regulatory approvals and the completion of standard closing conditions.

1) *With the exception of NF Fleet Norway, a company jointly owned by ALD and Nordea.*

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:
  - 30% of new car deliveries to be EVs [1],
  - 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 2023

In a fast-changing environment where monetary policies were focused on fighting inflation, economies proved resilient in 2022. In the current macroeconomic and geopolitical context and taking into account China's reopening, ALD anticipates that supply chains will only gradually return back to normal, leading new car supply to normalize later than previously anticipated, towards the end of 2023. Against this backdrop, the favourable supply/demand situation in the used car markets is expected to remain in place in 2023.

Immediately after the closing of the LeasePlan acquisition, expected on 28 April 2023, subject notably to remaining regulatory approvals and the completion of usual closing conditions, ALD will launch the execution of its integration plan, with the objective of generating the previously announced annual cost synergies of EUR 440 million by 2025.

By ensuring that the best terms are applied to the combined entity, ALD expects to secure at least EUR 30 million of annual procurement synergies by the end of 2023. This amount would progressively materialize through the income statement in the following months.

Costs to achieve will ramp up further this year, as ALD will enter the execution phase of its integration plan. After EUR 128 million booked in 2022, the amount is expected to be in the range of EUR 150 million to EUR 180 million in 2023.

2.3 Subsequent events

There are no events after the reporting period for the year ending 31 December 2022.

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]).

2.4 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 offers and innovates to provide the best products to its customers. to support fleet managers in their daily work and to provide drivers with the solutions best suited to their needs.

In 2022, ALD continued to develop its portfolio of innovative products, including the roll-out of the ALD electric offer, the holistic "end-to-end" approach to the powertrain shift for company and commercial fleets, which is now available in 34 countries. ALD's Connected Car platform, available in 7 countries, has now more than 100,000 connected vehicles and is helping fleet managers to get a greater insight into daily fleet activities fuelling longer term strategies, regardless of the size of their fleet, through the use of ALD ProFleet solution.

Already available in the Netherlands, ALD Move was launched in two additional countries: France and Belgium. ALD Move is ALD's first Mobility as a Service offer. It helps clients making smart mobility decisions by providing daily mobility advice, considering an employee's own calendar, real-time traffic data, the companies' objectives (such as CO_2 emissions, TCO, etc). Users get insights in their budget and travel history, while employers receive reporting on the mobility expenses to monitor the company's mobility and to efficiently manage and adapt the mobility policy as necessary.

In the area of remarketing, ALD finalized in 2022 the deployment of a new international registration tool for traders to automate the process in 18 countries. This product assists B2B customers to automate their sign-up process and to benefit from an unprecedented stock of vehicles ready for sales. ALD further improved its channelling and decision-making process by rolling out its predictive pricing tool based on an IA algorithm in 5 countries since 2021.

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, ALD Car, ALD Carmarket, ALD Mobile and ALD Net), 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, see Section 4.5.1 "IT Risks" of this Universal Registration Document.

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

2.5 Cash flow

(in EUR million)	Year ended 31/12/22	Year ended 31/12/21	Year ended 31/12/20
CASH FLOWS FROM OPERATING ACTIVITIES			
PROFIT BEFORE TAX EXCLUDING DISCONTINUED OPERATIONS	**1,652.5**	**1,118.7**	**614.6**
PROFIT BEFORE TAX FROM DISCONTINUED OPERATIONS	**-**	**-**	**10.1**
PROFIT BEFORE TAX EXCLUDING DISCONTINUED OPERATIONS	**1,652.5**	**1,118.7**	**624.7**
Adjustments for:			
• rental fleet	3,573.6	3,708.5	3,824.3
• other property, plant and equipment	73.5	42.8	51.4
• intangible assets	25.5	27.3	16.0
• regulated provisions, contingency and expenses provisions	23.0	37.8	1.7
• Non-current assets held for sale – impairment	50.6		
Depreciation and provision	**3,746.2**	**3,816.4**	**3,893.4**
(Gains)/Losses on disposal of plant, property and equipment	13.3	12.5	18.9
(Profit)/Loss on disposal of intangible assets	16.0	18.1	2.5
(Gains)/Losses on disposal of discontinued operations	-	-	(10.1)
Profit and losses on disposal of assets	**29.3**	**30.6**	**11.4**
Fair value of derivative financial instruments	1.8	8.4	(3.5)
Interest Charges	*244.1*	*132.7*	*169.5*
Interest Income	*(919.6)*	*(850.5)*	*(825.5)*
Net interest income	**(675.5)**	**(717.8)**	**(656.0)**
Other	1.2	5.2	1.1
Amounts received for disposal of rental fleet	3,916.6	3,530.5	3,231.9
Amounts paid for acquisition of rental fleet	(9,554.0)	(8,767.8)	(7,195.6)
Change in working capital	(316.4)	168.8	292.9
Interest Paid	*(196.2)*	*(137.5)*	*(255.3)*
Interest Received	*955.7*	*882.6*	*858.9*
Net interest income	759.5	745.1	603.6
Income taxes paid	(195.5)	(96.5)	(62.5)
Effect of hyperinflation adjustments	(52.4)	-	-
NET CASH FROM OPERATING ACTIVITIES	**(686.7)**	**(158.4)**	**741.4**

(in EUR million)	Year ended 31/12/22	Year ended 31/12/21	Year ended 31/12/20
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of other property and equipment	-	-	-
Acquisition of other property and equipment	(40.9)	(34.6)	(51.7)
Divestments of intangible assets			-
Acquisition of intangible assets	(68.3)	(55.0)	(14.0)
Proceeds from sale of financial assets			-
Acquisition of financial assets (non consolidated securities)	(0.0)	(117.9)	(4.7)
Effect of change in Group structure	35.4	1.0	0.1
Proceeds from the sale of discontinued operations, net of liquid assets sold	0	0	14.1
Dividends received			0.0
Long-term investment	79.1	108.8	79.7
Loans and receivables from related parties	(1,017.9)	(206.0)	(1.1)
Other financial investment	28.7	(31.0)	(25.2)
CASH FLOWS FROM INVESTING ACTIVITIES (CONTINUING OPERATIONS)	**(983.8)**	**(334.7)**	**(2.7)**
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	**(983.8)**	**(334.7)**	**(2.7)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in borrowings from financial institutions	7,383.9	9,925.7	4,519.6
Repayment of borrowings from financial institutions	(6,731.3)	(8,823.6)	(4,918.0)
Proceeds from issued bonds	1,990.8	1,304.6	350.7
Repayment of issued bonds	(1,351.4)	(1,579.6)	(400.1)
Payment of lease liabilities	(71.1)	(26.9)	(27.2)
Dividends paid to Company’s shareholders	(435.2)	(253.9)	(253.9)
Dividends paid to non-controlling interests	(9.9)	(5.2)	(4.9)
Capital increase	1,203.4		–
Increase/decrease in shareholders’ capital	(5.4)	(3.2)	(4.1)
Other			–
CASH FLOWS FROM FINANCING ACTIVITIES (CONTINUING OPERATIONS)	**1,973.8**	**537.9**	**(737.9)**
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	**1,973.8**	**537.9**	**(737.9)**
EXCHANGE GAINS/(LOSSES) ON CASH AND CASH EQUIVALENTS	**(11.2)**	**0.4**	**(6.8)**
EFFECT OF CHANGE IN ACCOUNTING POLICIES			**–**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**292.1**	**45.3**	**(6.1)**
CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**(75.7)**	**(121.0)**	**(114.9)**
CASH & CASH EQUIVALENTS AT THE END OF THE PERIOD	**216.4**	**(75.7)**	**(121.0)**

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 3,916.6 million during the financial year ended 31 December 2022 compared to EUR 3,530.5 million during the financial year ended 31 December 2021, primarily as a result of exceptionally high used car prices in a market buoyed by strong demand, which more than compensated for the lower number of cars sold (263 thousand cars in 2022 compared to 308 thousand cars in 2021).

Amounts paid for acquisition of rental fleet

The amounts paid for the acquisition of the leased vehicle fleet were EUR 9,554.0 million during the financial year ended 31 December 2022 compared to EUR 8,767.8 million during the financial year ended 31 December 2021, due to the higher value of new vehicles, especially EVs.

Change in working capital

Changes in working capital (comprising short-term assets and liabilities) resulted in a net negative contribution to the net cash from operating activities of EUR 316.4 million during the financial year ended 31 December 2022 compared to a net positive contribution of EUR 168.8 million during the financial year ended 31 December 2021. The change is due to the increase in receivables and inventories.

Net finance income (expense)

Net finance income has slightly increased to EUR 759.5 million during the financial year ended 31 December 2022, compared to EUR 745.1 million during the financial year ended 31 December 2021. This change is the result of interest received growing more than the interest paid over the year.

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 35.4 million during the financial year ended 31 December 2022, compared to EUR 1.0 million in net outflows during the financial year ended 31 December 2021. In 2022, Bansabadell Renting, Fleetpool and FFM entered the Group’s consolidation scope.

Long-term investment

Net cash inflows from long-term investment amounted to EUR 79.1 million during the financial year ended 31 December 2022 compared to a net cash inflow of EUR 108.8 million during the financial year ended 31 December 2021. The decrease is primarily due to the fact that the Group is no longer renewing its long-term deposits.

2.5.3 Net cash flows related to financing activities

Proceeds of borrowings from financial institutions

Proceeds of borrowings from financial institutions decreased to EUR 7,383.9 million during the financial year ended 31 December 2022 compared to EUR 9,925.7 million during the financial year ended 31 December 2021, in conjunction with lower repayment of borrowings with financial institutions.

Repayment of borrowings from financial institutions

There were lower repayments of borrowings from financial institutions of EUR 6,731.3 million during the financial year ended 31 December 2022 compared to EUR 8,823.6 million during the financial year ended 31 December 2021, linked to lower volumes of maturing borrowings.

Proceeds from issued bonds

Proceeds from bond issues rose to EUR 1,990.8 million during the financial year ended 31 December 2022 compared to EUR 1,304.6 million during the financial year ended 31 December 2021, as ALD proactively secured the financing of future business growth in challenging market conditions.

Repayment of issued bonds

Repayment of issued bonds decreased to EUR 1,351.4 million during the financial year ended 31 December 2022 compared to EUR 1,579.6 million during the financial year ended 31 December 2021, as a result of the lower amount of bonds maturing.

(in EUR million)	2022	2021	2020
Bank borrowings	10,613.1	9,407.1	7,763.5
NON-CURRENT BORROWINGS FROM FINANCIAL INSTITUTIONS	**10,613.1**	**9,407.1**	**7,763.5**
Bank overdrafts	129.5	228.4	315.7
Bank borrowings	3,828.5	4,213.1	4,655.0
CURRENT BORROWINGS FROM FINANCIAL INSTITUTIONS	**3,958.0**	**4,441.5**	**4,970.6**
TOTAL BORROWINGS FROM FINANCIAL INSTITUTIONS	**14,571.1**	**13,848.6**	**12,734.1**
Bonds and notes originating from securitisation transactions	1,123.4	1,628.8	1,267.8
Bonds and notes originating from the EMTN programme denominated in EUR	2,450.0	1,600	2,200.0
Other non-current bonds issued			-
NON-CURRENT BONDS AND NOTES ISSUED	**3,573.4**	**3,228.8**	**3,467.8**
Bonds and notes originating from securitisation transactions	603.7	334.8	138.7
Bonds and notes originating from the EMTN programme denominated in EUR	1,126.3	1,105.1	1,305.2
Other current bonds issued			-
CURRENT BONDS AND NOTES ISSUED	**1,729.9**	**1,439.9**	**1,443.9**
TOTAL BONDS AND NOTES ISSUED	**5,303.4**	**4,668.7**	**4,911.6**
TOTAL BORROWINGS FROM FINANCIAL INSTITUTIONS AND BOND ISSUES	**19,874.5**	**18,517.3**	**17,645.7**

As part of ALD's strategy to diversify its financing, the Group carried out the following bond issuances: EUR 700 million (four-year senior unsecured bond) in February 2022, EUR 500 million (five-year unsecured bond issue) Positive Impact (Green) Bond in July 2022 and EUR 750 million (three-year senior unsecured bond) in October 2022.

In addition, ALD was also active during the 2022 financial year in terms of securitisation. The private securitisation deal set up in Belgium was renewed for 3 additional years and increased by EUR 40 million to EUR 400 million.

Information on the Group’s liabilities is provided in Section 6.2 note 30 “Borrowings from financial institutions, bonds and notes issued” of this Universal Registration Document.

Capital increase

In December 2022, ALD successfully completed a rights issue which net proceed amounted to EUR 1,203.4 million. The purpose of the rights issue was to finance part of the cash component of the LeasePlan acquisition, expected to close on 28 April 2023, subject notably to remaining regulatory approvals and the completion of standard closing conditions.

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

In December 2022, the Company raised its capital by approximately EUR 1.2 billion, through a rights issue with shareholders' preferential subscription rights in connection with the contemplated acquisition of LeasePlan. 161,641,456 new shares with a par value of EUR 1.50 per share were issued by the Company and admitted to trading on Euronext Paris from 20 December 2022. These new shares were assimilated to the existing shares of the Company, on the same trading line and with the same ISIN code.

After the rights issue, the share capital of the Company amounted to EUR 848,617,644, comprising 565,745,096 shares as at 31 December 2022 and has not changed since then.

2.7.2 Shares held by or on behalf of the Company

As at 31 March 2023, the Company held 797,981 treasury shares, of which 126,227 shares held under the liquidity agreement entered into between the Company and Exane BNP Paribas on 14 January 2021 and 671,754 shares held to cover the long-term free shares incentive plan. 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 18 May 2022 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).

In the context of the rights issue launched on 29 November 2022, the preferential subscription rights detached from the 1,170,854 treasury shares held by the Company at that date, corresponding to 0.3% of the share capital, were sold on the market for EUR 960,034 in accordance with the terms of Article L.225-210 of the French Code de commerce. Consequently, the Company did not subscribe any new share issued in the context of the rights issue.

Under its liquidity agreement, ALD acquired 716,157 shares for a value of EUR 8,531,866 in 2022 and sold 828,399 shares for a value of EUR 8,623,371 over the full year 2022. At 31 December 2022, 128,454 shares were held in the liquidity agreement.

In order to cover its long-term free shares incentive plan, ALD bought back 400,705 treasury shares between 1 January 2022 and 31 December 2022 for a total amount of EUR 5,363,003 excluding the liquidity agreement.

During 2022, 240,996 shares were definitively acquired (vested) by the beneficiaries of the free share plan and are therefore no longer held by ALD.

Between 1 January 2023 and 31 March 2023, excluding the liquidity agreement, ALD bought back none of its own shares on the market.

2.7.3 Transactions of managers or members of the Board of Directors

See Chapter 3 “Corporate Governance” of this Universal Registration Document.

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, the amounts of dividends distributed for the last three financial years are as follows:

	2019	2020	2021
Net dividend per share - historical amount (in EUR) (1)	0.63	0.63	1.08
TOTAL AMOUNT DISTRIBUTED (IN EUR THOUSAND) (2) (3) (4)	**254,585**	**254,585**	**436,432**

(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 2020 in respect of 2019 was EUR 254,585,293.2. The number of treasury shares held under the ALD SA liquidity agreement 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.

(3) 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 agreement 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.

(4) The dividend distributed in 2022 in respect of 2021 was EUR 436,432,000. The number of treasury shares held under the ALD SA liquidity agreement and the free share plans for Group employees in 2020, 2021 and 2022 was 1,131,516 at the time of distribution, which resulted in the reintegration of EUR 1,222,037 as retained earnings.

2.7.5 Shareholders

2.7.5.1 Shareholders holding more than 5% of the share capital

	Year ended 31/12/22 (1) (2) (3) (4)			
Shareholders	**Number of shares**	**% of share capital**	**Number of theoretical voting rights**	**% of theoretical voting rights**
Societe Generale	429,649,292	75.9%	429,649,292	76.1%
Public	134,921,902	23.8%	134,921,902	23.9%
Treasury shares	1,173,902	0.2%	N/A	N/A
TOTAL	**565,745,096**	**100%**	**564,571,194**	**100%**

(1) Number of theoretical voting rights is equal to number of exercisable voting rights in 2022.

(2) The General Shareholder Meeting of 18 May 2022 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 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 2021.

(4) During 2022, 240,996 shares were definitively acquired (vested) by the beneficiaries of the free share plan and are therefore no longer held by ALD.

Shareholders	Number of shares	% of share capital	Number of theoretical voting rights	% of theoretical voting rights
	Year ended 31/12/21 (1) (2) (3) (4)			
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%	N/A	N/A
TOTAL	**404,103,640**	**100.00%**	**403,102,611**	**100.00%**

(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 agreement 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.

Shareholders	Number of shares	% of share capital	Number of theoretical voting rights	% of theoretical voting rights
	31/12/20 (1) (2) (3) (4)			
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%	N/A	N/A
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.

To the Company's knowledge, at 31 December 2022, 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, 429,649,292 shares, representing 75.9% of the capital and 76.1% of the voting rights of the Company.

As of the date of this Universal 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" of this Universal Registration Document). 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 ALD 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

Since 1 January 2022, the following declarations of legal and regulatory threshold crossings had been declared to the Company:

- DNCA Finance exceeded the threshold of 2.00% of the share capital and voting rights on 20 December 2022 and at that date held 11,802,311 shares;
- DNCA Finance fell below the threshold of 2.00% of the share capital and voting rights on 9 February 2023 and at that date held 11,245,362 shares;
- Wellington Management Group exceeded the threshold of 1.50% of the share capital on 13 December 2022 and at that date held 6,969,267 shares;
- BlackRock Group exceeded the threshold of 3.00% of the share capital on 20 December 2022 and at that date held 17,771,066 shares;
- BlackRock Group fell below the threshold of 3.00% of the share capital on 2 March 2023 and at that date held 16,956,180 shares;
- BlackRock Group exceeded the threshold of 3.00% of the share capital on 3 March 2023 and at that date held 17,020,815 shares;
- BlackRock Group fell below the threshold of 3.00% of the share capital on 7 March 2023 and at that date held 16,962,580 shares;
- BlackRock Group exceeded the threshold of 3.00% of the share capital on 13 March 2023 and at that date held 17,121,768 shares;
- BlackRock Group fell below the threshold of 3.00% of the share capital on 14 March 2023 and at that date held 16,887,221 shares;
- BlackRock Group exceeded the threshold of 3.00% of the share capital on 16 March 2023 and at that date held 16,983,995 shares.

2.7.6 Impact of the LeasePlan acquisition on the capital structure

The acquisition of LeasePlan, which is expected to close on 28 April 2023, subject notably to remaining regulatory approvals and the completion of standard closing conditions, will be paid through a combination of cash and securities.

As part of the securities component, ALD will issue to the benefit of Lincoln, the current shareholder of LeasePlan, as consideration for a contribution in kind (*apport en nature*) to ALD of the remaining portion of the LeasePlan shares which are not acquired in cash:

- approximately 251 million newly issued ALD ordinary shares representing 30.75% of ALD's share capital as at the date of completion of the acquisition, representing an amount of approximately EUR 2.7 billion (1), and
- approximately 26 million warrants granting the LeasePlan selling shareholders the right to subscribe for up to 3.12% of ALD's share capital, representing an amount of approximately EUR 108 million (2). One Warrant will give the right to subscribe for one ordinary share of ALD at a EUR 2.00 strike price. The warrants will not be tradable, will be exercisable during a period starting 1 year after the date of completion of the acquisition and ending 3 years after the date of completion of the acquisition and will only be exercisable based on a formula set out in the Framework Agreement based on the theoretical ex-rights price of the combined entity's share price. LeasePlan's selling shareholders would hold approximately 32.9% of the share capital of ALD in the event of full exercise of the warrants and in the event of absence of sale of any of their ALD shares following the completion of the acquisition.

Societe Generale, which held 75.94% of ALD's share capital as at 31 December 2022, will hold approximately 53% of the share capital following completion of the acquisition (approximately 51% in case of full exercise of the Warrants). As a consequence, Societe Generale will continue to exercise exclusive control (contrôle exclusif) over ALD within the meaning of Article L.233-3 of the French Code de commerce.

Societe Generale and certain LeasePlan's selling shareholders (Lincoln Holding S.à r.l. ("TDR"), Arbejdsmarkedets Tilaegspension ("ATP") and Lincoln Financing Holdings Pte. Limited ("Lincoln")) will act in concert following the completion of the acquisition.

Shareholders after the closing of the LeasePlan acquisition

Expected shareholding structure of ALD post-closing (3)

	At closing (assuming warrants are not exercised)			
	Number of shares	**% of share capital**	**Number of voting rights**	**% of voting rights**
Societe Generale	429,649,292	52.59%	859,298,584	68.97%
ATP	22,282,800	2.73%	22,282,799	1.79%
TDR	99,732,487	12.21%	99,732,486	8.01%
Total extended concert*	**551,664,579**	**67.53%**	**981,313,869**	**78.77%**
Luxinva S.A	48,986,990	6.00%	48,986,990	3.93%
Stichting Depositary PGGM Private Equity Funds	19,017,001	2.33%	19,017,001	1.53%
Hornbeam Investment PTE Ltd	47,077,753	5.76%	47,077,753	3.78%
ELQ Investors VIII Ltd	3,165,313	0.39%	3,165,313	0.25%
Glen Mhor Estated	75,365	0.01%	75,365	0.01%
Management of LeasePlan (MIP)	10,877,624	1.33%	10,877,624	0.87%
Treasury shares **	797,981	0.10%	-	0.00%
Free float	135,297,823	16.56%	135,297,823	10.86%
TOTAL	**816,960,428**	**100.00%**	**1,245,811,739**	**100.00%**

* *Pursuant to the terms and conditions of the Framework Agreement, Lincoln shall retain a number of the newly issued ALD shares issued upon closing, which will be determined immediately prior to closing, reducing the number of shares distributed by Lincoln to its shareholders and resulting in an increase in the number of shares subject to the extended concert which Lincoln is a part of. The final shareholding structure of ALD post-closing will be made public upon completion of closing.*

** *As at 31 March 2023.*

1) *Value of share component based on ALD's share price of EUR 10.80 on 31 March 2023.*

2) *Based on ALD's share price of EUR 10.80 on 31 March 2023.*

3) *Assuming i) full distribution by Lincoln to its shareholders of the newly issued ALD shares issued upon closing as consideration for the contribution in-kind and ii) shareholders of Lincoln, including MIP, will receive such number of shares and of warrants pro rata to their estimated shareholding in Lincoln.*

	At closing (assuming warrants are exercised)			
	Number of shares	**% of share capital**	**Number of voting rights**	**% of voting rights**
Société Générale	429,649,292	50.95%	859,298,584	67.55%
ATP	24,616,499	2.92%	24,616,499	1.94%
TDR	110,177,571	13.07%	110,177,571	8.66%
Total concert élargi *	**564,443,362**	**66.94%**	**994,092,654**	**78.14%**
Luxinva S.A	54,117,448	6.42%	54,117,448	4.25%
Stichting Depositary PGGM Private Equity Funds	21,008,671	2.49%	21,008,671	1.65%
Hornbeam Investment PTE Ltd	52,008,254	6.17%	52,008,254	4.09%
ELQ Investors VIII Ltd	3,496,821	0.41%	3,496,821	0.27%
Glen Mhor Estated	83,258	0.01%	83,258	0.01%
Management of LeasePlan (MIP)	12,016,849	1.43%	12,016,849	0.94%
Treasury shares **	791,981	0.09%	-	0.00%
Free float	135,297,823	16.04%	135,297,823	10.64%
TOTAL	**843,270,467**	**100.00%**	**1,272,121,778**	**100.00%**

* *Pursuant to the terms and conditions of the Framework Agreement, Lincoln shall retain a number of the newly issued ALD shares issued upon closing, which will be determined immediately prior to closing, reducing the number of shares distributed by Lincoln to its shareholders and resulting in an increase in the number of shares subject to the extended concert which Lincoln is a part of. The final shareholding structure of ALD post-closing will be made public upon completion of closing.*

** *As at 31 March 2023.*

Shareholders' agreement between Societe Generale and LeasePlan's selling shareholders

Societe Generale, TDR, ATP and Lincoln will enter into a concerting shareholders' agreement upon completion of the acquisition, which provides, with regard to the transfer of shares of ALD, that:

- For a 40-month period following the completion of the acquisition, Societe Generale will undertake not to transfer any ALD shares (subject to certain customary exceptions). At the end of this period, Societe Generale will have the possibility to sell up to 15% of its ALD shares within 12 months following the expiration of this period. In the event that Societe Generale does not make use of this option or makes only partial use of it, Societe Generale may sell up to 20% of its ALD shares in the subsequent 12-month period, and so on, in any event within a limit of 20% of its ALD shares *per annum;*
- For a 12-month period following the completion of the acquisition, ATP, Lincoln and TDR will undertake not to transfer any ALD shares (subject to certain customary exceptions), while the other existing shareholders of Lincoln will also be bound by a 12-month lock-up undertaking pursuant to a separate lock-up agreement. At the end of this period, ATP, Lincoln and TDR will have the option to transfer up to 50% of their respective ALD shares within 12 months following the expiration of this period. In the event that they do not make use of this option or make only partial use of it, they may each sell up to 66.67% of their respective ALD shares in the subsequent 12-month period, and so on, in any event within a limit of 66.67% of their respective ALD shares *per annum;*
- As from the expiry of the lock-up undertakings of Societe Generale (40 months) and ATP, Lincoln and TDR (12 months) following the completion of the acquisition, there will no longer be a general lock-up of their respective ALD shares but dispositions of shares will be subject to limitations to provide for a potential gradual exit of these shareholders;
- Each of Societe Generale, ATP, Lincoln and TDR will undertake not to enter into any transaction that would result in the requirement to file a public offer (*projet d'offre publique*) on ALD (unless they obtain a prior waiver from the AMF); and
- ATP, Lincoln and TDR will undertake not to transfer their ALD shares to (i) a competitor of ALD or a competitor of Societe Generale, (ii) a sanctioned person, or (iii) a person who does not have the required regulatory approvals to proceed with the proposed acquisition.

The shareholders' agreement will remain in force until the earliest of the following three dates: (i) the date on which ATP, Lincoln and TDR cease to hold, together, at least 16.67% of the share capital of ALD, (ii) the date on which Societe Generale ceases to hold at least 5% of the share capital of ALD and (iii) the 15th anniversary of the signing of the shareholders' agreement.

2.7.7 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 [(1)].

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.

Proposed double voting rights on shares in registered form for more than two years

Double voting rights (droits de vote double) will be introduced in the articles of association of ALD as from the completion of the acquisition and subject to approval by ALD Shareholders' General Meeting, and will benefit to shareholders holding ALD shares in registered form (au nominatif) for more than two years. The benefit of double voting rights will be applicable retroactively as soon as ALD's articles of association are amended. As a result, Societe Generale will benefit from double voting rights as soon as ALD's articles of association are amended to this effect. ATP, Lincoln and TDR will undertake to hold their ALD shares in bearer form (au porteur), in such a way that they will not benefit from double voting rights.

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.

1) Express exclusion of double voting rights, which had been implemented at the time of ALD's IPO in 2017 shall be waived from ALD's Bylaws as a result of the acquisition of LeasePlan and more precisely of the application of the provisions of the shareholder agreement (see next paragraph on proposed double voting rights on shares in registered form for more than two years).

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

99% Average attendance rate

* The composition and statistics of this display do not take into account post closing changes for the year ended 12/31/2023.

** Delphine Garcin-Meunier has been appointed to the CACIR following the departure of Karine DESTRE-BOHN on February 7th 2023

Mapping of expertise of 10 directors

Expertise	Directors
LEASING MOBILITY	6
INTERNATIONAL	9
FINANCE	10
OTHER BUSINESS	10

3

Nomination and Compensation Committee (COREM)

3 Members

Patricia LACOSTE *
Christophe PERILLAT *
Didier HAUGUEL

5 Meetings

66% Independence rate

100% Average attendance rate

Audit, Internal Control and Risk Committee (CACIR)

3 Members

Xavier DURAND *
Anik CHAUMARTIN *
Karine DESTRE-BOHN

8 Meetings

66% Independence rate

100% Average attendance rate

* *Independent*

The Executive Committee

10 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

Hans VAN BEECK
Chief Administrative Officer

Miel HORSTEN
Group Regional Director

Gilles BELLEMERE
Chief Executive Officer of ALD France

Guillaume De LEOBARDY
Group Regional Director

Laurent SAUCIE
Global integration leader

John SAFFRETT
Deputy Chief Executive Officer

Annie PIN
Chief Commercial Officer

Gilles MOMPER
Chief Financial Officer

Pao-Leng DAMY
Group Human Resources Director

5 Nationalités

3.1 Composition of administrative and management bodies

The Company is a limited liability company *(société anonyme)* with a Board of Directors. A description of the main provisions of the bylaws of the Company (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 are included in Section 3.3 "Rules applicable to administratives and management bodies" 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			
Name of directors	**Age**	**Gender**	**Nationality**	**Number of shares**	**Number of mandates in listed companies**	**Independence**	**Initial date of appointment/ co-option**	**Term of the mandate (General Meeting)**	**Seniority of the Board (in years)**	**Participation in Board committees**
Diony LEBOT (Chairperson of the Board of Directors)	60	F	French	13,263	1	No	27/08/20	2023	3	_
Tim ALBERTSEN	60	M	Danish	33,920	0	No	26/03/21	2023	2	_
Karine DESTRE-BOHN (until Feb. 7, 2023)	52	F	French	350	0	No	15/11/10	2023	13	Audit, Internal Control and Risk Committee
Frederic OUDEA (as of Feb. 7, 2023)	59	M	French	0	2	No	07/02/23	2023	0	_
Xavier DURAND	58	M	French	1,540	1	Yes	16/06/17	2025	6	Audit, Internal Control and Risk Committee (Chairperson)
Benoit GRISONI	48	M	French	0	0	No	19/05/21	2025	2	
Patricia LACOSTE	61	F	French	5,600	1	Yes	16/06/17	2023	6	Compensation Committee (Chairperson)
Anik CHAUMARTIN	61	F	French	1,407	1	Yes	20/05/20	2024	3	Audit, Internal Control and Risk Committee
Didier HAUGUEL	63	M	French	5,000	0	No	30/06/09	2025	14	Compensation Committee
Christophe PERILLAT	57	M	French	1,000	1	Yes	16/06/17	2024	6	Compensation Committee
Delphine GARCIN-MEUNIER	46	F	French	0	0	No	05/11/19	2025	4	Audit, Internal Control and Risk Committee (as of Feb. 7, 2023)

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

Note 2: the counting of the number of mandates in listed companies does not take into account mandates held in the Company.

Diony LEBOT

EXPERTISES →

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

Date of birth:

15 July 1962

First appointment:

Co-optation on 27 August 2020

Term of the mandate:

2023

Holds:

13,263 ALD shares

Professional address:

Tours Societe Generale

75886 Paris CEDEX 18

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

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

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

OTHER CURRENT MANDATES:

FRENCH AND FOREIGN UNLISTED COMPANIES

- Societe Generale * (France), Deputy CEO since 05/18
- Sogecap * (France), Chair since 08/20
- EQT AB (Sweden) since 06/20

OTHER OFFICES AND POSITIONS HELD IN OTHER COMPANIES OVER THE PAST FIVE YEARS:

- Sogecap * - France - (from 2016 to 2018)

** Societe Generale Group.*

LEASING MOBILITY FINANCE INTERNATIONAL OTHER BUSINESS

Karine DESTRE-BOHN

EXPERTISES

DIRECTOR, MEMBER OF THE AUDIT, INTERNAL CONTROL AND RISK COMMITTEE, DIRECTOR OF STEERING AND COMMERCIAL MONITORING SAVINGS AT SOCIETE GENERALE ASSURANCES

Date of birth:

20 January 1971

First appointment:

15 November 2010

Term of the mandate:

2023

Holds:

350 ALD shares

Professional address:

Tours Societe Generale

75886 Paris CEDEX 18

Karine DESTRE-BOHN is the director of Steering and Commercial Monitoring within the Company Savings Department of Societe Generale Assurances since 1 January 2022. Previously, Karine DESTRE-BOHN was the Director of Customer Relationship Transformation at Societe Generale Assurances from 2018 to 2021. She served as General Secretary of International banking and financial services division of Societe Generale from 2010 to 2017, after having been Secretary General of ALD (2008-2010). Previously, Karine DESTRE-BOHN was Chief Financial Officer of ALD France (2003-2008), and Chief Financial Officer of Hertz Lease France (1996-2003). She started 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 CURRENT MANDATES:

None.

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

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

LEASING MOBILITY   FINANCE   INTERNATIONAL   OTHER BUSINESS

Anik CHAUMARTIN

EXPERTISES →

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

Date of birth:
19 June 1961

First appointment:
20 May 2020

Term of the mandate:
2024

Holds:
1,407 ALD shares

Professional address:
21, avenue de la Criolla
92150 Suresnes
France

Anik CHAUMARTIN is a chartered accountant, Statutory Auditor and retired partner of PwC France. Global Relationship Partner at PwC for over 20 years, she has 37 years of experience in consulting and auditing, particularly in the financial services and consumer goods sectors. She has also held, for more than 15 years, 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 Audit France (2011-2013), Global Assurance Leader - member of the Executive Committee of the global audit activities (2013-2018) and member of the management team of PwC Financial services in France (2018-June 2021). Anik CHAUMARTIN is a graduate of the Ecole Superieure de Commerce de Paris.

3

OTHER CURRENT MANDATES

FOREIGN LISTED COMPANIES:

Director of Allied Irish Bank and Allied Irish Group plc

UNLISTED FRENCH COMPANIES:

- Director of La Banque Postale
- Director of Saol Assurance Dac (since 13/10/2023)
- Director of Saol Assurance Holdings (since 17/01/2023)

OTHER OFFICES AND POSITIONS HELD IN OTHER COMPANIES OVER THE PAST FIVE YEARS:

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

LEASING MOBILITY FINANCE INTERNATIONAL OTHER BUSINESS

Xavier DURAND

EXPERTISES

INDEPENDENT DIRECTOR, CHAIRMAN OF THE AUDIT, INTERNAL CONTROL AND RISK COMMITTEE, MANAGING DIRECTOR AT COFACE INSURANCE GROUP

Date of birth:
27 April 1964
First appointment:
16 June 2017
Term of the mandate:
2025
Holds:
1,540 ALD shares
Professional address:
Place Costes – Bellonte
92270 Bois-Colombes

Xavier DURAND is the CEO of the Coface Group 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 the 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 Chaussees corps, Xavier DURAND graduated from the Ecole Polytechnique and the Ecole des Ponts ParisTech. He started his career in 1987 in consulting (Gemini Group), strategy and project management (GMF, 1991-1993).

OTHER CURRENT MANDATES

FRENCH LISTED COMPANY:

- Coface SA - Chief Executive Officer

WITHIN COFACE – FRENCH AND FOREIGN UNLISTED COMPANY:

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

OTHER OFFICES AND POSITIONS HELD IN OTHER COMPANIES OVER THE PAST FIVE YEARS:

FRENCH AND FOREIGN UNLISTED COMPANIES

- AXA France Vie – France – Director
- AXA France Iard – France – Director
- Wizink Bank (Banco Popular and Varde) – Spain – Independent Director

Delphine GARCIN-MEUNIER

EXPERTISES

DIRECTOR, MEMBER OF THE AUDIT, INTERNAL CONTROL AND RISK COMMITTEE, HEAD OF STRATEGY AT SOCIETE GENERALE

Date of birth:
30 June 1976
First appointment:
5 November 2019
Term of the mandate:
2025
Holds:
0 ALD shares
Professional address:
Tours Societe Generale
75886 Paris CEDEX 18

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

OTHER CURRENT MANDATES

- member of the supervisory boar dof SG Algérie

OTHER OFFICES AND POSITIONS HELD IN OTHER COMPANIES OVER THE PAST FIVE YEARS:

None.

Didier HAUGUEL

EXPERTISES →

DIRECTOR, MEMBER OF THE NOMINATION AND REMUNERATION COMMITTEE
CONSULTANT AND OMBUDSMAN

Date of birth:

14 December 1959

First appointment:

30 June 2009

Term of the mandate:

2025

Holds:

5,000 ALD shares

Professional address:

1 rue Eugène et Armand Peugeot

92500 Rueil-Malmaison

Didier HAUGUEL is 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 CURRENT MANDATES

UNLISTED FOREIGN COMPANIES:

- Riverbank – Luxembourg – Director

OTHER OFFICES AND POSITIONS HELD IN OTHER COMPANIES OVER THE PAST FIVE YEARS:

UNLISTED FRENCH COMPANIES:

- SG Consumer Finance * – Chairman and Director
- La Banque Postale Financement * – Vice-Chairman and member of the Supervisory Board
- Franfinance * – Director
- Sogecap * – Chairman and Director
- SG Equipment Finance SA * – Chairman and Director

UNLISTED FOREIGN COMPANIES:

- GEFA Bank GmbH * – Germany – Chairman and Director
- Fiditalia Spa * – Italy – Director
- Euro Bank * – Poland – Vice Chairman and Director
- CB Deltacredit * – Russia – Chairman and Director
- LLC Rusfinance * – Russia – Chairman and Director

FOREIGN LISTED COMPANY:

- PJSC Rosbank * – Russia – Chairman and Director

LEASING MOBILITY FINANCE INTERNATIONAL OTHER BUSINESS

Patricia LACOSTE

EXPERTISES

INDEPENDENT DIRECTOR, CHAIR OF THE NOMINATION AND REMUNERATION COMMITTEE, PRESIDENT AND CEO OF THE PRÉVOIR INSURANCE GROUP

Date of birth:

5 December 1961

First appointment:

16 June 2017

Term of the mandate:

2023

Holds:

5,600 ALD shares

Professional address:

19 rue d'Aumale

75009 Paris

Patricia LACOSTE is the Chair and Chief Executive Officer of the Insurance group Prévoir since 2012. Previously, Patricia LACOSTE spent some twenty years in SNCF (French Railways National Company), where she held several executive positions, notably Director in charge of managing Top Executives within the HR Division (2008-2010), Director of the Eastern Paris Region, in charge of preparing the launch of the East Europe high speed train TGV (2005-2008), and Director of Sales to individuals (1995-2004). Patricia LACOSTE has graduated from l'Ecole 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 CURRENT MANDATES

WITHIN PREVOIR – FRENCH AND FOREIGN UNLISTED COMPANIES:

- Societe Centrale PREVOIR – President and CEO
- PREVOIR-Vie – President and CEO
- Societe de Gestion PREVOIR – Legal representative of Societe Centrale PREVOIR – Director
- MIRAE ASSET PREVOIR LIFE Vietnam – Legal representative of PREVOIR-Vie – Director
- ASSURONE – Member of the Supervisory Board
- UTWIN – Member of the Supervisory Board
- SARGEP – Director
- PREVOIR Foundation – 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 – UNLISTED FRENCH AND FOREIGN COMPANIES:

- French Insurance Federation – Member of the Executive Board

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

FRENCH AND FOREIGN UNLISTED COMPANIES

- SNCF Réseau – Director
- PREVOIR Miscellaneous Risks – President and CEO
- PKMI (PREVOIR Kampuchea Micro Life Insurance) – Legal representative of PREVOIR-Vie – Director
- Lloyd Vie Tunisie – Legal representative of Prévoir Vie, Director

LEASING MOBILITY FINANCE INTERNATIONAL OTHER BUSINESS

Christophe PERILLAT

EXPERTISES

INDEPENDENT DIRECTOR, MEMBER OF THE NOMINATION AND REMUNERATION COMMITTEE, CHIEF EXECUTIVE OFFICER OF VALEO

Date of birth:

12 September 1965

First appointment:

16 June 2017

Term of the mandate:

2024

Holds:

1,000 ALD shares

Professional address:

100 rue de Courcelles*

75017 Paris

Christophe PERILLAT was appointed Chief Executive Officer of Valéo on 26 January 2022, in accordance with the succession plan announced on 27 October 2020. Christophe PERILLAT has previously held various management positions within the Valeo Group, including Chief Operating Officer from May 2021 to January 2022, Executive Vice President from October 2020 to May 2021, Chief Operating Officer from March 2011 to October 2020, President of the Comfort and Driving Assistance Systems Branch from 2009 to 2011, Director of the Switches and Detection Systems Branch from 2003 to 2009, and Director of a Division of the Electronics and Connective Systems Branch in 2001 and 2002. Christophe PERILLAT previously worked in the aeronautical industry within the Labinal group as Director of the North American aeronautical and defence division from 1996 to 2000, and Plant Manager in Toulouse from 1993 to 1995. Christophe PERILLAT is a graduate of the Ecole Polytechnique and Ecole des Mines.

OTHER CURRENT MANDATES

FRENCH LISTED COMPANY:

- Valeo – Chief Executive Officer (since January 2022)
- Valeo – Director

UNLISTED FRENCH COMPANY:

- Valeo Service – Chairman

UNLISTED FOREIGN COMPANIES:

- Valeo Service Espana SAU – Spain – Director
- Valeo North America, Inc – USA – Chairman and Director
- Valeo (UK) Limited – United Kingdom – Chairman and Director
- Valeo SpA – Italy – Chairman and Director

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

None.

LEASING MOBILITY | FINANCE | INTERNATIONAL | OTHER BUSINESS

Benoit GRISONI

EXPERTISES

DIRECTOR
CHIEF EXECUTIVE OFFICER OF BOURSORAMA

Date of birth:
13 August 1974
First appointment:
19 May 2021
Term of the mandate:
2025
Holds:
0 ALD shares
Professional address:
44 rue Traversière
92100 Boulogne-Billancourt

Benoit GRISONI is a member of the Board of Directors of ALD since 2021. He is also Chief Executive Officer of Boursorama since 2018, after having served as Deputy Chief Executive Officer from 2016 to 2017. Previously, Benoit GRISONI held several management positions and was a member of the Executive Committees of Boursorama as Director of Boursorama Banque from 2010 to 2015, Deputy Director of Boursorama Banque from 2006 to 2009 and Director of Boursorama Invest from 2002 to 2005. Before joining Boursorama, Benoit GRISONI began his career at Fimatex where he was Director of Customer Services and Marketing from 1999 to 2001, after joining the Company as a Client Manager in 1998. Benoit GRISONI obtained a diploma in accounting and financial studies as well as a specialisation diploma in capital markets at ICS Begue in 1997 before continuing his training at the Ecole Superieure Libre des Sciences Commerciales Appliquees in 1998 as part of a postgraduate course in Trading-Financeand International Trading.

OTHER CURRENT MANDATES

- Boursorama – Managing Director
- Boursorama – Director
- Sogecap - Director
- Peers – Member of the Supervisory Board until 31 December 2021

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

None.

Tim ALBERTSEN

EXPERTISES

DIRECTOR
CHIEF EXECUTIVE OFFICER OF ALD

Date of birth:
9 February 1963
First appointment:
26 March 2021
Term of the mandate:
2023
Holds:
33,920 ALD shares

Tim ALBERTSEN is the CEO of the ALD Group since 27 March 2020 and was Deputy CEO of the Company from 2011 to March 2020. 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 CURRENT MANDTES

- ALD – CEO

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

UNLISTED FOREIGN 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 considering 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 following table summarises the assessment of the independence of directors according to the following criteria. ✓ represents a satisfied independence criterion and ✘ represents an unsatisfied independence criterion.

Criteria	Didier HAUGUEL	Tim ALBERTSEN	Frederic OUDEA (as of Feb. 7, 2023)	Karine DESTRE-BOHN (until Feb 7, 2023)	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 connections (4)	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
Statutory Auditor (5)	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
Term of office greater than 12 years (6)	✘	✔	✔	✘	✔	✔	✔	✔	✔	✔	✔
Status of Non-Executive Corporate Officer (7)	✔	✔	✘	✔	✔	✔	✔	✔	✘	✔	✔
Status of significant shareholder (8)	✔	✔	✘	✔	✔	✔	✔	✔	✘	✔	✔

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

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

(3) Not being a customer, supplier, investment banker, commercial banker or consultant:
significant for the Company or its group;
or for which the Company or its group represents a significant share of business.
Assessment of whether or not the relationship with the Company or its group is significant is debated by the Board and the qualitative and quantitative criteria leading to this assessment (continuity, economic dependency, exclusivity, etc.) are explained in the annual report.

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

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

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

(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 2022 and February 2023

	Departure		Appointment		
Director	**Board of Directors**	**Committees**	**Board of Directors**	**Committees**	**Renewal of term of office**
Karine DESTRE-BOHN	Resignation on 7 February 2023	Resignation from the CACIR on 7 February 2023			
Delphine GARCIN-MEUNIER				Appointment to the CACIR to replace Karine DESTRE-BOHN on 7 February 2023	
Frederic OUDEA			Co-optation of Frederic OUDEA to replace Karine DESTRE-BOHN, who resigned, on 7 February 2023 for the remaining duration of the latter's term of office, *i.e.* until the Annual General Meeting called to approve the accounts for the financial year ending 31 December 2022		

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

3.1.1.2 Balance of the composition of the Board of Director

There were five women and five men on the Board of Directors during year 2022 and then four women and six men after the co-optation of Frederic Oudea in replacement of Karine Destre-Bohn who resigned on 7 February 2023, 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 Leasing
Benoît GRISONI		✔	✔		Banking and financial services
Frederic OUDEA **(as of Feb. 7, 2023)**	✔	✔	✔	✔	International Banking and Financial Services Insurance Leasing
Karine DESTRE-BOHN **(until Feb. 7, 2023)**	✔	✔	✔	✔	nternational 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 2022, 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	9	9	100%			5	100%
Tim ALBERTSEN	9	9	100%				
Karine DESTRE-BOHN	9	8	89%	8	100%		
Xavier DURAND	9	9	100%	8	100%		
Benoit GRISONI	9	9	100%				
Patricia LACOSTE	9	9	100%			5	100%
Anik CHAUMARTIN	9	9	100%	8	100%		
Diony LEBOT	9	9	100%				
Christophe PERILLAT	9	9	100%			5	100%
Delphine GARCIN-MEUNIER	9	9	100%				

3.1.2 Executive Corporate Officers

Diony LEBOT is the Chair of the Board of Directors since the ratification of her mandate as director at the General Assembly of 19 May 2021. The Executive Board during the financial year 2022 consisted of Tim ALBERTSEN as Chief Executive Officer and John SAFFRETT and Gilles BELLEMERE as Deputy Chief Executive Officer. Gilles BELLEMERE resigned from his mandate on 31 December 2022. In accordance with Appendix 2 of the AFEP-MEDEF Code, the Chair of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officers are designated as Executive directors.

When Diony LEBOT was appointed, it was reiterated that the functions of CEO (*Directeur Général*) and Chairperson of the Board of Directors are dissociated. Due to this dissociation, specialised skills needed in each of these functions benefit the Company, while the Board of Directors benefits from accrued more independence when it comes to control of the management of the Company.

3.1.3 The Chair of the Board

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

He/she chairs every Board of Director's 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 Chair of the specialised committees. He/she also pays attention that all the debates are correctly reported in the minutes of meetings.

With the help of the Chief Executive Officers, meetings have also been organised with the directors aside of the Board of Directors 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 SINCE 2011. HE HAS 30 YEARS OF SECTOR EXPERIENCE

Date of birth:

9 February 1963

First appointment:

Danish

Holds:

33,920 ALD shares

Tim ALBERTSEN serves 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 CURRENT MANDATES

- ALD – CEO

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

UNLISTED FOREIGN COMPANIES:

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

Gilles BELLEMERE

ALD FRANCE CHIEF EXECUTIVE OFFICER

GILLES BELLEMERE HAS BEEN DEPUTY CEO UNTIL 31 DECEMBER 2022 AND IS THE CHIEF EXECUTIVE OFFICER OF ALD FRANCE SINCE JUNE 2019. HE HAS 18 YEARS OF SECTOR EXPERIENCE

Date of birth:

23 February 1965

First appointment:

French

Holds:

6,000 ALD shares

Gilles BELLEMERE is the Chief Executive Officer of ALD France since June 2019 and supervises the activities of ALD group in Algeria and Morocco. He also served as Deputy Chief Executive Officer of ALD from March 2017 to December 2022. Between 2001 and 2013, he was Operations Director (until 2006) of ALD France before becoming Deputy CEO of this entity. From 2013 to March 2017, Gilles BELLEMERE was Regional Director within the Retail Banking network of Societe Generale. He held various positions within Societe Generale Retail Banking between 1987 and 2000. Gilles BELLEMERE holds a Master degree *(Maîtrise)* in Management from Paris Dauphine University and a Postgraduate degree (DESS) in Foreign Trade from Paris Panthéon-Sorbonne University.

OTHER OFFICES HELD CURRENTLY

None.

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

None.

John SAFFRETT

DEPUTY CHIEF EXECUTIVE OFFICER

JOHN SAFFRETT HAS BEEN DEPUTY CHIEF EXECUTIVE OFFICER SINCE 2019. HE HAS 16 YEARS OF SECTOR EXPERIENCE

Date of birth:

3 June 1972

First appointment:

British

Holds:

26,432 ALD shares

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

OTHER OFFICES HELD CURRENTLY

None.

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

None.

Gilles MOMPER

CHIEF FINANCIAL OFFICER

GILLES MOMPER HAS BEEN CHIEF FINANCIAL OFFICER SINCE 2012. HE HAS 27 YEARS OF AUTOMOTIVE AND CAR RENTAL EXPERIENCE

Date of birth:

25 December 1972

First appointment:

French

Holds:

14,513 ALD shares

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

OTHER OFFICES HELD CURRENTLY

None.

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

None.

Hans van BEECK

CHIEF ADMINISTRATIVE OFFICER

HANS VAN BEECK IS CHIEF ADMINISTRATIVE OFFICER AND HAS BEEN A MEMBER OF THE ALD EXECUTIVE COMMITTEE SINCE 2019. HE HAS OVER 33 YEARS OF EXPERIENCE IN MARKET FINANCE AND INVESTOR RELATIONS.

Date of birth:
5 January 1964
First appointment:
Dutch
Holds:
39,156 ALD shares

Since 2019, Hans van BEECK is the Chief Administrative Director responsible for overseeing ALD's General Secretary, CSR, Communication, Investor Relations and Pricing Departments. He joined the ALD Group in 2017 where he was Director of Investor Relations until 2019. Previously, he held various positions within the Societe Generale, 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 the Societe Generale. Hans van BEECK holds a Ph.D. in Economics and Finance from the University of Pennsylvania and an M.A. from the University of Cambridge.

OTHER OFFICES HELD CURRENTLY

None.

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

None.

Guillaume de LEOBARDY

GROUP REGIONAL DIRECTOR

GUILLAUME DE LEOBARDY IS THE GROUP REGIONAL DIRECTOR AND HAS BEEN ON THE EXECUTIVE COMMITTEE SINCE 2019. HE HAS MORE THAN 23 YEARS OF EXPERIENCE IN THE LEASING INDUSTRY

Date of birth:
14 October 1972
First appointment:
French
Holds:
29,105 ALD shares

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

OTHER OFFICES HELD CURRENTLY

None.

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

None.

Pao-Leng DAMY

GROUP HUMAN RESOURCES DIRECTOR

PAO-LENG DAMY HAS BEEN GROUP HUMAN RESOURCES DIRECTOR SINCE 2015 AND HAS BEEN A MEMBER OF ALD'S EXECUTIVE COMMITTEE SINCE 2020. SHE HAS MORE THAN 22 YEARS OF EXPERIENCE IN INTERNATIONAL HUMAN RESOURCES MANAGEMENT

Date of birth:

1 September 1968

First appointment:

French

Holds:

13,197 ALD shares

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

OTHER OFFICES HELD CURRENTLY

None.

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

None.

Annie PIN

CHIEF COMMERCIAL OFFICER

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

Date of birth:

25 June 1980

First appointment:

French

Holds:

4,298 ALD shares

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

OTHER OFFICES HELD CURRENTLY

None.

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

None.

Miel HORSTEN

GROUP REGIONAL DIRECTOR

MIEL HORSTEN IS THE GROUP'S REGIONAL DIRECTOR AND HAS BEEN A MEMBER OF THE ALD EXECUTIVE COMMITTEE SINCE 2020. HE HAS MORE THAN 22 YEARS OF EXPERIENCE IN THE CAR LEASING INDUSTRY

Date of birth:

29 December 1973

First appointment:

Belgian

Holds:

12,424 ALD shares

Miel HORSTEN is 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 HORSTEN began his career at Michelin in 1997, before moving to Hertz Lease where he held various positions of responsibility between 1998 and 2002. Miel HORSTEN holds a first master's degree in economics and finance as well as a second master's degree in corporate finance and financial accounting, both from the Economische Hogeschool Sint-Aloysius in Brussels.

3

OTHER OFFICES HELD CURRENTLY

None.

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

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

Laurent SAUCIE

GLOBAL INTEGRATION LEADER

LAURENT SAUCIE IS THE *GLOBAL INTEGRATION LEADER* AND HAS BEEN A MEMBER OF THE ALD EXECUTIVE COMMITTEE SINCE MARCH 2022ET. HE HAS MORE THAN É" YEARS OF EXPERIENCE IN FINANCE, INTERNAL AUDIT, LEASING AND RISK MANAGEMENT.

Date of birth:

2 December 1974

First appointment:

French

Holds:

0 ALD shares

Since March 2022, Laurent SAUCIE is Global Integration Leader in charge of the preparation and execution of the integration plan of the LeasePlan and ALD groups. He rejoined the ALD group in 2022 after a first stint between 2005 and 2011 where he notably held the position of General Manager of ALD in Italy from 2006. Previously, Laurent SAUCIE was a member of the Executive Committee and served as Head of Credit Risk Management from 2016 to 2021 of the French division of Société Générale Group's International Banking and Financial Services after having been its Deputy Head from 2015 to 2016. From 2011 to 2016, Laurent SAUCIE was Deputy Chief Executive Officer of Franfinance Group (leasing and equipment financing solutions for companies within Societe Generale) and held several related positions. He began his career at the General Inspection Department of Societe Generale in 1997, where he held the position of Senior Inspector between 2003 and 2005. He is a graduate of Supelec and holds a master's degree in economics.

OTHER OFFICES HELD CURRENTLY

None.

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

- Boursorama* - Director (2016-2021)

3.1.5 Statements regarding Directors and Executive Corporate officers

As of the date of this Universal Registration Document, to the best of the Board of Directors' knowledge, there are no family ties between directors and executive corporate officers.

To the best of the Board of Director's knowledge, over the last five years: (i) none of the aforementioned persons has been convicted of fraud; (ii) none of the aforementioned persons has been associated with any 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, nor from participating in the management or exercise of the activities of any company, whatsoever.

3.2 Conflicts of interest

As of the date of this report and to the best of the directors' knowledge, there are no potential conflicts of interest between the duties performed by the members of the Board of Directors, the executive corporate officers and their private interests.

There are no service contracts in place between any of the members of the Board of Directors, the executive corporate officers and any subsidiary.

In accordance with Article 13.5 of the Board's internal regulations (https://www.aldautomotive.com/), each year the Secretary of the Board requests that all directors and corporate officers provide a declaration testifying to the absence of any conflict of interest with the Company in the execution of their functions.

3.3 Rules applicable to the administrative and management bodies

3.3.1 Terms of office of the members of the administrative 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 term of office of directors is set at four years. As an exception, at the Annual General Meeting of 20 April 2017 four new independent directors were appointed for terms of two, three and four years, to enable staggered renewal of terms of office.

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 in place between the directors of the Company and the Company or any of its subsidiaries for the purpose of granting benefits.

Likewise, to the best of the Company's knowledge, other than the benefits conferred by the Company as described in the Section 3.7 "Compensation and benefits", there are no contracts in place between the management of the Company and the Company or any of its subsidiaries for the purpose 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 of Directors' 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 as 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 Board of Directors Meetings can inform the Chair if they intend 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 Board of Directors Meetings. These provisions are not applicable in instances where the law excludes the possibility of participating in Board of Directors Meetings *via* videoconference or other means of communication (notably for Board of Directors' Meetings convened to approve the annual financial statements and management report), barring the exceptional measures taken in the context of the COVID-19 crisis. Such means of participation must allow, at a minimum, transmission of the participants' voices and continuous and simultaneous communication.

Directors participating in a meeting by means of videoconference or other means of telecommunication will be deemed present for purposes of calculating 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;
- any 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 equity at carrying amount in the event these transactions are not among the growth priorities approved in the strategic plan;
- any sale transactions of an amount over 1.50% of the Group's consolidated equity at carrying amount;
- any partnership transactions entailing a balancing adjustment of an amount over 1.50% of the Group's consolidated equity at carrying amount.

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

During the financial year ended 31 December 2022, the Board of Directors met nine times :

- on 5 January 2022, to approve the terms of the contemplated acquisition of LeasePlan, authorise the Chief Executive Officer to sign the related Framework Agreement, and carry out the necessary work to finalise the documentation and preparations for the transaction, in accordance with the regulatory consultations and authorisations;
- on 9 February 2022, to review the 2021 results, approve the market guidance for 2021, assess *ex post* the actions of the General Management and consider the priority subjects to be dealt with as part of the Board's annual work plan (meetings and seminars);
- on 29 March 2022, to approve the financial statements, the dividend and all documents relating to the 2021 financial year, approve the performance share allocation plan for the year, endorse the details of Management's 2021 targets (*ex ante* outlook), convene the Annual General Meeting and approve the various resolutions to be submitted to the latter. During this meeting, the Board also reviewed the consequences for the ALD entities based in Russia and Ukraine of the crisis that began between the two countries on 24 February;
- on 20 April 2022, to approve the signature of documentation for the contemplated acquisition of LeasePlan and propose the renewal by the Annual General Meeting of the appointment of one of the Statutory Auditors (inclusion in the resolutions established on 29 March);
- on 4 May 2022, to approve the financial statements for the first quarter of 2022 and present the tactical plan on adapting to the macroeconomic restrictions at play during the period (covering in particular inflationary pressure and supply problems);
- on 13 July 2022, to examine and approve the financial sequencing of the potential future ALD/LeasePlan group (concerning capital structure in particular) for submission to the regulator in compliance with its request for status as a financial holding company;
- on 2 August 2022, to approve the half-year financial statements and report, specify guidance, and authorise the adjustment to the agreement with LeasePlan on future remarketing operations;
- on 3 November 2022, to approve the third-quarter financial statements, 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 plan for the contemplated acquisition of LeasePlan, in particular disposals envisaged in accordance with antitrust regulations;
- on 27 November 2022, to examine and authorise plans for a capital increase (with maintenance of preferential subscription rights and pursuant to the prior authorisation granted by the Annual General Meeting held during the spring) for the purposes of the contemplated acquisition of LeasePlan.

The meetings of the Board of Directors carried out under the responsibility of its Chair and in accordance with the Internal Regulations also provided an 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 Nomination and Compensation Committee ("COREM") and approve the main HR aspects of this work (in particular the co-option of new directors and the granting of long-term Company share-based incentive plans);
- present and approve certain specific powers given to the executive officers (regarding bond issuance, the delivery of guarantees to third parties, etc.).

Some *ad hoc* issues were also addressed during the year:

- a review of the shareholding structure and share price performance;
- validation of the risk assessment framework put in place to ensure Company risk monitoring and governance in accordance with the banking supervision requirements applicable to Societe Generale;
- presentation of a sector benchmark;
- presentation of the Company's risks and actions in terms of corporate social responsibility;
- the findings from the assessment of the operation of the Board and its committees.

An important topic throughout the 2022 financial year was the ongoing monitoring of the contemplated acquisition of LeasePlan. An ad hoc committee was set up at the end of 2022 for this purpose, comprising the Chairperson of the Board, the Chief Executive Officer and five directors with varied and complementary profiles (including four independent directors). This committee met six times in 2022 to discuss various subjects in detail and to be sufficiently informed to be able to brief all corporate executive officers during plenary meetings. The work entailed in particular monitoring of the different regulatory operations required for the transaction (notably the regulatory status of the combined entity as stipulated by the ECB, and EU merger regulations), the set up and progress of the different working groups tasked with preparing the integration (in compliance with and pursuant to the limits of antitrust regulations), and a focus on various key subjects such as strategies for merging information systems and legal structures, the organisation of the future group, the process for selecting key positions, reflection on the brand, etc.

Statutory Auditors systematically attend the Board's meetings held to approve the interim and annual financial statements and provide independent opinion on the financial statements.

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

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

The meetings were held either face-to-face or by videoconference in consideration of the COVID-19 situation at relevant periods, and in all cases went smoothly and according to schedule.

Overall, in view of the contemplated acquisition of LeasePlan and the sensitive macroeconomic and geopolitical environment (Russian-Ukrainian conflict, inflationary pressure), committee activity was particularly intense at ALD during 2022, with 28 meetings (nine Board Meetings, eight CACIR Meetings, five COREM Meetings, six meetings of the ad hoc committee overseeing the planned merger with LeasePlan).

3.4 Committees of the Board of Directors

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

For more details about the committees, see Section 3.1 "Composition of administrative and management bodies".

3.4.1 Audit, Internal Control and Risk Committee (CACIR)

3.4.1.1 Composition and meetings

The CACIR has three members, two thirds (66.7%) of whom are independent directors none of them hold any management position within the Group. The members of CACIR have appropriate accounting and financial skills.

The composition of the CACIR is as follows: Xavier DURAND (independent director), Anik CHAUMARTIN (independent director) and Karine DESTRE-BOHN (replaced by Delphine GARCIN-MEUNIER after her resignation on 7 February 2023).

In addition to the views of the directors, CACIR may seek the opinions of the Statutory Auditors and the executives in charge of internal control, risk management and compliance.

3.4.1.2 Duties

Acting under the responsibility of the Board of Directors, the CACIR has the following duties:

- to review the financial statements prior to their submission to the Board of Directors and ensure the relevance and consistency of the accounting principles and methods applied to establish the consolidated financial statements;
- to monitor the process for preparing the financial information, and in particular examine its quality and reliability with a view to making proposals for improvement and ensuring that any corrective actions have been implemented in the event of a malfunction in the process;
- to issue a recommendation regarding the Statutory Auditors to be appointed by the Annual General Meeting and issue recommendations to the Board of Directors on the reappointment of Statutory Auditors, as well as on their fees;
- to review the working programme of the Company's Statutory Auditors and, more generally, 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 for by the French Commercial Code, in particular by reviewing the fees paid by the Group and any network to which they may belong, and by giving prior authorisation for any duty which does not strictly fall within the remit of 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 additional actions;
- to report to the Board of Directors.

3.4.1.3 Activities carried out during 2022

The CACIR met eight times in 2022. All members were present at each meeting, with an attendance rate of 100%.

The Chairperson of the Board of Directors attended the CACIR meetings as often as possible (six out of the eight meetings in 2022) and the Statutory Auditors have always attended these meetings. The Statutory Auditors also have contacts with the members of CACIR without the presence of the members of management, before the closing of the annual financial statements.

Within the context of its work plan, the CACIR systematically:

- reviewed the financial statements of each period, ensuring that they are consistent with the Group's draft communications to the market;
- analysed the various risks inherent in the Company's activity, 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, IT security risks). In this context, it participated in the annual review of the system for monitoring and governing the Company's risk appetite which was implemented as part of Societe Generale's banking supervision, and in the quarterly monitoring of the corresponding indicators;
- analysed the permanent control and periodic control systems (organisation, resources, methodologies, etc.), defined and regularly reviewed the progress of the audit plan, the results of assignments and the recommendations, and exchanged with the Societe Generale teams responsible for periodic control, including with regard to decisions concerning the organisation and assignments to be retained for the audit plan of the following year. It also carried out annual controls on the compliance of agreements with related entities (in particular with Societe Generale) involving ordinary operations concluded under normal conditions.

In addition to these regular activities, the CACIR performed other specific monitoring in 2022 on certain Group entities (in Ukraine in particular) and on projects to streamline the IT architecture. It also examined financial documentation and projections required as part of the submission made to the regulator for approval of the status of a financial holding company and to proceed with the capital increase before they were communicated.

These in-depth working sessions enable the CACIR to guide the Board discussions on technical factors that would impact the financial statements, risk management and internal control.

Finally, it should be noted that the two independent directors who are members of CACIR are also members of the *ad hoc* committee set up to monitor and supervise the work involved in the contemplated acquisition of LeasePlan and to ensure the proper understanding of risk issues, including execution risk.

3.4.2 Nomination and Compensation Committee (COREM)

3.4.2.1 Composition and meetings

The COREM has three members, two thirds (66.7%) of whom are independent directors, and none of whom hold any management position within the Group.

The Compensation Committee comprises the following members: Patricia LACOSTE (independent director), Christophe PERILLAT (independent director) and Didier HAUGUEL.

3.4.2.2 Duties

COREM is a specialised committee of the Board of Directors whose main duty is to advise the Board of Directors in relation to the composition of the Company's management bodies and in relation to decisions on and evaluation of the compensation and benefits awarded to the Group's executives (including deferred benefits and/or compensation in the case of voluntary or involuntary departures from the Group).

In this context and in accordance with the AFEP-MEDEF Code, and under the responsibility of the Board of Directors, the COREM's duties are to:

- make proposals to the Board of Directors in relation to the appointment of directors;
- suggest appointments to the Board of Directors with the specific purpose of ensuring balanced representation of men and women on the Board of Directors, and draw up a policy for achieving that objective;
- periodically review the structure, size, and composition of the Board of Directors and the effectiveness of the Board;
- prepare the proposals and opinions on compensation to be sent to the Board of Directors and, in particular, on the compensation granted to the executive officers, and perform an annual evaluation of the principles underlying the compensation and benefit policy.

3.4.2.3 Activities carried out during 2022

The COREM met five times in 2022. All members were present at each meeting, giving an attendance rate of 100%.

The COREM meetings were attended by the Chairperson of the Board of Directors, ALD's Chief Executive Officer (who left the meeting whenever his personal situation was discussed), and representatives of ALD and Societe Generale's Human Resources Department (who provided the data needed by the committee, such as comparative remuneration data, etc.).

The committee reviewed the following matters:

- definition of the compensation of the Company's executive corporate officers, as well as detailed objectives and corresponding regulatory reports;
- review of the methods and criteria for allocating the various performance share plans for the various categories of employees (incentive schemes and long-term talent retention);
- review of the methods set out in the motivation and retention plan concerning the contemplated acquisition of LeasePlan;
- review of the situation regarding gender balance within the Group, as well as the measures in progress to monitor and promote access by female employees to executive positions;
- implementation and use of the findings from the evaluation conducted by the committee at the end of 2021, and preparatory work for the evaluation at the end of 2022.

There were no changes to the composition of the Board in 2022 that would have required a prior review by the COREM. However, the COREM was called on to give an opinion on the adjustment made at the end of the year 2023 within the General Management. Moreover, in the context of discussions with the regulator concerning the application of a regulated status to ALD upon completion of the acquisition of LeasePlan, the COREM examined the profiles of the two additional directors who are expected to join the Board, and the envisaged composition of the committees as part of the strengthened governance to be put in place.

While the succession plans of the members of the general management were not explicitly reviewed by the COREM in 2022, in-depth work was carried out with a specialist to assess the key executives of the future combined ALD/LeasePlan group, and a report was presented to the members of the COREM.

It should be noted in this regard that the two independent directors who are members of COREM are also members of the *ad hoc* committee set up to monitor and supervise the contemplated integration of LeasePlan and to ensure the proper understanding of human resources issues.

3.5 Statement relating to corporate governance

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.

Compliance with the recommendation of article 13 of the AFEP-MEDEF Code concerning the training of directors

In addition to the organization of strategic exchange seminars during which directors have the opportunity to deepen their knowledge of various subjects, particularly those related to mobility (connected vehicles, car sharing, EV, etc.), a training program has been set up for 2023, including a regulatory component, a CSR component and a business component. This program will reinforce the Board of Directors' expertise of the regulated environment in which ALD will have to evolve while improving its understanding of central CSR issues as well as its comprehension of the business' operational constraints.

The AFEP-MEDEF Code to which the Company adheres may be consulted online at: http://www.afep.com.

AFEP-MEDEF recommendations	Company's position and justification
Recommendation relating to the holding of ALD shares by directors from Societe Generale (Article 20)	This recommendation is only applied with regard to ALD independent directors. The absence of a share ownership requirement for ALD non-independent directors (who are generally employees of the Societe Generale group) is due to the fact that these individuals exercise their non-executive mandate with ALD without additional remuneration and are already highly exposed to the evolution of Societe Generale shares through profit-sharing or employee saving plans. It was therefore not considered appropriate to create an additional constraint for these individuals, who are in any case already heavily involved in the success of the Company.
Recommendations relating to the presence of a director representing employees on the Nomination and Compensation Committee (Article 18.1): *"It is recommended […] that an employee-director is a member of the committee."*	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 exempt from having directors representing employees on the Board as far as the parent company, Societe Generale, has such directors on its own Board. The Board of Directors took account of this decision on 7 November 2018 (ninth resolution).

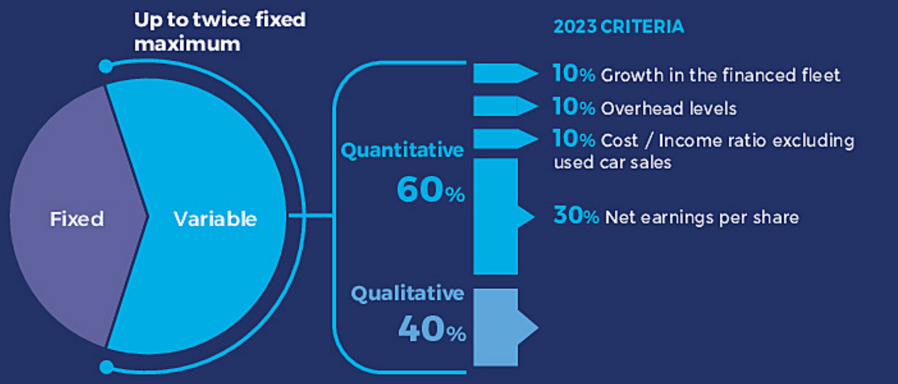
3.6 Internal control

The internal control systems implemented by the Group are described in detail in Section 4.5 "Operating risks" and in Section 3.4.1 "Audit, Internal Control and Risk Committee" of this Universal Registration Document.

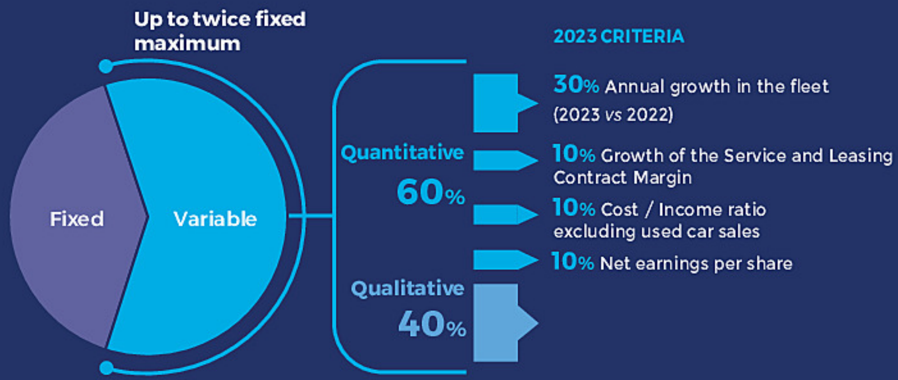
3.7 Compensation and benefits

Compensation structure

Over the period from January 1st to the completion of the closing



As of the closing date



Structure of compensation.

Vesting procedure for total variable compensation.

In accordance with Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 (the "CRD 5"), the Board of Directors has defined the following terms for the vesting and payment of total variable compensation:

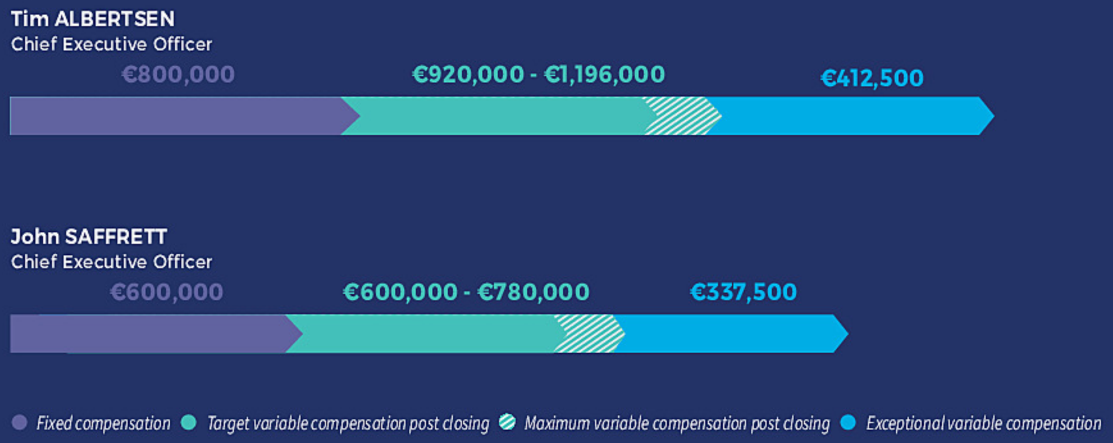
- a deferred portion subject to a condition of presence in the Company and a performance condition, vested in tranches of one-fifth over a five-year period, with a minimum deferral rate of 60%;
- at least 50% is indexed to the ALD share price (or share equivalents), resulting in 50% of the vested portion and a minimum of 50% of the unvested portion;
- the amount of the variable portion immediately granted in cash may not exceed 30% of the total amount.

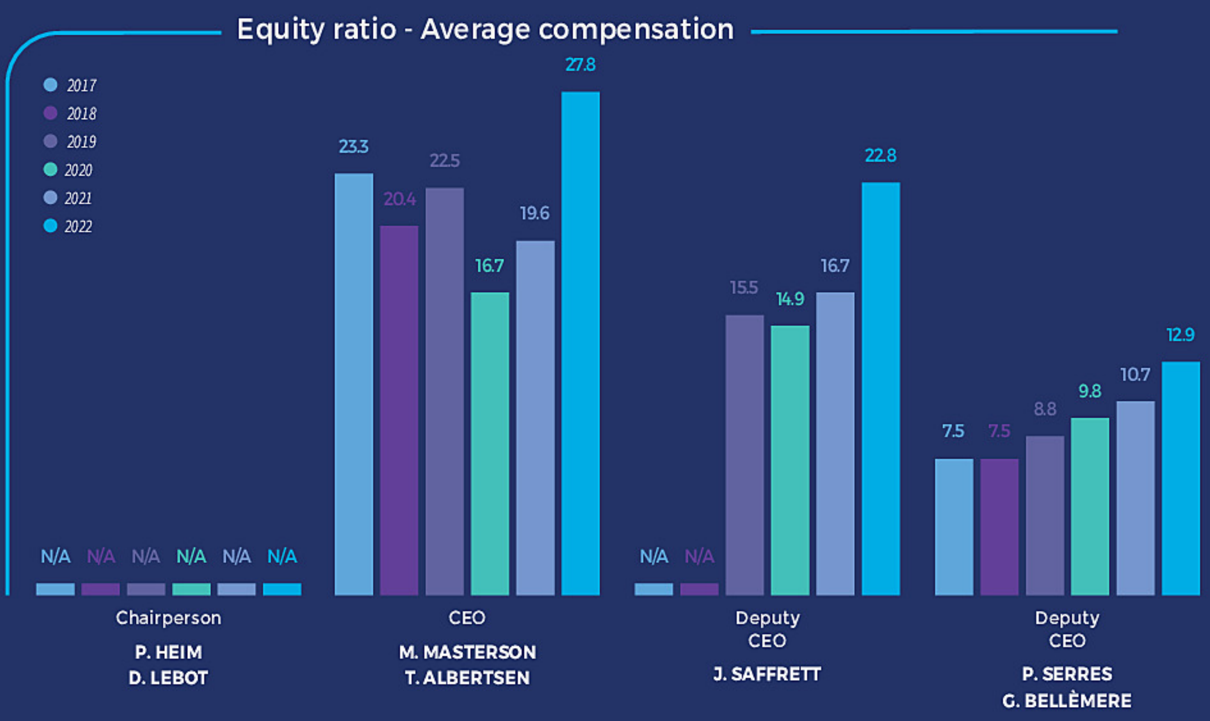
The deferred portion is vested subject to:

- a condition of continued presence. Exceptions to the latter condition 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;
- reconsideration under a "malus" clause in the event of a significant deterioration of financial performance or a failure of duty;
- a profitability condition defined as ALD's positive Net income for the period (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.

2023 compensation





3.7.1 Compensation and benefits of executive corporate officers and directors

Since the listing of the Company's shares on Euronext Paris, the Company applies the recommendations of the AFEP-MEDEF Code (with the exception of the recommendations referred to in Section 3.5 "Statement relating to corporate governance" of this Universal Registration Document).

The tables below summarise the compensation and benefits of all kinds paid to executive 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, in respect of their term of office within ALD. The Chief Executive Officer and the Deputy Chief Executive Officers 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 on their appointment if this took place at a later date.

Furthermore, the compensation of executive corporate officers complies with:

- Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 amending Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 ("CRD5"), which requires that credit institutions apply compensation policies and practices that are compatible with effective risk management. The CRD 5 applies to ALD as a material business unit of Societe Generale;
- the provisions of the French Commercial Code.

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

3.7.1.1 Compensation policy principles applied in 2022

The compensation policy applied to executive corporate officers in 2022 was approved by the Board of Directors on 29 March 2022 and by the Annual General Meeting of 18 May 2022 (*ex ante* vote).

The compensation policy is in line with the Company's corporate interest using qualitative performance indicators that are taken into account when determining the variable compensation of executives, in particular objectives relating to corporate social responsibility (CSR) and managerial development.

It supports the commercial strategy by integrating performance indicators for executives linked to commercial objectives, customer satisfaction and the development of strategic partnerships.

It also contributes to the sustainability of the Company by creating a direct link between the variable compensation of executives and objectives aimed at implementing the long-term strategy of the Group.

Accordingly, the compensation policy provides 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 consider 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 to enable an alignment of the interests of executives with the long-term interests of shareholders.

The "malus" clause and clawback mechanism make it possible to take into account risk management and compliance over that five-year period.

The compensation policy applicable to executive corporate officers is defined by the Board of Directors upon the recommendations of the COREM. Executive corporate officers do not participate in the discussions and deliberations of the Board and the COREM concerning the policy applicable to their own compensation. The "target" levels of fixed and variable compensation take into account market practices based on studies carried out by an independent firm.

Executive corporate officers are subject to an annual independent assessment by the Risk Department and Compliance Department of Societe Generale. In the event of a negative assessment, the conclusions are shared with the Board in order to be included 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 recommendations of the AFEP-MEDEF Code, it includes a fixed *pro-rata* component to reward the long-term commitment and responsibilities related to the office of director, and a variable component, slightly more than the fixed one, to reward director attendance and participation in the various meetings of the Board of Directors and the specialised committees. In both cases, the Chairpersons of the specialised committees receive 50% more than committee members because of the greater level of personal investment required.

Global annual attendance fees of EUR 400 thousand were approved by the Annual General Meeting of 18 May 2022.

Compensation of the Chair

Diony LEBOT does not receive any compensation for her role as Chair of the Board of Directors and was directly compensated by Societe Generale for her duties as Deputy Chief Executive Officer of Societe Generale.

Compensation of Executive Officers

For 2022, the compensation of the Chief Executive Officer and the Deputy Chief Executive Officers is broken down into the following components:

- fixed compensation, which recognises the experience and responsibilities exercised, and takes into account market practices;
- annual variable compensation, which depends on performance for the year and the contribution of the executive corporate officers to the success of ALD;
- an exceptional variable compensation based on the success of the contemplated acquisition of LeasePlan.

Fixed compensation

The annual fixed compensation amounts applicable at the close of the financial year ended 31 December 2022 are as follows:

- Tim ALBERTSEN, Chief Executive Officer: EUR 550,000;
- Gilles BELLEMÈRE, Deputy Chief Executive Officer: EUR 300,000;
- John SAFFRETT, Deputy Chief Executive Officer: EUR 450,000.

The annual fixed compensation amounts were approved in line with the ALD compensation policy.

Variable compensation

General principles

On 29 March 2022, the Board of Directors defined the components of variable compensation for 2022, which were approved by the Annual General Meeting held on 18 May 2022. The annual variable compensation is calculated on the basis of quantitative criteria (60%) and qualitative non-financial criteria (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 non-financial component is capped at 110% of the share of variable compensation assessed according to the qualitative non-financial criteria. In accordance with CRD5, 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 in respect of performance in 2022.

(in EUR)	Target variable compensation in 2022	*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 BELLEMÈRE	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

Quantitative portion

The quantitative portion (60%) for 2022 is assessed on the basis of the following four indicators:

- annual growth in the fleet (2022 *vs.* 2021);
- growth in the Services margin and Leasing contract margin (corresponding to NBI excluding used car sales);
- the cost/income ratio excluding used car sales;
- earnings per share (EPS).

In 2022, the achievement rate for the quantitative portion was 75.32% (an achievement rate of 125.54% on a base of 100), as indicated below:

Indicators	Weighting	Achievement rate
Annual growth of the fleet (2022 *vs.* 2021)	10%	10.32%
Growth of the service margin and the Leasing contract margin	10%	13.00%
The cost/income ratio excluding used car sales	10%	13.00%
Earnings per share (EPS)	30%	39.00%
TOTAL	**60%**	**75.32%**

The target amounts and the level of achievement for these quantitative criteria were precisely established by the COREM 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 apart from the cost/income ratio for which the target was set excluding non-recurring items linked to the planned acquisition of LeasePlan. 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 the recommendation of the COREM, whether to make restatements for non-recurring exceptional and unbudgeted items not covered by managerial decisions or operational management of activities.

Qualitative (non-financial) portion

The qualitative non-financial 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 were set with an equivalent weighting. The criteria specifying how the achievement of each qualitative objective will be measured have been established by the COREM 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 long-term strategy of ALD.

Given the uncertainty around the potential impact of the war in Ukraine on the results and activities in general, all collective and individual qualitative objectives were assessed in light of the consequences of that crisis.

The objectives common to all executive corporate officers cover the following matters:

- achievement of the key stages of the LeasePlan acquisition programme in accordance with the schedule set by the Board of Directors;
- achievement of CSR objectives and, in particular, the rollout of the development programme for electric and hybrid vehicles in the main countries;
- agility in relation to the implementation of new mobility products and solutions that meet customer expectations, in particular the deployment and development of ALD Flex;
- improvement in the management of used vehicles and the quality of residual value risk management, through the deployment of the Used Car Lease programme;
- customer satisfaction as assessed using satisfaction surveys (measured by the net promoter score);
- governance and the employment conditions of the Group's employees, with objectives intended to promote gender equality, the deployment of managerial training programmes, consideration of the results of the employee barometer, the rollout of mandatory training and the development of remote working.

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 relations with investors;
- innovation and digitisation, particularly through the deployment of the platform of connected cars and related products.

Based on the evaluation of the qualitative component for the financial year ended 31 December 2022, an achievement rate of 44% (an achievement rate of 110% on a base of 100) was obtained for Tim ALBERTSEN and John SAFFRETT and 43% (an achievement rate of 107.5% on a base of 100) for Gilles BELLEMÈRE.

Variable compensation amounts for 2022

According to the assessment of the quantitative and qualitative non-financial criteria (overall achievement rate of 119.32% for Tim ALBERTSEN and John SAFFRETT, and 118.38% for Gilles BELLEMÈRE), the amounts of variable compensation for the financial year ended 31 December 2022 are as follows:

- Tim ALBERTSEN: EUR 536,960;
- Gilles BELLEMÈRE: EUR 295,811;
- John SAFFRETT: EUR 477,298.

These amounts are subject to final validation at the Annual General Meeting of 24 May 2023. No payments will be made prior to such meeting.

Vesting procedure for total variable compensation

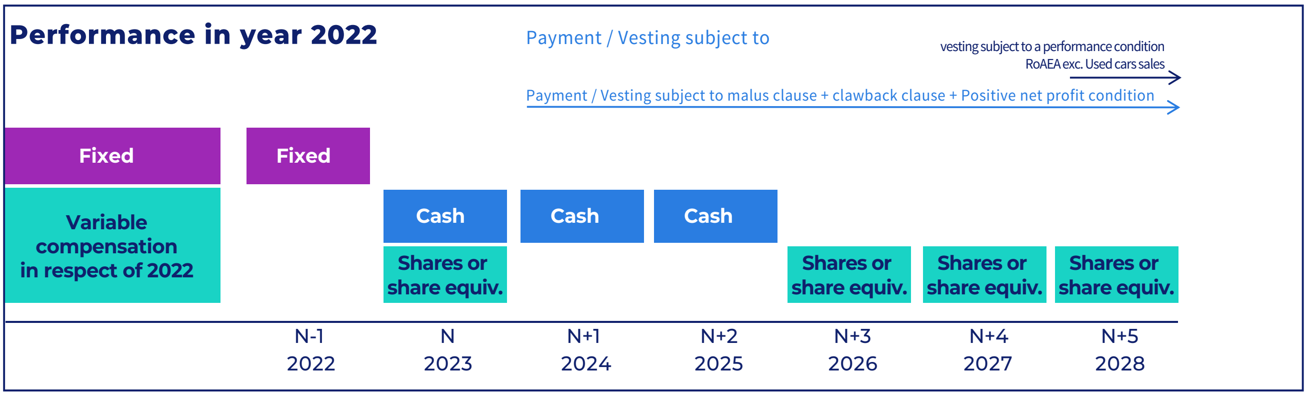
In accordance with CRD5, the Board of Directors has defined the following terms for the vesting and payment of total variable compensation:

- a deferred portion subject to a condition of presence in the Company and a performance condition, vested in 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 may not exceed 30% of the total amount.

The deferred portion is vested subject to:

- a condition of continued presence. Exceptions to this condition 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;
- reconsideration under a "malus" clause in the event of a significant deterioration of financial performance or a failure of duty;
- a profitability condition defined as ALD's positive Net income for the period (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.



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 car sales (RoAEA excluding used car sales). The full amount will only be paid if such RoAEA is above 2.3% (based on an arithmetic average) during the vesting period. If it is below 1.8%, no amount will be paid. If the RoAEA is between 1.8% and 2.3%, the COREM will propose a vesting percentage to the Board of Directors.

The Board of Directors is empowered to decide, upon the recommendation of the COREM, whether to make restatements for non-recurring exceptional and unbudgeted items not covered by managerial decisions or operational management of activities.

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

Exceptional variable compensation

In view of legislation requiring an *ex ante* vote on all provisions of the compensation policy, the Board of Directors wanted to reserve the option of paying, where relevant, additional variable compensation in the event of exceptional circumstances of particular importance for the Company, requiring significant involvement or the management of difficulties.

In the context of the contemplated acquisition of LeasePlan and on the recommendation of the COREM, an exceptional compensation plan was implemented in order to:

- retain key ALD employees for the purposes of the transaction and the business;
- provide an incentive for the successful completion of the transaction (finalise the closing and move ahead with the integration phase);
- enable business continuity during the transition period.

This compensation is established in accordance with the general principles of the AFEP-MEDEF Code regarding compensation.

In all cases, in accordance with CRD5 in force, the amounts decided with respect to this exceptional variable compensation were calculated such that the total annual variable compensation amount including this exceptional compensation would not be more than twice the annual fixed compensation amount. These amounts were established taking into account the level of contribution expected from each beneficiary in relation to the transaction and with regard to external benchmarks.

Given the schedule of the transaction, this exceptional variable compensation will be applicable over several financial years, and will be granted in two instalments, half after the closing of the transaction and half after completion of the main integration phase.

The amounts were defined as follows:

- Tim ALBERTSEN: 150% of his fixed salary for 2022, *i.e.* EUR 825,000 (of which a maximum of EUR 412,500 relating to 2022);
- Gilles BELLEMÈRE: 100% of his fixed salary for 2022, *i.e.* EUR 300,000 (of which a maximum of EUR 150,000 relating to 2022);
- John SAFFRETT: 150% of his fixed salary for 2022, *i.e.* EUR 675,000 (of which a maximum of EUR 337,500 relating to 2022).

This incentive bonus will be awarded subject to:

- a condition of presence in the Company at the time of the award;
- a performance condition and payment in two stages:
  - an interim payment of up to 50% of the total amount on the successful closing of the acquisition of LeasePlan,
  - the balance on the successful completion of the main integration phase and the achievement of expected synergies. The specific conditions linked to this second phase will be specified at a later date as part of the *ex ante* policy for 2023.

The Board of Directors will maintain the option of deciding, on the recommendation of the COREM, whether to pay all or part of this exceptional incentive bonus based on the individual contributions of each executive corporate officer in the achievement of these performance conditions.

The Board of Directors set the maximum deadlines for the achievement of each performance condition and for the completion of the key stages of the transaction during 2022. In the event of a delay in execution due to exceptional factors not related to managerial decisions or operational activity management, the Board of Directors will maintain the option of deciding, on the recommendation of the COREM, whether to extend the maximum period for the achievement of the performance conditions. If the key stages to be completed during 2022 are not achieved, no exceptional annual variable remuneration will be awarded *ex post* for the financial year ended 31 December 2022 and the Board of Directors will maintain the option, depending on the circumstances, of deciding whether to carry over all or some of that part of the exceptional variable compensation to the *ex ante* compensation policy for 2023.

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

The Board of Directors observed that all of the key stages were completed on schedule, in particular compliance with the main regulatory conditions and all of the antitrust conditions required in advance of the acquisition and the completion of the capital increase in December 2022.

Consequently, the Board of Directors validated the award of the instalments relating to 2022 subject to the successful finalisation of the closing before the Annual General Meeting of 24 May 2023, the amounts of which are as follows:

- EUR 412,500 for Tim ALBERTSEN, Chief Executive Officer;
- EUR 150,000 for Gilles BELLÈMERE, Deputy Chief Executive Officer;
- EUR 337,500 for John SAFFRETT, Deputy Chief Executive Officer.

No exceptional variable compensation will be awarded to the executive corporate officers without obtaining the prior approval of the shareholders for the financial year concerned (say on pay, *ex post* vote).

Other benefits

Each executive corporate officer receives a Company car as well as a health insurance plan, for the health, death and disability insurance coverage in line with employee coverage.

The compensation policy provides, where applicable, for the assumption of certain costs when the duties require the Chief Executive Officer and Deputy 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 Officer and Deputy Chief Executive Officers and the average and median compensation of the other employees of ALD SA (holding company) 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 on the compensation of the Chief Executive Officer and Deputy Chief Executive Officers concerns the position of the executive corporate officer and not the person.

It should be noted that the Chair does not receive any compensation for her position as Chair of the Board of Directors of ALD, as she is compensated by Societe Generale for her duties within the Company.

For the 2022 financial year, the denominator was calculated of the basis of an estimation, since the final data was not available at the time of publication.

The compensation and benefits of the Chief Executive Officer and Deputy 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).

TABLES OF RATIOS UNDER I. 6° AND 7° OF ARTICLE L. 22-10-9 OF THE COMMERCIAL CODE

	Mike MASTERSON	Mike MASTERSON	Tim ALBERTSEN since 27/03/20	Mike MASTERSON until 27/03/20 Tim ALBERTSEN since 27/03/20	Tim ALBERTSEN since 27/03/20
	Financial year 2018	**Financial year 2019**	**Financial year 2020**	**Fiscal year 2021**	**Financial year 2022**
Evolution (in %) of the DG's remuneration	-15%	11%	-28%	30%	48%
Information on the scope of the listed company					
Change (in %) in average employee remuneration	5%	0%	0%	10%	9%
Ratio to average employee remuneration	10.9	12.2	8.8	10.3	14.0
Change in the ratio (in %) compared to the previous year	-19%	12%	-28%	17%	36%
Ratio to median employee compensation	13.7	15.0	10.9	13.1	18.3
Change in the ratio (in %) compared to the previous year	-18%	9%	-28%	21%	39%
Additional information on the extended perimeter					
Change (in %) in average employee remuneration	-2%	1%	-2%	10%	4%
Ratio to average employee remuneration	20.4	22.5	16.7	19.6	27.8
Change in the ratio (in %) compared to the previous year	-13%	11%	-26%	17%	42%
Ratio to median employee compensation	25.4	28.2	21.1	25.0	36.5
Change in the ratio (in %) compared to the previous year	-12%	11%	-25%	18%	46%
Company performance					
Financial criterion – BNPG	555.6	564.2	509.8	873.0	1203.2
Change (in %) compared to previous year	-2%	2%	-10%	71%	38%

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 to 27 March 2020.

	Gilles BELLEMERE	Gilles BELLEMERE	Gilles BELLEMERE	Gilles BELLEMERE	Gilles BELLEMERE
	Financial year 2018	**Financial year 2019**	**Financial year 2020**	**Fiscal year 2021**	**Financial year 2022**
Evolution (in %) of the DGD's remuneration	-2%	18%	9%	20%	25%
Information on the scope of the listed company					
Change (in %) in average employee remuneration	5%	0%	0%	10%	9%
Ratio to average employee remuneration	4.0	4.7	5.1	5.6	6.5
Change in the ratio (in %) compared to the previous year	-7%	18%	8%	9%	15%
Ratio to median employee compensation	5.1	5.9	6.4	7.1	8.5
Change in the ratio (in %) compared to the previous year	-6%	16%	9%	12%	18%
Additional information on the extended perimeter					
Change (in %) in average employee remuneration	-2%	1%	-2%	10%	4%
Ratio to average employee remuneration	7.5	8.8	9.8	10.6	12.9
Change in the ratio (in %) compared to the previous year	0%	17%	11%	9%	21%
Ratio to median employee compensation	9.3	11.0	12.4	13.6	16.9
Change in the ratio (in %) compared to the previous year	1%	18%	13%	10%	24%

	Financial year 2018	John SAFFRETT since 01/04/19 Financial year 2019	John SAFFRETT Financial year 2020	John SAFFRETT Fiscal year 2021	John SAFFRETT Financial year 2022
Evolution (in %) of the DGD's remuneration	N/A	N/A	-6%	23%	43%
Information on the scope of the listed company					
Change (in %) in average employee remuneration	5%	0%	0%	10%	9%
Ratio to average employee remuneration	N/A	8.4	7.8	8.7	15.0
Change in the ratio (in %) compared to the previous year	N/A	N/A	-7%	12%	71%
Ratio to median employee compensation	N/A	10.3	9.7	11.1	15.0
Change in the ratio (in %) compared to the previous year	N/A	N/A	-6%	15%	35%
Additional information on the extended perimeter					
Change (in %) in average employee remuneration	-2%	1%	-2%	10%	4%
Ratio to average employee remuneration	N/A	15.5	14.9	16.6	22.8
Change in the ratio (in %) compared to the previous year	N/A	N/A	-4%	12%	37%
Ratio to median employee compensation	N/A	19.4	18.9	21.2	29.9
Change in the ratio (in %) compared to the previous year	N/A	N/A	-3%	12%	41%

John SAFFRETT was appointed as the third Deputy Chief Executive Officer on 1 April 2019. As this is not a replacement, his remuneration has been annualised for the purposes of calculating the equity ratio for the 2019 financial year.

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 2023.

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

Recognition 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 applicable law, the annual increase in benefits under the supplementary defined contribution pension scheme as set out in Art. 82 is subject to the following performance condition: potential pension benefits for a year will only be acquired if at least 50% of the performance conditions for variable compensation for that year are met. For lower performance, no additional pension rights will be acquired.

As this performance condition is met, the supplementary pension rights in respect of 2022 are vested for Tim ALBERTSEN and John SAFFRETT.

Conditions relating to the end of Gilles BELLEMERE's term of office

Gilles BELLEMÈRE decided to step down from his position as Deputy Chief Executive Officer of ALD as of 31 December 2022 in order to focus on his role as Chief Executive Officer of ALD Automotive France, the Group's biggest subsidiary. He will continue to provide direct oversight of ALD Automotive in Morocco and Algeria following the decision to sell ALD Automotive's activities in Portugal. This decision was approved by ALD's Board of Directors on 27 November 2022.

Under the current governance structure, Gilles BELLEMERE will be able to concentrate fully on preparing for the integration with LeasePlan in France and in particular on the activity's strategic development and the synergies earmarked over the coming months. He will continue to be a member of ALD's Executive Committee.

Having obtained the opinion of the COREM, the Board of Directors examined the consequences of this development on his compensation and on the benefits subsequent to that office which bind him to the Company.

The Board of Directors confirmed that the deferred compensation awarded in respect of his previous variable compensation and his exceptional variable compensation award would be maintained, insofar as he remains a member of the Group. Each future payment will be conditional on his presence within the Group at each vesting date and on a condition of performance, in accordance with the regulations of the plans governing his variable remuneration.

As a reminder, the non-compete clause and the severance pay are applicable in the event of the simultaneous cessation of the term of office and the employment contract with Societe Generale. They do not apply to the termination of his term of office with ALD SA as his contract with Societe Generale remains in place.

Moreover, the fact that Gilles BELLEMERE has stepped down from his role as Deputy Chief Executive Officer of ALD SA will not have any impact on his pension rights, because he is an employee of Societe Generale and therefore said pension rights shall remain eligible for the Societe Generale pension scheme.

3.7.1.2 Principles of the compensation policy applicable in the 2023 financial year

The compensation policy applicable to the executive corporate officers was approved by the Board of Directors on 23 March 2023 and will be submitted for approval at the Annual General Meeting of 24 May 2023 (*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 relating to corporate social responsibility (CSR) and the employment conditions of the Group's employees.

It supports the commercial strategy by integrating performance indicators for executives linked to commercial objectives, customer satisfaction and the development of strategic partnerships.

It also contributes to the sustainability of the Company by creating a direct link between the variable compensation of executives and objectives aimed at implementing the long-term strategy of the ALD Group.

Accordingly, the compensation policy provides 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 to enable an alignment of the interests of executives with the long-term interests of shareholders.

The "malus" clause and clawback mechanism make it possible to take into account risk management and compliance over that five-year period.

The compensation policy applicable to executive corporate officers is defined by the Board of Directors of ALD on the recommendations of the COREM. Executive corporate officers do not participate in the discussions and deliberations of the Board and the COREM concerning the policy applicable to their own compensation. The "target" levels of fixed and variable compensation take into account market practices based on studies carried out by an independent firm.

Executive corporate officers are subject to an annual independent assessment by the Risk Department and Compliance Department of Societe Generale. In the event of a negative assessment, the conclusions are shared with the Board in order to be included in their deliberations.

In the context of the acquisition of LeasePlan, the firm Korn Ferry was mandated to establish a benchmark for the compensation of the executive corporate officers taking into account the size of the entity post acquisition. Based on this benchmark, the Board of Directors approved an adjustment to the target compensation of Tim ALBERTSEN and John SAFFRETT, presented below, based on a proposal by the COREM. The COREM observed that the target compensation of both Tim ALBERTSEN and John SAFFRETT was lower than the market level for equivalent positions in listed companies of a similar size.

Furthermore, to better align with the practices of companies listed on the Next 20, COREM decided that the qualitative part of the variable remuneration would henceforth be capped at 130% (rather than 110%) in the case of outperformance.

Finally, subject to the effective acquisition of LeasePlan, at such time, ALD will become a regulated entity and as such, the minimum level of deferral for the variable remuneration of the Chief Executive Officer and Deputy Chief Executive Officer will be 60% (versus 40% previously).

Compensation of directors

The policy governing the compensation of independent directors was approved by the Board of Directors on 7 February 2018 as adjusted by the Board of Directors on 23 March 2023. In accordance with the recommendations of the AFEP-MEDEF Code, it includes a fixed *pro-rata* component to reward the long-term commitment and responsibilities related to the office of director, and a variable component, slightly more than the fixed one, to reward director attendance and participation in the various meetings of the Board of Directors and the specialised committees. In both cases, the Chairpersons of specialised committees receive 50% more than committee members because of the greater level of personal investment required.

Global annual attendance fees of EUR 400 thousand were approved by the Annual General Meeting of 18 May 2022.

Compensation of the Chair

Diony LEBOT does not receive any compensation for her role as Chair of the Board of Directors and is directly compensated by Societe Generale for her duties as Deputy Chief Executive Officer of Societe Generale.

Compensation of executive officers

The compensation for 2023 of the Chief Executive Officer and the Deputy Chief Executive Officer is broken down into the following three components:

- fixed compensation, which recognises the experience and responsibilities exercised, and takes into account market practices;
- annual variable compensation, which depends on performance for the year and the contribution of the executive corporate officers to the success of ALD;
- exceptional variable remuneration, which is conditional on the achievement of targets related to the integration LeasePlan and related synergies.

As Gilles BELLEMERE stepped down from his role on 31 December 2022, the presentation of the compensation policy for 2023 will cover Tim ALBERTSEN and John SAFFRETT.

Fixed compensation

The following annual fixed compensation for 2023 will be submitted for the approval of the Annual General Meeting of 24 May 2023:

Proposed fixed annual compensation:

- Tim ALBERTSEN, Chief Executive Officer: EUR 800,000 (*vs.* EUR 550,000 in 2022);
- John SAFFRETT, Deputy Chief Executive Officer: EUR 600,000 (*vs.* EUR 450,000 in 2022).

In accordance with the governance in place in respect of compensation, these changes were decided by the Board of Directors on the proposal of the COREM, which was based on a compensation study carried out with the firm Korn Ferry to take account of market practices among companies of a similar size.

The Board of Directors proposes that these increases in fixed compensation be applicable as of the closing date of the acquisition of LeasePlan, subject to approval by the Annual General Meeting of 24 May 2023. Up until the closing of the acquisition of LeasePlan the annual fixed compensation amounts remain unchanged.

Variable compensation

General principles

On 23 March 2023, the Board of Directors defined the components of variable compensation for 2023, which will be submitted for approval by the Annual General Meeting of 24 May 2023. The annual variable compensation is calculated on the basis of quantitative criteria (60%) and qualitative non-financial criteria (40%).

If the performance objectives are exceeded, the qualitative component will henceforth be capped at 130% (*vs.* 110% previously) of the share of variable compensation assessed according to the qualitative non-financial criteria.

The quantitative component continues to be capped at 130% of the share of variable compensation assessed according to the quantitative criteria.

The table below shows the target and maximum amounts of variable compensation in respect of performance in 2023, subject to approval by the Annual General Meeting of 24 May 2023.

The annual target variable compensation amounts applicable prorata-temporis up until the date of the closing remain unchanged from 2022. The amounts are as follows:

(in EUR)	Target variable compensation in 2023	*O/w quantitative portion*	*O/w qualitative portion*	Maximum variable compensation 2023	*O/w quantitative portion*	*O/w qualitative portion*
Tim ALBERTSEN	450,000	270,000	180,000	585,000	351,000	234,000
John SAFFRETT	400,000	240,000	160,000	520,000	312,000	208,000

The annual target variable compensation amounts applicable prorata-temporis for the period post closing are as follows:

(in EUR)	Target variable compensation in 2023	*O/w quantitative portion*	*O/w qualitative portion*	Maximum variable compensation 2023	*O/w quantitative portion*	*O/w qualitative portion*
Tim ALBERTSEN	920,000	552,000	368,000	1,196,000	717,600	478,400
John SAFFRETT	600,000	360,000	240,000	780,000	468,000	312,000

The Board of Directors proposes that these new target variable compensation amounts be applicable as of the closing date of the acquisition of LeasePlan, subject to approval by the Annual General Meeting of 24 May 2023. Up until the closing of the acquisition of LeasePlan the target variable compensation amounts remain unchanged as set out above.

Quantitative portion

For the period from 1 January 2023 up until the date of closing , the quantitative portion (60%) for 2023 is assessed on the perimeter of ALD on the basis of the following four indicators:

- growth in the fleet – weighting: 10%;
- growth in the Services margin and Leasing contract margin (corresponding to NBI excluding used car sales) – weighting: 10%;
- the cost/income ratio excluding used car sales – weighting: 10%;
- earnings per share (EPS) – weighting: 30%.

As of the effective closing of the LeasePlan acquisition, the quantitative portion (60%) will be assessed on the new consolidated perimeter of ALD and LeasePlan the basis of the following four indicators:

- growth in the funded fleet – weighting: 30%;
- the level of overheads – weighting: 10%;
- the cost/income ratio excluding used car sales – weighting: 10%;
- earnings per share (EPS) – weighting: 10%.

The indicators and weightings have been modified for the post transaction period in order to take into account the priorities of the new combined entity, notably commercial growth and cost control.

The target amounts for these quantitative criteria were precisely established by the COREM and approved by the Board of Directors, but are not being made public for reasons of confidentiality. The indicators/targets were set excluding non-recurring items linked to the contemplated acquisition of LeasePlan.

Due to the exceptional nature of 2023, with the contemplated acquisition of LeasePlan expected during the course of the financial year, the Board of Directors decided to evaluate separately the periods prior to and post closing.

Exceptionally, the Board fixed the targets for these quantitative criteria on the perimeter of ALD alone for the first part of 2023 until closing and will establish, after the effective acquisition of LeasePlan, the new target amounts for the quantitative criteria retained for that period on the combined perimeter and ALD and LeasePlan, taking into account the financial data that will only be available after closing.

The Board of Directors will assess the degree to which quantitative objectives have been achieved at closing (for the period from January 1st until the date of closing) and then after the close of the financial year, on the basis of the published results. The Board of Directors is empowered to decide, on the recommendation of the COREM, whether to make restatements for non-recurring exceptional and unbudgeted items not resulting from managerial decisions or operational management of activities.

Qualitative (non-financial) portion

The qualitative non-financial 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 were set with an equivalent weighting. The criteria specifying how the achievement of each qualitative objective will be measured have been established by the COREM and approved by the Board of Directors. These criteria are not made public for reasons of confidentiality.

The objectives are set for the full 2023 financial year and are linked to the implementation of the long-term strategy of ALD.

In compliance with the recommendations of the Afep-Medef code, it is proposed for 2023 that the collective objectives be based on criteria linked to the ESG strategy, and in line with the trajectory defined in Chapter 5 of this Universal Registration Document:

- the rollout of the development programme for electric and hybrid vehicles in the main countries and the proportion they represent within the fleet, that will have an impact on Scope 3 CO_2 emissions (fleet leased to clients);
- objectives for the reduction of CO_2 emissions, relative to the internal CO_2 emissions indicator covering Scopes 1, 2, and the part of scope 3 included in this indicator (see Section 5.5 of this Universal Registration Document);
- customer satisfaction as assessed using satisfaction surveys (measured by the net promoter score);
- objectives intended to promote gender equality, measured taking into account our engagements concerning the proportion of female representation in the senior management bodies;
- consideration of the results of the employee engagement rate, measured *via* our employer barometer;
- our positioning in the principle extra-financial ratings.

As such, the objectives linked to the ESG strategy represent a weight of 20% in the calculation of the annual variable compensation.

The individual objectives of the executive corporate officers include:

- the implementation of organisational structures and strategic plans specific to their areas of responsibility;
- the definition and implementation of the sourcing and strategic partnerships strategy;
- the management of relations with investors;
- the quality of risk and compliance management.

The objectives based on the individual perimeter of supervision of each Executive Officer represent a weight of 20% in the calculation of the annual variable remuneration.

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 COREM.

Vesting procedure for total variable compensation

In accordance with CRD5, the Board of Directors has defined the following terms for the vesting and payment of total variable compensation:

- a deferred portion subject to a condition of presence in the Company and a performance condition, vested in tranches of one-fifth over a five-year period, with a minimum deferral rate of 60% subject to the effective acquisition of LeasePlan by ALD and at that time becoming a regulated entity (otherwise the previous minimum deferral rate of 40% would continue to apply) ;
- 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 may not exceed 30% of the total amount.

The deferred portion is vested subject to:

- a condition of continued presence. Exceptions to this condition 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;
- reconsideration under a “malus” clause in the event of a significant deterioration of financial performance or a failure of duty;
- a profitability condition defined as ALD’s positive Net income for the period (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.

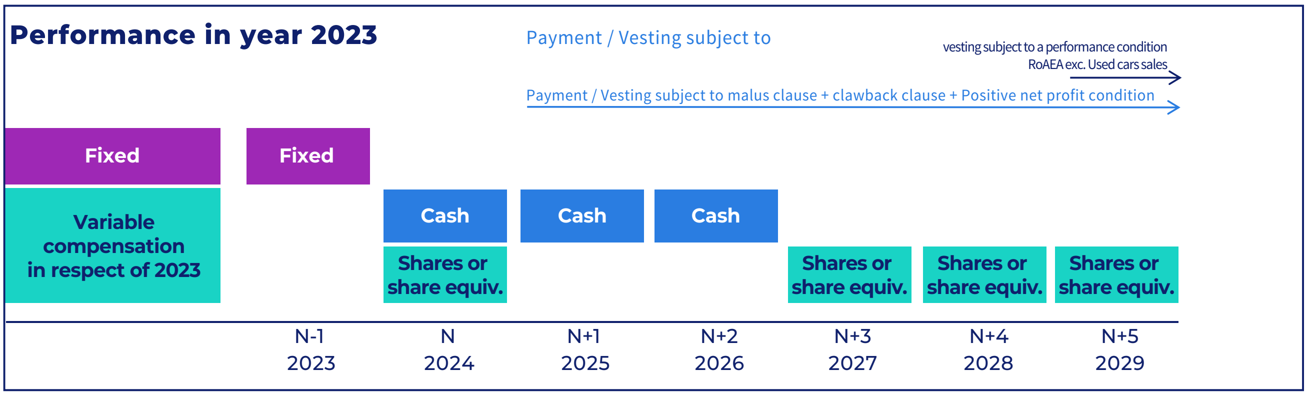
Payment of the last tranche of the deferred part at the end of five years is also conditional on the Return on Average Earning Assets excluding used car sales (RoAEA excluding used car sales). The full amount will only be paid if such RoAEA is above 2.3% (based on an arithmetic average) during the vesting period. If it is below 1.8%, no amount will be paid. If the RoAEA is between 1.8% and 2.3%, the COREM will propose a vesting percentage to the Board of Directors.

The Board of Directors is empowered to decide, upon the recommendation of the COREM, whether to make restatements for non-recurring exceptional and unbudgeted items not covered by managerial decisions or operational management of activities.

Exceptionally, the Board of Directors retains the right to review this performance condition during the year, taking into account financial data that will be available only after closing.

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

Total variable compensation – Chronology of payments in amounts or shares



Exceptional variable compensation

In view of legislation requiring an *ex ante* vote on all provisions of the compensation policy, the Board of Directors wanted to reserve the option of paying, where relevant, additional variable compensation in the event of exceptional circumstances of particular importance for the Company, requiring significant involvement or the management of difficulties.

In the context of the contemplated acquisition of LeasePlan and on the recommendation of ALD's COREM, an exceptional compensation plan was implemented in order to:

- retain key ALD employees for the purposes of the transaction and the business;
- provide an incentive for the successful completion of the transaction (finalise the closing and move ahead with the integration phase);
- enable business continuity during the transition period.

This compensation is established in accordance with the general principles of the AFEP-MEDEF Code regarding compensation.

In all cases, in accordance with CRD5 in force, the amounts decided with respect to this exceptional incentive bonus were calculated such that the total annual variable compensation amount including this exceptional compensation would not be more than twice the annual fixed compensation amount. These amounts were established taking into account the level of contribution expected from each beneficiary in relation to the transaction and with regard to external benchmarks.

Given the schedule of the transaction, this exceptional variable remuneration will be applicable over several financial years, and will be granted in two instalments, half after the closing of the transaction and half after completion of the main integration phase.

The amounts were defined as follows:

- Tim ALBERTSEN: 150% of his fixed salary for 2022, *i.e.* EUR 825,000 (of which a maximum of EUR 412,500 relating to 2023 and 2024);
- John SAFFRETT: 150% of his fixed salary for 2022, *i.e.* EUR 675,000 (of which a maximum of EUR 337,500 relating to 2023 and 2024).

This incentive bonus will be awarded subject to:

- a condition of presence in the Company at the time of the award;
- a performance condition and payment in two stages:

- an interim payment of up to 50% of the total amount on the successful closing of the acquisition of LeasePlan,

- the balance on the successful completion of the main integration phase and the achievement of expected synergies.

As the second instalment of the exceptional variable compensation relates to the integration period, which overlaps between financial years 2023 and 2024, it will be presented in the respective *ex ante* reports. The second instalment will therefore be approved in 2025, following the 2024 *ex post* report. The Board of Directors fixed the performance conditions related to the second instalment of the exceptional variable compensation, in particular the key milestones to be achieved under the integration programme as well as the expected synergies. These criteria are not made public for reasons of confidentiality.

The Board of Directors will maintain the option of deciding, upon the recommendation of the COREM, whether to pay all or part of this exceptional incentive bonus based on the individual contributions of each executive corporate officer in the achievement of these performance conditions.

The Board of Directors has set a maximum deadline for the achievement of each performance condition. In the event of a delay in execution due to exceptional factors not related to managerial decisions or operational activity management, the Board of Directors will maintain the option of deciding, on the recommendation of the COREM, whether to extend the maximum period for the achievement of the performance conditions.

It will be subject to the same with the terms of payment as the annual variable compensation and be subject to the same deferral and vesting conditions.

No exceptional variable compensation will be awarded to the executive corporate officers without obtaining the prior approval of the shareholders for the financial year concerned (say on pay, *ex post* vote).

Other benefits

Each executive corporate officer receives a Company car as well as a health insurance plan, the health, death and disability insurance coverage of which is in line with employee coverage.

The compensation policy provides, where applicable, for the assumption of certain costs when the duties require the Chief Executive Officer and the Deputy Chief Executive Officer 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 Chair of the Board of Directors, Chief Executive Officer and Deputy Chief Executive Officers by virtue of their office

Ex-post resolutions on the 2022 compensation of corporate officers

Approval of the report on the compensation of corporate officers in accordance with Article L. 22-10-34 I of the French Commercial Code

The Annual General 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.

Approval of the components of the total compensation and benefits of any kind paid or awarded in respect of the 2022 financial year to Tim ALBERTSEN, Chief Executive Officer, pursuant to Article L. 22-10-34 II of the French Commercial Code

The Annual General 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 of any kind paid during the 2022 financial year or awarded in respect of that year to Tim ALBERTSEN, Deputy Chief Executive Officer initially and then Chief Executive Officer as of 27 March 2020, as presented in the report on corporate governance prepared in accordance with Article L. 225-37 of the French Commercial Code.

Approval of the components of the total compensation and benefits of any kind paid or awarded in respect of the 2022 financial year to Gilles BELLEMÈRE, Deputy Chief Executive Officer, pursuant to Article L. 22-10-34 II of the French Commercial Code

The Annual General 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 components of the total compensation and benefits of any kind paid during the 2022 financial year or awarded in respect of that year to Gilles BELLEMÈRE, Deputy Chief Executive Officer, as presented in the report on corporate governance prepared in accordance with Article L. 225-37 of the French Commercial Code.

Approval of the components of the total compensation and benefits of any kind paid or awarded in respect of the 2022 financial year to John SAFFRETT, Deputy Chief Executive Officer, pursuant to Article L. 22-10-34 II of the French Commercial Code

The Annual General 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 components of the total compensation and benefits of any kind paid during the 2022 financial year or awarded in respect of that year to John SAFFRETT, Deputy Chief Executive Officer, as presented in the report on corporate governance prepared in accordance with Article L. 225-37 of the French Commercial Code.

Ex-ante resolutions on the 2023 compensation of corporate officers

Approval of the compensation policy applicable to the Chief Executive Officer and the Deputy Chief Executive Officer, pursuant to Article L. 22-10-8 II of the French Commercial Code

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 applicable to the Chief Executive Officer and the Deputy Chief Executive Officer as presented in Section 3.7.1.2 of the report on corporate governance prepared in accordance with Article L. 22-10-8 I of the French Commercial Code.

Approval of the compensation policy applicable to the Chair of the Board of Directors and the directors, pursuant to Article L. 22-10-8 II of the French Commercial Code

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 applicable to the Chair of the Board of Directors and the directors as presented in Section 3.7.1.2 of the report on corporate governance prepared in accordance with Article L. 22-10-8 I of the French Commercial Code.

3.7.1.4 Summary of the compensation, options and performance shares (in EUR) awarded to each executive corporate officer for the financial years ended 31 December 2021 and 31 December 2022 (Table 1 of the AFEP-MEDEF Code)

Diony LEBOT receives no compensation for her position as Chair of the Board of Directors of ALD. She is directly compensated by Societe Generale in respect of her functions within Societe Generale.

Tim ALBERTSEN (Chief Executive Officer)	2021	2022
Remuneration due for the year	1,210,530	1,621,962
Valuation of options granted during the year	-	
Valuation of performance shares granted during the year	-	
TOTAL	**1,210,530**	**1,621,962**

Gilles BELLEMÈRE (Deputy Chief Executive Officer)	2021	2022
Remuneration due for the year	598,040	749,881
Valuation of options granted during the year	-	
Valuation of performance shares granted during the year	-	
TOTAL	**598,040**	**749,881**

John SAFFRETT (Deputy Chief Executive Officer)	2021	2022
Remuneration due for the year	993,711	1,329,689
Valuation of options granted during the year	-	
Valuation of performance shares granted during the year	-	
TOTAL	**993,711**	**1,329,689**

3.7.1.5 Summary table of remuneration (in EUR) of each executive corporate officer (table 2 of the AFEP-MEDEF Code)

The table below shows the various remunerations (fixed, variable, etc.) paid and due to each executive corporate officer for the financial years ended 31 December 2021 and 31 December 2022.
Diony LEBOT does not receive any remuneration for her position as Chair of the Board of Directors of ALD.

	2021		2022	
Tim ALBERTSEN (Chief Executive Officer)	**Amounts due for 2021**	**Amounts paid in 2021**	**Amounts due for 2022 (1)**	**Amounts paid in 2022 (3)**
Fixed remuneration	400,000	400,000	492,500	492,500
Annual variable remuneration	658,646	375,497	949,460	422,809
Of which exceptional variable compensation (4) :			412,500	
Of which:				
deferred variable compensation	512,781	254,532	774,514	276,945
non-deferred variable compensation	145,865	120,965	174,946	145,864
Exceptional remuneration				
Remuneration of the director's mandate				
Benefits in kind (2)	151,884	151,884	180,002	180,002
TOTAL	**1,210,530**	**927,381**	**1,621,962**	**1,095,311**

(1) The variable remuneration for 2022 is subject to approval at the Annual General Meeting on 24 May 2023.
(2) This amount corresponds to vehicle and housing benefits. The valuation method for the housing benefit in kind was revised in the 2022 financial year and is now valued at its real value. The amount reported for the year 2021 has been adjusted using this method.
(3) Share acquisitions from previous employee grants are reported in Table 7.
(4) Subject to the completion of the LeasePlan acquisition (known as "closing") before the Annual General Meeting of 24 May 2023.

Gilles BELLEMÈRE (Deputy Chief Executive Officer)	2021 Amounts due for 2021	2021 Amounts paid in 2021	2022 Amounts due for 2022 (1)	2022 Amounts paid in 2022
Fixed remuneration	300,000	300,000	300,000	300,000
Annual variable remuneration	294,384	184,445	445,811	233,282
Of which exceptional variable compensation (3) :			150,000	
Of which:				
deferred variable compensation	206,069	119,622	326,649	144,967
non-deferred variable compensation	88,315	64,823	119,162	88,315
Exceptional remuneration				
Remuneration of the director's mandate				
Benefits in kind (2)	3,656	3,656	4,070	4,070
TOTAL	**598,040**	**488,101**	**749,881**	**537,352**

(1) The variable remuneration for 2022 is subject to the approval of the Annual General Meeting of 24 May 2023.
(2) This amount corresponds to vehicle benefits.
(3) Subject to the completion of the LeasePlan acquisition (known as "closing") before the Annual General Meeting of 24 May 2023.

John SAFFRETT (Deputy Chief Executive Officer)	2021 Amounts due for 2021	2021 Amounts paid in 2021	2022 Amounts due or 2022 (1)	2022 Amounts paid in 2022 (3)
Fixed remuneration	350,000	350,000	411,667	411,667
Annual variable remuneration	538,891	256,830	814,798	349,962
Of which exceptional variable compensation (4) :			337,500	
Of which:				
deferred variable compensation	405,002	149,043	653,318	216,073
non-deferred variable compensation	133,889	107,787	161,480	133,889
Exceptional remuneration				
Remuneration of the director's mandate				
Benefits in kind (2)	104,820	104,820	103,224	103,224
TOTAL	**993,711**	**711,650**	**1,329,689**	**864,853**

(1) The variable remuneration for 2022 is subject to approval at the Annual General Meeting on 24 May 2023.
(2) This amount corresponds to vehicle and housing benefits. The method of valuation of the housing benefit in kind was revised in the 2022 financial year and is now valued at its real value. The amount reported for the year 2021 has been adjusted using this method.
(3) Share acquisitions from previous employee grants are reported in Table 7.
(4) Subject to the completion of the LeasePlan acquisition (known as "closing") before the Annual General Meeting of 24 May 2023.

3.7.1.6 Remuneration (in EUR) received by members of the Board of Directors (table 3 of the AFEP-MEDEF Code)

The table below shows the remuneration received by the directors for the financial years ended 31 December 2021 and 31 December 2022. In accordance with the Internal Regulations of the Board of Directors, only directors qualified as independent receive a remuneration for their duties as directors of ALD.

	2021		2022	
	Amounts due for 2021	Amounts paid in 2021	Amounts due for 2022	Amounts paid in 2022
Diony LEBOT (Chair of the Board of Directors, director)				
Remuneration (fixed, variable)	-	-	-	-
Other remuneration	-	-	-	-
Karine DESTRE-BOHN (director)				
Remuneration (fixed, variable)	-	-	-	-
Other remuneration	-	-	-	-
Bernardo SANCHEZ-INCERA (director)				
Remuneration (fixed, variable)	-	-	-	-
Other remuneration	-	-	-	-
Delphine GARCIN-MEUNIER (director since 5 November 2019)				
Remuneration (fixed, variable)	-	-	-	-
Other remuneration	-	-	-	-
Xavier DURAND (director)				
Remuneration (fixed, variable)	65,000	60,000	80,000	75,000
Other remuneration	-	-		
Christophe PÉRILLAT (director)				
Remuneration (fixed, variable)	39,000	36,000	49,000	45,000
Other remuneration	-	-	-	-
Nathalie LEBOUCHER (director)				
Remuneration (fixed, variable)	-	-	-	-
Other remuneration	-	-	-	-
Patricia LACOSTE (director)				
Remuneration (fixed, variable)	59,000	54,000	72,000	67,000
Other remuneration	-	-	-	-
Anik CHAUMARTIN (director)				
Remuneration (fixed, variable)	42,000	40,000	55,000	50,000
Other remuneration	-	-	-	-

3.7.1.7 Stock option plans and performance share plans offered by the Company or by any Group company

Since 2018, a performance share plan in ALD shares is offered for employees working for the ALD Group.

Share subscription or purchase options granted during the financial year to each executive director by the issuer or by any Group company (table 4 of the AFEP-MEDEF Code)

During the financial year ended 31 December 2022, no stock options were granted.

Share subscription or purchase options exercised during the financial year by each executive director (table 5 of the AFEP-MEDEF Code)

During the financial year ended 31 December 2022, no stock options were exercisable.

Performance shares granted during the financial year to each executive director by the issuer (table 6 of the AFEP-MEDEF Code)

Tim ALBERTSEN, Gilles BELLEMÈRE and John SAFFRETT were not eligible for the ALD Performance Share Plan in 2022.

	Date of award	Total number of shares granted during the year	Valuation of shares according to the method used for the consolidated accounts	Date of acquisition of shares	Date of availability of shares	Performance conditions
Tim ALBERTSEN	None	None	None	None	None	None
Gilles BELLEMÈRE	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 awards as a result of her position with ALD.

Performance shares that became available during the year for each executive corporate officer (table 7 of the AFEP-MEDEF Code)

ALD performance shares that became available during the year

	Date of award	Number of shares that became available during the year
Tim ALBERTSEN	None	None
Gilles BELLEMÈRE	None	None
John SAFFRETT	28/03/19	3,435

History of stock option grants – information on stock options (table 8 of the AFEP-MEDEF Code)

ALD has never granted any stock options.

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

Share subscription or purchase options granted to the top ten non-executive employees and options exercised by them (table 9 of AMF Position-Recommendation No. 2009-16)

During the financial year ended 31 December 2022, no stock options were granted and no stock options were exercisable.

History of performance share grants (table 10 of the AFEP-MEDEF Code)

The performance share plans offered by ALD to the Group's key employees (plans 1, 3, 5, 7 and 9) and to employees whose variable remuneration follows CRD5 (plans 2, 4, 6, 8 and 10) have the following characteristics.

	Plan 6 – 2020	Plan 5 – 2020	Plan 4 – 2019	Plan 3 – 2019	Plan 2 – 2018	Plan 1 – 2018
Date of the General Assembly	22 May 2018	22 May 2018	22 May 2018	22 May 2018	20 April 2017	20 April 2017
Date of the Board of Directors	27 March 2020	27 March 2020	28 March 2019	28 March 2019	29 March 2018	29 March 2018
Total number of ALD shares allocated	**34,635**	**353,281**	**33,231**	**235,475**	**25,814**	**276,980**
Of which the number allocated to executive directors	-	-	-	-	-	-
John SAFFRETT (1)	-	-	6,870	-	9,220	-
Total number of beneficiaries	5	264	6	229	4	195
Date of acquisition of rights	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
End date of retention period	30/09/22 (1st tranche) 30/09/23 (2nd tranche)	N/A	30/09/21 (1st tranche) 30/09/22 (2nd tranche)	N/A	30/09/20 (1st tranche) 30/09/21 (2nd tranche)	N/A
Performance conditions (2)	yes	yes	yes	yes	yes	yes
Fair value (in EUR)	7.25	7.25	10.16	10.16	11.31	11.31
Number of shares acquired as of 31 December 2021	12,249	-	24,270	216,611	25,814	236,569
Cumulative number of shares cancelled or lapsed	10,135	35,739	8,961	18,864	-	40,411
Remaining performance shares at year-end	12,251	317,542	-	-	-	-

(1) Share grants as an employee, prior to the date of appointment as a corporate officer.

(2) The performance condition is the average positive ALD Group Net income (arithmetic average), excluding own debt, measured over the three financial years (two for the first tranche of Plans 2, 4, 6, 8 and 10) preceding the acquisition date.

	Plan 10 – 2022	Plan 9 – 2022	Plan 8 – 2021	Plan 7 – 2021
Date of the General Assembly	19 May 2021	19 May 2021	22 May 2018	26 mars 2021
Date of the Board of Directors	29 March 2022	29 March 2022	26 March 2021	26 March 2021
Total number of ALD shares allocated	**25,443**	**409,602**	**19,827**	**264,223**
Of which the number allocated to executive directors	-	-	-	-
John SAFFRETT	-	-	-	-
Total number of beneficiaries	6	374	5	280
Date of acquisition of rights	31/03/25 (1st tranche) 31/03/26 (2nd tranche)	31/03/25	31/03/23 (1st tranche) 31/03/24 (2nd tranche)	31/03/24
End date of retention period	30/09/25 (1st tranche) 30/09/26 (2nd tranche)	N/A	30/09/23 (1st tranche) 30/09/24 (2nd tranche)	N/A
Performance conditions	yes	yes	yes	yes
Fair value (in EUR)	9.50	9.50	10.72	10.72
Number of shares acquired as of 31 December 2021	-	-	-	-
Cumulative number of shares cancelled or lapsed	-	6,436	-	13,685
Remaining performance shares at year-end	25,443	403,166	19,827	250,538

3.7.2 Employment contracts, supplementary pension schemes and severance pay of executive corporate officers

Executive corporate officers serve for a term of four years. Their employment contracts are suspended for the duration of their term of office. Their term of office is governed by French law which provides for the possibility of dismissal by the Board of Directors at any time without notice and without the need for justification.

Supplementary pension plan of the members of the Management Committee of Societe Generale (Article 82)

This defined contribution supplementary pension plan was set up for the members of Societe Generale's Management Committee with effect from 1 January 2019. Tim ALBERTSEN and John SAFFRETT have benefited from this scheme since their respective appointments to the Societe Generale Management Committee on 10 February 2020.

The plan provides for the payment of an annual contribution by the Company into an individual retirement account opened in the name of the eligible employee, based on their fixed compensation exceeding four annual social security ceilings. The rights acquired will be paid at the earliest on the date that the employee draws their pension under the national retirement plan.

The Company rate has been set at 8%.

In accordance with applicable 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 2022 financial year was met, the amount of the contribution to be paid in respect of 2022 is EUR 18,836 for Tim ALBERTSEN and EUR 14,836 for John SAFFRETT.

Valmy pension savings scheme (formerly IP Valmy)

The executive corporate officers also retain the benefits of the supplementary defined contribution plan that applied to them as employees prior to their appointment as executive corporate officers.

This defined contribution plan, established under Article 83 of the French General Tax Code, was set up in 1995 and was modified on 1 January 2018 (henceforth 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, which are paid in the form of a life annuity when they retire. This plan is financed up to 2.25% of the compensation capped at four annual Social Security ceilings, of which 1.75% paid by the Company (*i.e.* EUR 2,880). This plan is now insured with Sogecap.

Supplementary pension plan

This plan is closed, no further rights were awarded after 31 December 2019.

Until 31 December 2019, the executive corporate officers retained the benefits of the senior management supplementary pension plan that applied to them as employees prior to their appointment as executive corporate officers.

In accordance with the law, any increase in the 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 provides senior executives appointed as of that date with potential rights to a yearly income from the date on which they begin to draw their pension under the national social security retirement plan.

This scheme, which was revised on 17 January 2019, was permanently closed on 4 July 2019 and no further rights were awarded after 31 December 2019, pursuant to Order No. 2019-697 of 3 July 2019 in respect of corporate supplementary pension schemes. This Order prohibited the affiliation of any new beneficiaries to schemes under which pension rights are conditional upon the beneficiary still working for the Company when they reach retirement, as well as the award of such conditional pension rights to any existing beneficiaries for periods worked after 2019.

The total rights accumulated when existing beneficiaries draw their pension will therefore consist of the sum of their rights frozen at 31 December 2018 and the minimum rights constituted between 1 January 2019 and 31 December 2019. These rights will be reassessed according to the change in value of the AGIRC point between 31 December 2019 and the date on which the beneficiary draws their pension. Such rights are conditional upon the beneficiary still working at Societe Generale when they reach retirement. They are pre-financed with an insurance company.

As an example, based on the assumption of retirement at the age of 62, the potential estimated annual pension rights payable at 31 December 2019 under this scheme, regardless of the conditions under which the commitment is honoured, are EUR 2.2 thousand for Tim ALBERTSEN, EUR 16.1 thousand 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 executive corporate officers and the date of their departure from Societe Generale. In return, they continue to receive their fixed compensation.

The Board of Directors can unilaterally waive this clause within fifteen days of the date on which the executive corporate officer leaves their office. In such a case, the departing officer will no longer be bound by any commitment and no sums will be payable to them in this respect.

Any breach of the non-compete clause would result in the immediate payment by the officer of a sum equal to 24 months of fixed compensation. In such circumstances, ALD would be released from its obligation to pay any financial consideration and may furthermore claim back any financial consideration that may already have been paid since the breach.

No payments will be made under the non-compete clause to any officer leaving the Company due to retirement or beyond the age of 65.

Severance pay

Following the suspension of the employment contracts of Tim ALBERTSEN, Gilles BELLEMÈRE and John SAFFRETT, it is expected that the Board of Directors will make a severance payment to them in respect of the termination of their respective functions.

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

The severance pay is owed only in the event of simultaneous termination of the ALD term of office and the contract with Societe Generale and only in the event of forced departure, documented as such by the Board of Directors. No severance pay would be owed in the event of resignation (unless it is deemed mandatory by the Board of Directors) 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 on severance pay is subject to examination by the Board of Directors to verify the situation of the Company and the performance of each executive corporate officer in order to confirm that neither the Company nor the executive corporate officer has shown a failure to perform.

In accordance with the AFEP-MEDEF Code, no severance pay may be made to an executive corporate officer if he or she is entitled to draw their pension. Severance pay will be contingent upon an overall achievement rate for the annual variable remuneration targets of at least an average of 50% over the three years prior to the officer leaving or over the duration of their term of office if less than three years.

Under no circumstances may the severance pay and non-compete clause combined exceed the cap recommended in the AFEP-MEDEF Code of two years' fixed plus annual variable remuneration including, where applicable, any other severance payments provided for under an employment contract.

3.7.2.1 Employment contracts, supplementary pension schemes and severance pay of senior management

	Employment contract		Supplementary pension scheme		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 31/12/22	X (1) (2)		X		X		X	
Tim ALBERTSEN (Chief Executive Officer) From 27/03/20 to 31/12/22	X (1) (3)		X		X		X	
Gilles BELLEMÈRE (Deputy Chief Executive Officer) From 02/03/17 to 31/12/22	X (1) (3)		X		X		X	
John SAFFRETT (Deputy Chief Executive Officer) From 01/04/19 to 31/12/22	X (1) (3)		X		X		X	

(1) Employment contract signed with Societe Generale.
(2) Employment contract suspended during her term of office as Deputy Chief Executive Officer of Societe Generale.
(3) Employment contract suspended during their term of office with ALD.

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

The Company did not make any provision for the payment of retirement or other similar benefits to the executive corporate officers, other than provisions to cover post-employment benefits, as indicated in Note 31 "Retirement benefit obligations and long-term benefits" and Note 36 "Related parties" of the Group's consolidated financial statements for the financial year ended 31 December 2022.

3.7.4 ALD share ownership and holding obligations

Since the initial public offer, in line with the AMF recommendations and in order to align the interests of the Chief Executive Officer and the Deputy Chief Executive Officer(s) with those of the Company, the Chief Executive Officer and the Deputy Chief Executive Officer(s) must hold a certain minimum number of ALD shares as determined by the Board of Directors on 28 June 2017, as follows:

- Tim ALBERTSEN, Chief Executive Officer, must hold 18,500 shares;
- Gilles BELLEMERE, Deputy Chief Executive Officer, must hold 8,500 shares.

Further to the appointment of John SAFFRETT as Deputy Chief Executive Officer, the Board of Directors set the following requirement on 28 March 2019:

- John SAFFRETT, Deputy Chief Executive Officer, must hold 18,500 shares.

At 31 December 2022, Tim ALBERTSEN, Gilles BELLEMERE and John SAFFRETT have acquired 100% of the shares they are required to hold.

A benchmark was carried out by Korn Ferry on a panel of companies of a similar size to that of ALD, after the contemplated acquisition of LeasePlan, in order to obtain market practices on the minimum shareholding requirements for Chief Executive Officers. Subject to the effective acquisition of LeasePlan by ALD, the Board of Directors of 23 March 2023, based on a recommendation from the COREM, decided to modify the minimum ALD shareholding requirements in order to be better aligned with the market practices of the Next 20 companies, as follows:

- Tim ALBERTSEN, Chief Executive Officer, must hold 61,500 shares, representing one year's annual fixed compensation as defined post closing;
- John SAFFRETT, Deputy Chief Executive Officer, must hold 46,000 shares, representing one year's annual fixed compensation as defined post closing.

These increased shareholding requirements must be satisfied by the end of a five-year period in their position. The Chief Executive Officer and the Deputy Chief Executive Officer must acquire the shares over time, at a rate of around 20% per year. At 31 December 2027, the Chief Executive Officer and the Deputy Chief Executive Officer must have acquired 100% of the shares they are required to hold.

Since ALD is part of the Societe Generale group, the Board of Directors has authorised the partial substitution of Societe Generale shares already held for ALD shares. The parity for this was fixed by the Board of Directors. In all cases, ALD shares must account for a minimum of 50% of the shares held.

Shares held under this requirement may not be hedged.

3.7.5 Appointment of a new executive corporate officer

In general terms, the compensation components and structure described in this compensation policy also apply to any new executive corporate officer appointed, taking into account their scope of responsibility and professional experience. This principle also applies to other benefits offered to executive corporate officers (supplementary pension, health insurance plan, etc.).

It is the responsibility of the Board of Directors to set the level of fixed compensation corresponding to these characteristics, consistent with that of the current executive corporate officers and market and sector practices.

If a new executive corporate officer not from a Societe Generale entity is appointed, they may benefit from a sign on award, where applicable, as compensation for the remuneration forgone when leaving their previous employer. The vesting of this compensation is deferred over time and subject to the achievement of performance conditions similar to those applied to the deferred variable compensation of executive corporate officers.

3.8 Related-party transactions

3.8.1 Main related-party transactions

There are no related-party transactions within the meaning of Article L. 225-38 of the French Commercial Code for the financial years 2018, 2019, 2020 and 2021 other than those potentially identified in the special reports of the Statutory Auditors and already approved by the Annual General Meeting. For further information on agreements between the Group and Societe Generale, see Section 6.2 note 36 "Related parties" of this Universal Registration Document. It should be noted, however, that in 2022 a related-party agreement within the meaning of Article L. 225-38 of the French Commercial Code was authorised by the Board of Directors and entered into on 28 November 2022. This agreement, a placement agency contract notably entered into with Societe Generale for the purpose of the rights issue which was settled on 20 December 2022 was the subject of an information notice published on the Company's website.

Following its meeting of 27 March 2020, the Board of Directors, pursuant to the new provisions of Article L. 22-10-12 of the French Commercial Code, put in place a procedure of regular reviews to ascertain whether agreements involving ordinary operations concluded under normal conditions genuinely comply with these conditions. 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 approved annually by vote of the Board of Directors, from which the directly and indirectly interested parties abstain. The Board also rules on the periodic requirement to review the content of such agreements.

Through the implementation of this procedure, the Audit, Internal Control and Risk Committee became acquainted in particular with the links that exist between all subsidiaries of the ALD Group and Societe Generale, its main shareholder, by going beyond the legal requirement of simply analysing existing agreements at the level of the holding company. The analysis of the various synergies made it possible to establish that the dual criterion of normal conditions and ordinary operations pursuant to 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 36 to the Group's consolidated financial statements, which are presented in Section 6.2 "Audited consolidated financial statements for year ended 31 December 2022" of this Universal Registration Document. These transactions mainly relate to the compensation of key senior management, sales of goods and services, information technology services, premises, brokerage, insurance policies, corporate services, loans and tax consolidation.

3.8.2 Statutory Auditor's special report on related-party agreements

Annual General Meeting held to approve the financial statements for the year ended December 31, 2022

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 3December 31, 2022, 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. These procedures consisted in verifying the consistency of the information provided to us with the relevant source documents.

Agreements submitted for approval to the Annual General Meeting

In accordance with Article L. 225-40 of the French Commercial Code (Code de commerce), we have been notified of the following related party agreements which received prior authorization from your Board of Directors.

- With Société Générale, shareholder of your Company

Persons concerned:

(I) Mrs Diony Lebot, Chairperson of your Board of Directors and Deputy Chief Executive Officer at Societe Generale

(II) Mrs Karine Destre-Bohn, director of your Company and Director of Steering and Commercial Monitoring Savings at Societe Generale Assurances

(III) Mrs Delphine Garcin-Meunier, director of your Company and Head of Strategy at Societe Generale

Nature and purpose

Implementation of a Placement Agency Agreement

Your Company entered into a Placement Agency Agreement on 28 November 2022 with a group of financial institutions, including Société Générale, relating to the capital increase of your Company as part of the financing of the acquisition of LeasePlan by your Company.

The purpose of the Placement Agency Agreement is to set out the terms and conditions of the financial institutions' responsibility for the coordination and the management of the placement of the capital increase, without any guarantee commitment.

Conditions

The intervention conditions of Société Générale are handled at normal market conditions and practices for this type of contract. The Placement Agency Agreement includes usual representations and warranties for this type of transaction.

Reasons justifying why the Company benefits from this agreement

Your Board of Directors confirmed that the Placement Agency Agreement was necessary for the planned acquisition of LeasePlan, and thus authorized the conclusion of this contract on 27 November 2022.

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, 2022.

Paris-La Défense, 12 April 2023

The Statutory Auditors

French original signed by

DELOITTE & ASSOCIÉS	ERNST & YOUNG et Autres
Pascal Colin	Vincent Roty

3.9 Diversity policy for the management bodies

The diversity policy applicable to ALD's management bodies was set out at the Board of Directors' Meeting of 3 November 2020. The scope of this policy 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 general management, the Board of Directors set a target of 35% women in ALD Group's management bodies by the end of 2025.

As of 31 December 2022, this rate stood at 33.2% (*vs.* 34.9% at the end of 2021).

Although it decreased slightly, this rate remains above the intermediary target level set by the Board of Directors for the end of 2022 as part of the trajectory towards reaching the target of 35% by the end of 2025.

Since 2018 , with the aim of promoting gender balance in the management bodies, the Board of Directors, on the proposal of the COREM, has used the qualitative targets of the general management to set annual objectives to improve the representation of women in the Group's management functions, as well as a target of at least 50% of women in ALD Group's strategic talent development programmes. In order to achieve the target set for 2025 and in line with the action plan implemented since 2018, the Board will continue to set intermediary targets on an annual basis. Since the 2021 financial year, these targets have also been rolled out for application by the general management of the subsidiaries within their management bodies.

4 Risk factors

The main risk factors which ALD estimates are specific to the Group and could have a significant effect on its business, profitability, solvency, access to financing and financial instruments are presented in this chapter.

As part of its internal risk management, the Group has identified different types of risk factors and has grouped them into six main risk categories, in accordance with Article 16 of the Regulation (EU) 2017/1129, also known as "Prospectus 3" regulation of 14 June 2017.

Risk factors are presented based on an evaluation of their materiality, with the most material risks indicated first within each category. The materiality is evaluated based on the assessment of the likelihood with which the risk event can occur and on the assessment of the impact the materialisation of the risk may have on the Group's activities. Materiality as presented below is assessed before taking into consideration mitigation measures, which are described in the dedicated area for each risk factor.

		Likelihood	Impact	Trend (1)
1 – Macroeconomic, geopolitical and regulatory risks	Macroeconomic and geopolitical risks	**Likely**	**Medium**	→
	COVID-19 pandemic	**Possible**	**Medium**	↘
	Regulatory risk	**Likely**	**Medium**	↗
2 – Risks specific to activity	Risks related to residual value	**Likely**	**High**	→
	Risks related to maintenance services and tyres	**Likely**	**Medium**	↗
	Dependence on partners	**Possible**	**Medium**	→
3 – Strategic risks	Risks related to acquisitions	**Likely**	**High**	→
	ALD's competitiveness on its market	**Possible**	**High**	→
4 – Credit risk	Credit risk	**Likely**	**Medium**	↗
5 – Operational risks	IT risks	**Possible**	**High**	↗
	Legal, fiscal and compliance risks	**Possible**	**Medium**	→
	Climate, environmental and social risks	**Likely**	**Medium**	↗
6 – Treasury risks	Liquidity risk	**Possible**	**Low**	↗
	Interest and exchange rate risks	**Unlikely**	**Low**	→

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

4.1 Macroeconomic, geopolitical and regulatory risks

4.1.1 Macroeconomic and geopolitical risks

Identification of the risk	Likelihood	Impact	Trend
The Group's business 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 economic conditions resulting from crises affecting capital or credit markets, liquidity constraints, regional or global recessions, sharp fluctuations in commodity prices (especially oil), currency exchange rates or interest rates, inflation or deflation, rating downgrades, restructuring or defaults of sovereign or private debt, or geopolitical events (including acts of terrorism and military conflicts). Such events, which can develop quickly and have effects that 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 could 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, impairment of assets 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 which began in February 2022 led to escalating tensions between Russia on the one hand and Western countries on the other. Severe international sanctions implemented by Western countries against Russian legal entities and individuals with close ties to the government could have a strong impact on the Russian economy, on the conduct of business by local companies, and a rise in company defaults. Conversely, Russia's counter-sanctions or retaliatory measures against foreign entities could impair the Group's ability to operate locally. In May 2022, Russia issued new legislation which outlines temporary restrictions and a special procedure for the payment of dividends by Russian limited liability companies to their foreign shareholders connected with "unfriendly states". The payment of dividends is subject to prior authorisation from the Central Bank of Russia or the Ministry of Finance. More generally, international sanctions could also affect the global economy and contribute to inflation and scarcity of goods, due to Russia's importance as a supplier of natural resources.

In Ukraine, where it had approximately 4,500 vehicles under lease at 31 December 2022 (down from a funded fleet of approximately 5,000 vehicles at 31 December 2021), ALD has taken measures to support its employees as much as possible, accompany its clients and secure its assets. As at end 2022, approximately 150 vehicles either have been or are at risk of being damaged or located in the occupied territories, while the vast majority of the fleet remains operational. As a result, the Group has recorded a provision of EUR 4.9 million in its books (including EUR 3.6 million provision recorded in Leasing contract margin) at 31 December 2022, based on the local management's assessment of expected losses as well as potential customer credit loss. Taking into account this provision, ALD Ukraine's total assets amounted to EUR 67.6 million at 31 December 2022, compared with EUR 70.6 million at 31 December 2021.

ALD's entities in Russia (including the branch in Kazakhstan) and Belarus operated approximately 14,600 funded fleet at the end of 2022, down from approximately 20,300 vehicles at 31 December 2021. In these countries, ALD strictly complies with the regulations in force and diligently implements the necessary measures to apply international sanctions as soon as they are published. ALD had announced on 11 April 2022 that it would no longer conduct any new commercial transactions in these countries. The Group is engaged in a process to sell the Russian and Belarus entities. Completion of such process would be subject to approvals from the relevant local regulatory authorities. As a result of these entities' classification as held for sale in the consolidated financial statements for the financial year ended 31 December 2022, the Group booked an impairment of EUR -50.6 million in its 2022 income statement. Total net assets directly associated with these entities amounted to EUR 136.0 million at 31 December 2022. Accounting treatment and potential impacts to the financial statements until the closing of the disposal of these entities are described in Section 6.2 note 8, Assets-held-for-sale (disposal groups) of this Universal Registration Document.

4

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 and seeks to reduce its exposure.

4.1.2 COVID-19 pandemic

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

The COVID-19 pandemic and the remediation actions taken in response (border closures in 2020, lockdowns, restrictions on certain economic activities, etc.) had a significant direct and indirect impact on the global economic situation and financial markets. Economies receded sharply while financial markets have fallen rapidly, with volatility reaching all-time highs. Since then, the large-scale vaccination of populations allowed borders and economies to reopen and get back to normal. In 2022, the public health situation further significantly improved around the world, with China eventually reopening, although the risk of new variants and outbreaks persists and must be monitored at all times.

While the exceptional economic support measures taken by governments and central banks in the many jurisdictions in which the Group operates have ended, they contributed to maintain a benign economic environment, with moderate default rates in 2022.

As a result of the supply chain disruptions observed since the COVID-19 pandemic, delivery times for new vehicles remained longer than usual, holding back the growth of the Group's fleet, despite strong commercial momentum. Conversely, the shortage of new cars supported the demand for used vehicles, which resale prices reached record levels in 2022. This exceptional favourable situation is expected to fade gradually, as the Group anticipates that the new car market will normalise towards the end of 2023.

Public health risks are being managed prudently to ensure that employees are safe and business continues.

ALD is applying the measures recommended by governments in the countries where the Group operates. Specifically, ALD has put in place appropriate measures to expand work from home opportunities and thereby protect its employees while continuing to support its customers in the event of an increase in the health risk.

4.1.3 Regulatory risk

Identification of the risk	Likelihood	Impact	Trend
New regulatory status entails significant requirements to comply with, while changes in the regulatory framework to which the Group is subject by virtue of its status could have a negative impact on its business, financial situation, costs and the financial and economic environment in which it operates.	Likely	Medium	↗

Upon completion of the acquisition of LeasePlan, ALD will become a regulated entity with the status of Financial Holding Company ("**FHC**"). As such, the Group shall endeavour to comply with all legal obligations associated with this status, in particular those described by the Order of the Minister of Finance and Public Accounts of the French Republic of 3 November 2014 relating to the internal control of companies in the banking, payment and investment services sector subject to the supervision of the Autorité de contrôle prudentiel et de résolution ("**ACPR**"). From a prudential point of view, ALD will also become a "significant" financial institution, which implies that it will be directly supervised by the European Central Bank, but also by the Banque de France *via* the ACPR, in their respective areas of competence. In addition, the Group will have to comply with certain obligations, including communication and reporting requirements as well as capital, liquidity and other requirements, to which it is not subject prior to acquiring its status as a regulated entity. As a result, if the Group is unable to comply with all the obligations incumbent on it as a result of its change in status, or if its supervisor deems the measures taken to comply with them to be insufficient, this could result in the need for the Group to mobilize human, material and financial resources to implement remediation plans to bridge the gaps, or to the obligation for the Group to increase its capital reserves, or, in case of repeated failure to comply with requirements, to the imposition of administrative and / or financial penalties by the supervision authorities.

Concurrently to its application to become a FHC, the Group has deployed efforts to significantly strengthen its governance and risk management policies and systems.

The Group benefits from the support and expertise of the Societe Generale group in the deployment of methodologies, policies and systems to meet the regulatory requirements associated with the status of a significant financial institution under the direct supervision of the European Central Bank.

4.2 Risks specific to activity

4.2.1 Risks related 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	High	→

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 747.7 million in 2022, compared to EUR 437.7 million and EUR 61.1 million for financial years ended 31 December 2021 and 2020, respectively.

As a result of exceptionally high used car prices in 2022 and of anticipations that the situation will continue as the new car market would normalise only gradually towards the end of 2023, the Group changed the depreciation curve of its rental fleet. Depreciation has thus been adjusted or stopped for those vehicles whose sales proceeds are forecasted to be in excess of their net book value. This resulted in the reduction in depreciation costs, equalling the difference between the contractual amortisation costs and the revised amortisation cost. Such reduction anticipates in the Leasing contract margin part of Used Car Sales results which would otherwise be recorded later. Consequently, the Group recorded a net positive impact of EUR 350.3 million on its Leasing contract margin in 2022 which, netted off its negative impact on Used Car Sales results (EUR -111 million, resulting from the earlier recognition of profit in Leasing contract margin) was EUR +239.4 million over the full year.

As long as used car sales proceeds will be forecast to be in excess of their net book value and the discrepancy is deemed material, the Group will continue reducing depreciation costs, which will decrease future Used Car Sales results.

Although economies recovered strongly from the initial effects of the pandemic, continued disruptions in supply chains have not allowed OEMs to return to pre-pandemic production levels. The global deficit in the supply of new cars resulted in a sharp increase in their selling price as well as an increase in demand for used vehicles, pushing resale prices to record levels in 2022. ALD expects this exceptional situation will fade away as the new car market would gradually normalise towards the end of 2023.

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 and new vehicle prices. If resale prices on used vehicles decline, the Group could face a reduction in its resale performance, or even record a loss, which could have a material negative impact on the Group's operations, earnings, financial situation and/or capacity to achieve its targets.

Since CO_2 emission reduction targets (imposed on car manufacturers) came into effect in 2020 and following an underlying trend reinforced by the European Union's ban on the sale of new thermal cars from 2035, growth in EVs [1] sales has continued to accelerate in 2022, mainly in Western Europe. The automotive sector, and EVs in particular, have been affected by the continuing crisis in the semiconductor industry and the war in Ukraine, which has put pressure on the entire production chain. This has led to longer delivery times, as manufacturers have prioritised the most profitable customer segments. In addition, some countries have begun to reduce government support for the development of electric mobility (e.g. tax incentives), particularly for the corporate segment, and plug-in hybrids. This context and/or further economic and political developments in relation to EVs could have a material negative impact on the Group's operations, earnings, financial situation and/or capacity to achieve its targets.

As of 31 December 2022, EVs represented nearly 15% of ALD's financed fleet in its 7 main European markets, all vehicle types combined.

Residual value risk is managed according to a central policy which defines the procedure for setting and reviewing residual values.

The Group policy on residual value risk aims to monitor used car market trends and adapt the Company's pricing and financial policy.

The procedure for setting 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. ALD's central pricing team then 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 multi-cycle lease offering, which reduces the residual value risk as the latter is significantly lower at the end of a second contract. To further reduce this risk, ALD may take steps to encourage customers to extend their lease.

The Group also aims to monitor residual values for EVs, 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. 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 since 2020 a dedicated working team to determine 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.

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

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

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. Conversely, the rate of depreciation is reduced, or even stopped, in the event of a significant net gain on the portfolio.

4

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

4.2.2 Risks related 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.	Likely	Medium	↗

Maintenance risk is the risk when 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 back test the pricing assumptions in terms of costs and frequencies and to make the necessary adjustments if maintenance and tyre costs are higher in the latter part than in the first part of a contract's life.

Factors which can increase costs:

- extension of maintenance to services not initially included;
- maintenance frequency higher than initial assumptions (poor evaluation, type of usage by 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.

General inflation, the rise in energy prices as well as supply chain disruptions have a negative impact on maintenance costs, in particular through labour costs and spare parts and tyres prices. Historically, most of the Group's leases are on a fixed-fee basis based on a set of assumptions about costs and inflation (which may turn out to be lower than the levels now being seen during unforeseen periods of high inflation), the Group may not be able to pass on the increased prices to its existing customers, which may result in reduced margins or losses on the leasing contracts in question. While the Group's margins have not been adversely impacted in 2022, shall the current inflationary trends continue beyond the level the Group is able to pass on to its customers, the Group may not be able to recover the unbudgeted costs, which would negatively impact its operations, results, financial situation and/or capacity to achieve its targets.

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 a long history of maintenance cost trends for most makes and models offered for lease.

The possible increase in inflation is embedded in the pricing parameters for ALD's service offerings.

The evolution of inflation and its future evolution outlook are part of the Group monitoring system, in order to adapt the price of services invoiced under its new contracts.

The evolution of inflation beyond a certain threshold is one of the parameters included in the lease contracts of certain countries where significant inflation is recurrent. This mechanism allows, subject to commercial considerations, the adjustment of the price of services billed to clients during the term of their contracts.

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 Group's total fleet (including private lease contracts) at 31 December 2022.

Cancellation is possible under certain circumstances (with notice), for example when a carmaker decides to bring its rental offering in-house.

Identification of the risk	Likelihood	Impact	Trend
Car manufacturers provide 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. Moreover, in the event of material defaults or malfunctions, the Group's vehicles and their components and equipment could be recalled by manufacturers, which would negatively impact its activity, and could have a material negative impact on the Group's operations, earnings, financial situation and/or capacity to achieve its targets.

The supply chain disruptions observed since the COVID-19 pandemic continued in 2022, impacting new vehicle deliveries by car manufacturers.

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 entered into any partnership for the distribution of its products with a car manufacturer or bank (or other type of intermediary) that individually represented more than 8% of the total Group fleet at 31 December 2022.

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

At 31 December 2022, the Group's top three suppliers were Ford, Renault and Peugeot (with no brand representing more than 14% of the Group's vehicles on the balance sheet).

The hidden defects warranty is one of the items negotiated with the customers and suppliers.

As a leasing company, the Group does not guarantee and, in most regulatory environments in which it operates, 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 (by providing 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 reinvoice associated costs to the respective manufacturers and provide replacement vehicles on a best effort basis.

The Group has been proactive in addressing shortages of new vehicles.

In an attempt to secure its supply of new vehicles, ALD increased its bulk purchases and anticipated client orders, leveraging its strong and long-standing partnerships with car manufacturers.

4.3 Strategic risks

4.3.1 Risks related to acquisitions

Identification of the risk	Likelihood	Impact	Trend
The Group could encounter difficulties in executing announced acquisitions and generating the expected benefits and synergies. The integration of newly acquired companies may also divert management from existing operations	Likely	High	→

On 22 April 2022, ALD signed a Framework Agreement, amended on 28 March 2023 and referred to as the "Framework Agreement" for the acquisition of LeasePlan. The transaction is expected to close in on 28 April 2023, subject notably to remaining regulatory approvals and the completion of standard closing conditions precedent. This acquisition is subject to substantial risks and uncertainties, including those described below. Should these risks materialise, they could have a material adverse effect on the Group and its activities, financial situation, operating results or outlook.

Risk of not achieving synergies and other benefits expected from the acquisition

The success of the acquisition will depend on the effective realisation of the anticipated synergies and economies of scale, as well as on the Group's ability to maintain LeasePlan's development potential and to effectively integrate LeasePlan into the Group. The integration process relating to LeasePlan will be long and complex and involves inherent risks, costs and uncertainties. The synergies and other benefits that the acquisition is expected to generate (including growth opportunities, cost savings, increased revenues and profits) are particularly dependent on the quick and efficient coordination of the Group's and LeasePlan's activities (operations, technical and informational systems), as well as on the ability to maintain LeasePlan's customer base and effectively capitalise on the expertise of the two groups in order to optimise development efforts.

The Group could face significant difficulties in implementing the integration plan, some of which may have been unforeseeable or are outside of the Group's control, notably with respect to differences in standards, controls, procedures and rules, corporate culture, organisation and the need to integrate and harmonise the various operating systems and procedures that are specific to each group, such as financial and accounting systems and other IT systems.

Beyond the expected evolution of LeasePlan's human resources, the Group may face difficulties in retaining some of its own or LeasePlan's key employees due to uncertainties about or dissatisfaction with their new roles in the integrated organisation following the acquisition. As part of the integration process, the Group will have to address issues inherent to the management and integration of a greater number of employees with distinct backgrounds, profiles, compensation structures and cultures, which could lead to disruption in its ability to run its operations as intended and therefore adversely affect its ability to meet its objectives.

Completion of the acquisition has already required and will continue to require, and the successful integration of LeasePlan will require, a significant amount of management time and, thus, may impair management's ability to run the business effectively and to seize strategic opportunities during the integration period.

Any difficulties, failures, material delays or unexpected costs of the integration process that might be encountered in the integration of LeasePlan could result in higher implementation costs and/or lower benefits, synergies or revenue than anticipated, which could have a material adverse effect on the activities, results and financial condition of the Group and/or on the Group's ability to meet its objectives.

Completing the acquisition of LeasePlan is contingent on the satisfaction of several conditions precedent, and a delay or failure to meet these conditions precedent could have a material adverse effect on the planned acquisition and the Group, entail a negative reaction in the financial markets and a negative effect on ALD's share price

Pursuant to the terms of the Framework Agreement, the acquisition is contingent on receiving various regulatory and antitrust approvals and on fulfilling several conditions precedents and preliminary operations customary for this type of transaction [1]. The Group cannot be certain that all regulatory and antitrust approvals will be received and that all conditions precedent will be satisfied. The absence of, delay in, or submission to conditions or obligations that impede the satisfaction of any of the conditions precedent could result in a failure to complete the acquisition or adversely affect the acquisition.

The non-completion of the transaction or an adverse impact on the transaction may entail a negative reaction in the financial markets, and in particular a negative effect on ALD's share price. The Group may also experience negative reactions from suppliers and/or customers and potentially face losses of suppliers and/or customers. In addition, the Group could be subject to litigation resulting from any failure to complete the acquisition. The Group's management and teams will have allocated significant time and resources to issues relating to the acquisition that could otherwise have been allocated to day-to-day operations and other opportunities from which ALD could have benefited. In particular, the Group has incurred transaction and integration costs [2] in an amount of EUR 128 million in 2022 and expects to incur additional costs in the range of EUR 150 million to EUR 180 million in 2023.

The Framework Agreement may be amended before completion of the acquisition

The acquisition is expected to be consummated in accordance with the terms of the Framework Agreement which has been slightly amended and may be further amended at any time by the parties thereto before the completion of the acquisition. Any material amendment made to the Framework Agreement may have an impact on the Group's business, financial position, results, prospects, and share price.

1) See closing conditions in Section 2.1.2.2,Key strategic initiatives and operational developments, of this Universal Registration Document.

2) The transaction and integration costs include the aggregate amount of all external fees, costs, and expenses incurred by the Group in connection with the acquisition (including the fees and expenses of its financial, legal, and accounting advisors, communication expenses, and expenses relating to the financing of the acquisition, including the expenses related to the capital increase, as well as the preparation of the integration of LeasePlan).

The Group's due diligence in connection with the acquisition may not have revealed all relevant considerations or liabilities of LeasePlan

The Group conducted due diligence on LeasePlan to identify facts that it considered relevant to evaluate the acquisition, including the determination of the price that the Group has agreed to pay, and to formulate a business strategy. However, the information provided to the Group and its advisors during the due diligence process may be incomplete, inadequate or inaccurate. If the due diligence investigations failed to correctly identify material issues and liabilities that may be present in LeasePlan, some of which may not be covered by the contractually negotiated warranty or insurance policies, or if the Group did not correctly evaluate the materiality of some of the risks, the Group may be subject to significant, previously undisclosed liabilities of the acquired business and/or subsequently incur impairment charges (including asset depreciations) and/or other losses. If these events were to occur, the Group may be exposed to lower operational performance than what was originally expected or additional difficulties with respect to the integration plan, which could have a material adverse effect on the activities, results and financial condition of the Group and/or on the Group's ability to meet its objectives.

ALD does not currently control LeasePlan and will not control LeasePlan until completion of the acquisition

LeasePlan is currently controlled by its existing shareholders. The Group will not obtain control of LeasePlan until the completion of the acquisition. Despite LeasePlan undertaking in the Framework Agreement that it shall carry on its business as a going concern and in the ordinary course of business until the completion of the acquisition, the existing shareholders may operate the business of LeasePlan during the transition period differently as compared to what the Group would have done, had the acquisition already been completed.

In addition, information relating to LeasePlan, its activities, financial results and markets included in this Universal Registration Document is based on public information or information provided by LeasePlan in the course of the acquisition process. In particular, the financial information related to LeasePlan for the financial years ended 31 December 2021 and 2022 included in this Universal Registration Document has been extracted or is derived from the 2022 audited consolidated financial statements of LeasePlan Corporation N.V. and LP Group B.V. prepared by LeasePlan only, in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. Any inaccuracy may affect the information that is or that will subsequently be prepared and published by the Group, and in particular the unaudited *pro forma* consolidated financial information.

Until completion of the acquisition of LeasePlan, the uncertainty of the acquisition may have a negative impact on the relationship with the stakeholders of the Group

During the transition period between the signing of the Framework Agreement and the completion of the acquisition, the Group's activities may be subject to significant uncertainty that could have a negative effect on relationships with certain customers, strategic partners, and employees of both the Group and LeasePlan. Some strategic partners, suppliers, or customers may decide to delay operational or strategic decisions pending greater certainty as to whether the acquisition will be completed. The acquisition could have a negative effect on the Group's and/or LeasePlan's relations with their customers and employees. Such negative effects on the companies' relationships could have a negative impact on the Group's revenue, profits, cash flows from operating activities, and share price.

The Group's unaudited *pro forma* consolidated financial information may not be representative of the Group's results once the acquisition is complete

This Universal Registration Document contains unaudited *pro forma* consolidated financial information to reflect the acquisition as if it had taken place on (i) 1 January 2022 for the unaudited *pro forma* consolidated income statement for the financial year ended 31 December 2022 and (ii) 31 December 2022 for the unaudited *pro forma* consolidated balance sheet as at 31 December 2022, prepared on the basis of the IFRS audited consolidated financial statements for the financial year ended 31 December 2022 of each of the Group and LP Group B.V. The unaudited *pro forma* consolidated financial information for the financial year ended 31 December 2022 was prepared in accordance with Annex 20 of Delegated Regulation 2019/980 supplementing European Regulation 2017/1129 and by applying the recommendations issued by ESMA (ESMA32-382-1138 of 4 March 2021) and the provisions of AMF Position-Recommendation 2021-02 on *pro forma* financial information. Detailed information on the basis of preparation is provided in Section 6.7 ,Unaudited *pro forma* consolidated financial information, of this Universal Registration Document.

The unaudited *pro forma* consolidated financial information is based on preliminary estimates and assumptions that the Group believes to be reasonable and is being furnished solely for illustrative purposes. The estimates and assumptions used to establish the unaudited *pro forma* consolidated financial information, set out in this Universal Registration Document, may be materially different from the combined group's actual or future results. Consequently, the unaudited *pro forma* consolidated financial information included in this Universal Registration Document does not purport to indicate the results that would have actually been achieved, had the transactions effectively been completed on the assumed date or for the periods presented, or which may be realised in the future, nor does the unaudited *pro forma* consolidated financial information give effect to any events other than those discussed in the unaudited *pro forma* consolidated financial information and related notes.

Furthermore, there may be differences between the accounting methods used by LeasePlan and those used by the Group. The Group and LeasePlan may not have been able to share all of the relevant information necessary to make reliable estimates and the Group may not have been able to identify, estimate, and record all of the relevant adjustments to prepare the unaudited *pro forma* consolidated financial information.

As a result, investors should not place undue reliance on the unaudited *pro forma* consolidated financial information presented in this Universal Registration Document, which, beyond its illustrative nature, may not accurately reflect the current or future performance of the combined group.

The Group may incur substantial transaction and integration costs in connection with the acquisition

The aggregate amount of all external fees, costs, and expenses incurred by the Group in connection with the acquisition (including the fees and expenses of its financial, legal, and accounting advisors, communication expenses, and expenses relating to the financing of the acquisition as well as the preparation of the integration of LeasePlan) amounted to EUR 128 million over the full year 2022. The Group expects additional costs in the range of EUR 150 million to EUR 180 million in 2023 and the cumulative amount would reach EUR 475 million over the 2022-2025 period. However, this estimate could prove to be inaccurate and the aggregate amount of all external fees, costs and expenses incurred by the Group could prove to be higher, which could have an adverse impact on the Group's business, financial position and results.

Risks relating to future sales or transfers of ALD's shares by its principal shareholders after the end of their respective lock-up period

Societe Generale, TDR and ATP will hold 52.59%, 12.21% and 2.73%, respectively, i.e., a total of 67.53% of ALD's share capital following the completion of the acquisition, and 66.94% of the share capital of the Company in case of full exercise of the warrants [(1)].

Pursuant to the shareholders' agreement expected to be entered into between Societe Generale and certain LeasePlan's selling shareholders acting in concert in the context of the acquisition (TDR, ATP and Lincoln), (i) Societe Generale will commit to a 40-month lock-up period as from the date of completion of the acquisition and (ii) each of ATP, Lincoln and TDR will commit to a 12-month lock-up period as from the date of completion of the acquisition, it being specified that the other existing shareholders of Lincoln will also be bound by a 12-month lock-up undertaking pursuant to a separate lock-up agreement, in each case with respect to all shares held in ALD and subject to certain customary exceptions. As from the expiry of the lock-up undertakings of Societe Generale (40 months), of ATP, Lincoln and TDR (12 months), and of the other LeasePlan selling shareholders (12 months) following the completion of the acquisition, there will no longer be a general lock-up of their respective ALD shares but dispositions of shares will be subject to limitations to provide for a potential gradual exit of these shareholders. At the end of the lock-up period, ATP, Lincoln and TDR will have the option to transfer up to 50% of their respective ALD shares within 12 months following the expiration of this period. In the event that they do not make use of this option or make only partial use of it, they may each sell up to 66.67% of their respective ALD shares in the subsequent 12-month period, and so on, in any event within a limit of 66.67% of their respective ALD shares per year.

If any of Societe Generale, TDR, ATP and/or Lincoln were to decide to sell or transfer, directly or indirectly, all or part of their shareholding on the market at the expiration of their respective lock-up period, or if such a sale or transfer is perceived as imminent or probable, the market price of ALD's shares may be significantly and negatively affected.

Tax risks related to the acquisition and the implementation of the prior or subsequent reorganisation transactions

The completion of the acquisition and the implementation of the prior or subsequent reorganisation transactions could result in adverse tax consequences (tax costs, loss of tax attributes, etc.).

More generally, the organisation of the Group following the completion of the acquisition and the reorganisation operations that may be implemented in order to streamline the organisation of the combined group and facilitate the combination of the activities of the Group and LeasePlan may give rise to tax inefficiencies and/or additional tax costs (for example, tax costs related to the reorganisations that would be implemented in order to facilitate the integration, the inability to implement or delay in implementing local tax consolidations between the Group and LeasePlan entities in certain countries, transfer pricing policies, etc.). These various factors could lead to an increase in the Group's tax expenses and have a material adverse effect on its effective tax rate, its results, and/or its financial position.

As at the date of this Universal Registration Document, the structuring and valuation work relating to the reorganisation transactions that could be implemented in the context of the integration are still in progress, and given the limited information to which the Group has had access, the Group is not yet in a position to quantify precisely the tax implications.

The acquisition could also result in the loss of tax credits or the benefits of tax consolidation agreements, which could increase the tax expense or lead to the impairment of deferred tax assets and consequently impact the combined group's net income and financial position.

In addition, the tax treatments or regimes applicable to past or future reorganisations involving the companies of the Group and the LeasePlan group are likely to be interpreted by the competent French or foreign authorities in a manner that differs from the assumptions used by the two groups to structure the transactions. The Group is therefore not in a position to guarantee that the relevant tax authorities will agree with the interpretation of the legislation adopted or that may be adopted in the various jurisdictions concerned or with the quantification of the resulting tax consequences.

1) Assuming shareholders of Lincoln, including MIP, will receive such number of shares and of warrants pro rata to their estimated shareholding in Lincoln and subject to the number of the newly issued ALD shares issued upon closing retained by Lincoln, such number being determined immediately prior to closing.

Risk of activating change of control clauses

In its ordinary course of business, LeasePlan is a party to joint ventures, supply contracts and other instruments some of which contain change of control clauses or similar provisions. Although LeasePlan has undertaken in the Framework Agreement to use its reasonable endeavours to obtain as soon as practicable, and in any event prior to the completion of the acquisition, an unconditional waiver to any change of control provision or other similar provisions granting a counterparty termination rights that may be triggered by the completion of the acquisition with respect to 6 material financing, licensing or partnership/commercial agreements identified in the Framework Agreement, and to comply with any notification obligation under certain other agreements listed therein, the completion in full of such actions prior to the closing of the acquisition does not constitute a condition precedent under the Framework Agreement.

Following the acquisition, and despite S&P and Fitch having placed the long-term debt ratings of LeasePlan and ALD on CreditWatch positive, and Moody's having upgraded the outlook on the long-term debt of LeasePlan to positive from stable, LeasePlan could therefore lose the benefit of some of the contracts mentioned above, or any other contracts containing change of control clauses or similar provisions, if the concerned counterparties were to terminate them or negotiate more onerous financial terms in order to grant their consent. This could have a material adverse effect on the activities, results and financial condition of the Group and/or on the Group's ability to meet its objectives.

More generally, the Group expects that waivers will be granted by LeasePlan's creditors as their situation would be improved thanks to the Acquisition. Indeed, following the announcement of the contemplated acquisition of LeasePlan in January 2022, S&P and Fitch placed the long-term debt ratings of LeasePlan and ALD, both of which are rated by S&P BBB and by Fitch BBB+, on CreditWatch positive, while Moody's upgraded the outlook on the long-term debt of LeasePlan to positive, from stable.

The acquisition risk is managed upstream by conducting advanced due diligence, if possible, during the acquisition process.

The Group conducts analyses of the proposed targets as part of due diligence. These analyses are carried out by expert teams in the field of mergers and acquisitions who are highly experienced both in the mobility industry and internationally.

Dedicated teams are in charge of efficiently and quickly integrating the acquired entities.

The Group has set up a dedicated department with substantial resources to prepare for the integration of the acquired LeasePlan companies and thus be ready to conduct an efficient and rapid integration, with a view to generating the potential synergies identified, while controlling integration costs, within the target timeframe.

The target system for managing all risks described in this chapter across the post-acquisition scope will be deployed in compliance with ALD Group and Societe Generale standards.

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	High	→

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. In particular, the importance of car manufacturers' captives 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. 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 (including advice on a carbon emissions reduction strategy, flexible leasing terms, 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	↗

Credit risk is the risk of loss resulting from the inability of the Group's customers or contractual counterparties 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's 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' ability to make scheduled payments. For instance, during the global economic crisis in 2008-2009, the Group briefly experienced moderately higher default rates from businesses. Since 2011, the Cost of risk [(1)] has remained below 25 basis points. As a result of the coronavirus crisis, the Cost of risk stood at an exceptional 34 basis points in 2020 (including seven basis points of provision based on forward-looking economic data). In 2022, the Cost of risk stood at a moderate 20 basis points level, although up from the exceptionally low level of 11 basis points in 2021. While the Cost of risk remained moderate in 2022, the current macroeconomic environment, successive interest rates hikes in a relatively short period of time and resulting threat of recession could increase the Group's credit risk in the short or medium term.

At 31 December 2022, Group receivables with customers and financial institutions totalled EUR 3,157.9 million. The increase compared to the previous year (EUR 1,858.2 million in 2021) is due to the Group's placement of the December 2022 EUR 1.2 billion rights issue proceeds with Societe Generale, until the LeasePlan acquisition price is paid at closing. At 31 December 2022, the Group had set aside provisions of EUR 174.6 million for impairment of trade receivables. In 2021, forward-looking provisions based on forward-looking economic data (anticipating the future economic impact of COVID-19 and the end of government support to businesses) amounted to EUR 9.2 million. At 31 December 2022, forward-looking provisions for uncertainties in the macroeconomic environment were EUR 10.8 million (see section 6.2 note 4 "Financial risk management" of this Universal Registration Document).

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 (see Section 6.2 "Notes to consolidated financial statements" note 4 "Financial risk management" §4.1.1 "Credit risk").

ALD entities must respect central risk management procedures. Societe Generale's Risk Department is closely involved with monitoring Group risks and 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 creditworthiness of the counterparties. Applications for large amounts are reviewed by Societe Generale's risk teams.

For companies, the Group assesses and monitors the likelihood of default of each individual counterparty with the help of ratings models. At 31 December 2022, 62% 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 lease payments 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 of this Universal Registration Document).

4.5 Operational risks

4.5.1 IT risks

Identification of the risk	Likelihood	Impact	Trend
The Group can fail to ensure the proper functioning of its software, websites and mobile applications, or fail to adapt them to future technological developments.	Possible	High	↗

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 draws on the quality service from 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 technology could require significant expenditure to modify or upgrade the Group's information systems in order to remain competitive and handle market developments.

In addition, subsequent to the completion of the acquisition of LeasePlan, the Group may encounter difficulties in the process of consolidating the IT systems and infrastructures of the two companies, which may lead to costly and time-consuming integration efforts. This could result in significant costs, delays, disruptions, or limit the achievement of the synergies expected from the acquisition which could have a material adverse effect on the Group and its activities, financial situation, operating results or outlook.

The Group has set up an IT risk management framework that meets regulator expectations, 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 such information).

The risks that could impact the Group's ability to implement its strategy or achieve its objectives and performance are identified, assessed and managed in a measured, efficient and proactive manner by the IT Operational Risk Committee. This committee is made up of teams from the Risk, Compliance and Data Protection, IT Production, Operations and Security teams, and is chaired by the Group Chief Information Officer.

The main responsibilities of this committee are to:

- manage the IT risk management framework;
- review audit recommendations, compliance and business continuity requirements, and Service Level Agreements;
- track production incidents, security incidents, and permanent control alerts;
- supervise the 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 Chief Information Security Officer.

The Group has set up a dedicated department, called Integration Management Office ("IMO"), to prepare for the integration of LeasePlan and thus be ready to conduct an efficient and rapid integration as soon as the transaction is closed. The consolidation of the IT systems and infrastructures of ALD and LeasePlan is one of the key workstreams of the IMO.

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 information and communications systems are crucial to the conduct of its business – even more so as digital services and the digitalisation of processes becomes more widespread. Any breach of its own or its external partners' systems could materially disrupt the Group's business. Such incidents could incur significant costs for information recovery and verification; lost revenues; customer attrition; disputes with counterparties or customers; difficulty managing operations; information leaks, including sensitive business information, the value of its investments in its products or its research and development; the issue of its legal liability, and ultimately tarnish the Group's reputation. Difficulties with certain counterparties could also indirectly incur risks to the Group's credit and/or reputation.

The Group could suffer targeted, sophisticated attacks on its IT network, resulting in embezzlement, loss, theft or disclosure of confidential data or customer data (which could constitute violations of (EU) Regulation 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 incidents may result in operational losses and adverse effects on the Group’s business, results and client reputation.

The Group’s liability could include penalties imposed by the regulator (in Europe and in other countries where the Group operates), complaints from its business partners, identity theft or other similar fraud claims as well as for other misuses of personal information, including unauthorised marketing purposes, and any of these claims could result in litigation.

The situation generated by the conflict in Ukraine in 2022 significantly increases the risk of cyberattacks for the Group and its external partners, which could disrupt websites and increase the risk of data leaks. With this in mind, the Group has taken the necessary measures to handle the growing threats and protect its systems.

Security governance organised around a Global Chief Information Security Officer.

The latter supervises the various security managers and 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 guard against these risks in a way that 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. Employees are at the core of the Group’s business and are a preferred target for social engineering (phishing, fraud against the Chair, etc.).

4.5.2 Legal, fiscal and compliance risks

The Group complies with numerous national sectoral/cross-cutting laws and regulations on credit transactions, insurance product distribution, competition law, the financial markets, compliance with sanctions and embargoes, counter-terrorist financing, anti-money laundering, anti-corruption, personal data protection and consumers’ rights. The proliferation of sources for legal, regulatory and tax obligations is a risk in terms of the control and clarity of the legal framework applicable to the Group’s business activities.

Identification of the risk	Likelihood	Impact	Trend
The Group could be subject to litigation or administrative and/or legal proceedings as well as sanctions for failure to comply with regulations that could harm its interests.	Possible	Medium	→

If the Group were unable to comply with its contractual obligations due to provisions being deemed unenforceable or invalid, this could incur 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 programme, its commercial practices and in general lead to increased costs related to its internal organisation.

If the Group's entities fail to comply with regulations on anti-corruption, anti-money laundering or compliance with sanctions and embargoes, the Group could be subject to financial, administrative or criminal sanctions.

Ongoing litigation

Since 2011, ALD India has been in involved in litigation with the Indian tax administration over the application of service tax for the period of March 2006-June 2017 on leasing contract payments. Whereas the local administration considers this tax to be applicable in that the Full Service Leasing and Fleet Management services 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 recorded for this dispute. ALD paid 7.5% of the total costs as an advance tax and filed an appeal with the service tax tribunal. The hearing for the period of March 2006-March 2015 is scheduled for 4 May 2023. In a similar dispute, the tribunal ruled in favour of competitors Arval (a BNP subsidiary) and Orix India (an Orix Japan subsidiary).

ALD Italy is involved in a tax dispute with the Lazio region (Rome) concerning its payment of road/traffic taxes in the Trento region, a widespread standard practice in the car leasing industry, instead of Rome, where its headquarters are located, resulting in an estimated loss of tax revenue for the Lazio region from 2016 to 2017. In October 2022, a decision handed down by the higher tax court of Rome ruled in favour of ALD Italy. The amount of the provision has not been reversed because the Lazio region may still appeal this decision. At the same time, on 22 January 2021, ALD Italy received another notice from the tax authorities regarding financial year 2018, for which the first hearing has not yet been set. Overall, even though it is unlikely that ALD Italy will be held liable, the total risk of loss cannot be ruled out. A total provision of approximately EUR 20 million for the 2016-2019 period has been booked and equals 50% of the difference between the amounts of the road tax paid to the Trento region and the amounts claimed by the Lazio region.

In 2017, ALD Spain initiated a dispute following a tax adjustment in respect of financial years 2011 to 2014 relating to income tax, withholding tax and VAT, for which a provision totalling EUR 2.4 million was booked at 31 December 2016. This tax adjustment is under dispute. Proceedings are ongoing before the administrative courts. The tax administration's cancellation of several penalties led to the provisioned amount being adjusted by EUR 2.1 million. In addition, a tax audit from the Spanish tax authorities has been opened since 2019 for financial years 2015 to 2017 which resulted in the booking of a provision of EUR 8.6 million for 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 the financial years 2018 to 2021 for a total of EUR 18.5 million. However, no notifications have been received and no disputes are currently pending related to the 2018-2021 period.

ALD Brazil is currently involved in two disputes with the Brazilian tax authorities over the application of vehicle resale tax (known as "PIS and COFINS taxes") and the calculation methods to be used for the application of tax credits ("IPVA"). The PIS and COFINS case, which covers the 2014 and 2018 fiscal years, exposes ALD Brazil to adjustments of EUR 4.7 million and EUR 8.3 million, respectively. An independent technical opinion supplied by tax experts and professors on the Brazilian subsidiary's claim concluded that there seem to be no legitimate grounds for the request for collection of PIS and COFINS on the revenues from used vehicle sales.

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 the instructions relating to legal affairs. In addition, Societe Generale provides certain services on behalf of ALD's Legal Department, such as the supervision of activities related to the Group's corporate life.

The Group's central policies comply with Societe Generale's requirements and those of regulations, particularly with regard to combating bribery, anti-money laundering and counter-terrorist financing, and compliance with provisions related to sanctions and embargoes.

The Group's policies 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 to which the Group is exposed.

Group employees regularly receive compliance training

These trainings increase employees' awareness of risk.

In addition, ALD's Compliance Department coordinates and leads a network of correspondents located in the subsidiaries, on which it relies to apply the policies defined by the Group and report any potential compliance incident.

4.5.3 Climate, environmental and social risks

Identification of the risk	Likelihood	Impact	Trend
The Group's business could have adverse impacts on the climate, the environment and society, or may be impacted by climate, environmental, or societal change.	Likely	Medium	↗

The Group's sustainable development policy is set out in Chapter 5 "Declaration of extra-financial performance" of this Universal Registration Document. Detailed and prioritised mapping of ESG (environmental, social and governance) risks is presented in Section 5.1 of this Universal Registration Document, along with the policies established to limit the most significant risks.

For ALD's operations, the biggest challenge in terms of materiality is climate: road transport is responsible for 20% of emissions in the EU, of which the vast majority (16%) is tied to the types of vehicles financed by ALD (passenger cars and LCVs). 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 is in pollution from nitrogen oxide (NOx) emissions and fine particulates during the vehicle use phase, especially for diesel engines – entailing major public health issues.

Additionally, climate change may have impacts on the Group's assets (vehicles and buildings) as detailed in section 5.8 "European taxonomy", paragraph on "Adaptation to climate change" of this Universal Registration Document.

To limit the risks or maximise the positive impact of its business activity, ALD is working on both reducing exposure to internal combustion vehicles (especially diesel) and creating the conditions required for greater adoption of EVs, two projects that are already well underway (see Section 5.2 "Sustainable mobility at the heart of the business" of this Universal Registration Document).

Since auto leasing involves heavier use than average, the sector has always been very focused on diesel technology. In this context, ALD implemented a series of proactive measures in 2017 to accelerate the transition of its fleet towards a more balanced mix. The share of diesel passenger vehicle deliveries fell from 68% in Q4 2017 to 21% in Q4 2022.

Given 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 the efforts made on the products/services offered and growing customer demand, places ALD far ahead of the market as a whole, both in terms of electrifying its fleet and reducing CO_2 emissions. Electric vehicles totalled 27% of new cars delivered in Europe in 2021 (*vs.* 23% for the market), already close to the 30% target in the Move 2025 plan.

The growing share of electric vehicles automatically results in lower emissions. CO_2 emissions from ALD deliveries are historically 5-10g/km lower than the market. It is also important to remember that inventory managed by ALD is much more recent than the average vehicle fleet (average age of two years *vs.* 11 years in Europe). Therefore, it 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", carpooling and soft mobility solutions are promoting new behaviours that are gradually moving away from the traditional one car per user paradigm.

4.6 Treasury risks

4.6.1 Liquidity risk

Identification of the risk	Likelihood	Impact	Trend
Inability to meet its financial commitments when they fall due.	Possible	Low	↗

The 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 and off-balance sheet positions according to their liquidity profile (see Chapter 6 note 4.1.2 "Treasury risk" of this Universal Registration Document).

To finance its expansion, the Group relies on Societe Generale, which will remain its primary lender once the acquisition of LeasePlan is completed, covering approximately 30% of its financing requirements (compared to 69% at 31 December 2022). In addition, ALD has access to the capital markets (bond issues and securitisations), where there is high demand for its issues, which allows it to raise liquidity on competitive terms. In the event of difficulties in accessing the capital markets on terms it considers acceptable, due to market conditions or factors specific to the Group, or if it experiences unforeseen liquidity outflows, its liquidity could be impaired.

After the acquisition of LeasePlan, which is expected to be completed on 28 April 2023, subject notably to remaining regulatory approvals and the completion of standard closing conditions, the Group will be controlling a deposit-taking financial institution, LeasePlan Corporation N.V. In the event of potential run-off of sight deposits and/or non-renewal of fixed-term deposits resulting from an acute stress on LeasePlan Corporation N.V., on ALD Group and/or on the banking sector more broadly, the Group may not be able to maintain a satisfactory level of deposits from its depositors, in which case it may have to resort to more expensive funding which could have a material adverse effect on its margins and results, or may not be able to meet its financial commitments as they fall due. Notwithstanding, LeasePlan Corporation N.V. is subject to liquidity regulatory requirements and as such, maintains a liquidity buffer and liquid reserves in the form of cash held at central bank to comply with these requirements.

The liquidity position is closely 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 for each entity are reviewed each month under the supervision of ALD Group's Central Treasury Department, which ensures that the debt is correctly backed by the leased assets. The 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 has diversified sources of financing.

At 31 December 2022, financing from Societe Generale accounted for 69% of the Group's total debt financing. After the closing of the LeasePlan acquisition, funding sources will be more diversified, with approximately 70% of external funding from bonds issuance, bank loans, securitisations and deposits from individuals in the Netherlands and Germany.

ALD is part of the Societe Generale group liquidity perimeter.

ALD is included in Societe Generale's liquidity perimeter. In the event of a market liquidity crisis preventing the Group to fund from external parties, the Group will have access to sufficient resources from Societe Generale to cover its liquidity needs under a stressed situation.

4.6.2 Interest and exchange rate risks

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	Low	→

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.

ALD Group is present in countries outside the Euro zone and is therefore exposed to foreign exchange risks related to inflows and outflows of cash from daily business activities as well as holdings 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 30 "Borrowings from financial institutions, bonds and notes issued" and concerning the Group's sensitivity to changes in interest rates, to Section 6.2 note 4 "Financial risk management" §4.1.2 "Treasury risk" of this Universal Registration Document.

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 Department 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 foreign exchange risk for each subsidiary by analysing all assets and liabilities arising from commercial operations and proprietary transactions. The 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 incorporated into the Group strategy

5.1.1 Main areas of CSR policy

The Move 2025 strategic plan places Corporate 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 section1.4.3 "Move for Good: placing people and corporate social responsibility at the heart of everything we do").

In practice, ALD's CSR policy is developed around four focus areas:

- promoting **sustainable mobility in customer solutions** (with electric vehicles at the heart of the system);
- being a **responsible and committed employer**, and developing human capital;
- **ethical and responsible business practices**, both in internal behaviours and with external stakeholders (environmental and social risk management, customer satisfaction, and responsible purchasing);
- reducing the Group's **internal environmental footprint** (its own emissions).

Our goal is to create added value for all our stakeholders and support society's positive transformations. As a major player in mobility and a service company, ALD's greatest environmental and social impact resides in the products and services sold, primarily through the emissions of vehicles managed on behalf of customers. This is why, the CSR policy is firmly rooted in the theme of sustainable mobility.

5.1.2 CSR governance and main commitments

The CSR policy is defined and coordinated by a dedicated 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 ensure the consistency and impact of the CSR setup across the various geographies. The **CSR community** was first built by appointing correspondents in the seven main European countries (France, Italy, Belgium, Spain, Germany, the Netherlands and United Kingdom), and gradually expanded throughout the ALD Group. More than 30 countries now have an identified CSR ambassador. This community is managed *via* quarterly calls and a range of internal communications channels.

A similar community of correspondents in ALD SA's various Operations Departments was also created in 2020.

The CSR policy and sustainable development results are regularly reported to ALD top management, namely the Executive Committee every two months, and the Management Committee. It is also the subject of an annual update with the Board of Directors.

ALD gives particular importance to **dialogue with internal and external stakeholders** on environmental and social issues. There are multiple external stakeholders:

- strategic suppliers (see section 5.4.3);
- customers, specifically large multinationals (see section 5.4.1);
- coalitions like ChargeUp Europe (see section 5.2.1.2);
- non-governmental organisations specialising in mobility;
- professional organisations (LeaseEurope and national equivalents);

Lastly, ALD's CSR setup is fully **integrated with that of Societe Generale**, in terms of process and strategy. In terms of process, this integration takes many forms:

- annual environmental reporting and associated methods (tools, emissions factors);
- business line animation (integration into Societe Generale's CSR committees);
- environmental and social risk management system (see section 5.4.2);
- participation in thematic working groups (including biodiversity, alignment of the automotive portfolio).

In substance, ALD steers its development according to the **values and principles set forth in the key agreements and international pacts** to which Societe Generale adheres:

- the Universal Declaration of Human Rights and its additional 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; and
- the United Nations Sustainable Development Goals (SDGs).

ALD is also a stakeholder in Societe Generale's **public environmental and social commitments**, specifically:

- 2003: joined the UN Global Compact, which urges companies to incorporate principles of human rights and working conditions;
- 2016: signed the Women's Empowerment Principles;
- 2016: signed the ILO "Business and Disability" Charter;
- 2018: supported the UN Guiding Principles against anti-LGBT+ discrimination;
- November 2019: signed the Responsible Digital Charter;

- 2019: renewed the Global Agreement on Fundamental Rights, with international trade union federation UNI Global Union;
- 2021: founding signatory to the Net Zero Banking Alliance (NZBA), a UNEP-FI initiative, for a commitment to align its portfolios with trajectories aimed at total carbon neutrality by 2050, with the target of limiting global warming to 1.5°C.

In terms of **climate commitments**, ALD publicly committed to the Science-Based Targets (SBTi) in November 2021 during COP26. This commitment will consist of reducing greenhouse gases across all scopes, according to a trajectory compatible with achieving the “net zero” target no later than 2050. The CO_2 reduction targets, announced as part of the Move 2025 Plan, cover carbon emissions linked to internal operations as defined in Sections 5.5.1 and 5.5.2 of this Universal Registration Document (-30% in 2025, and –50% in 2030 vs 2019), as well as emissions produced by vehicles leased to clients (Scope 3, -40% in 2025 vs 2019). These objectives were set in 2020 and are globally in line with the required trajectory. However, they will be reassessed, completed and reinforced when necessary, on scopes 1, 2 and 3.

SBTi must validate these targets within 24 months after the initial commitment. The work to build this trajectory will begin once the LeasePlan acquisition is finalised, as it makes sense for these commitments to relate to the new, combined entity.

Note that ALD is also the driving force behind the “Women in Fleet” movement launched at the Fleet Europe Summit in November 2022. Amid a largely male-dominated industry, this movement is designed to give visibility to women leading the industry and, more generally, make women’s voices heard.

5.1.3 New regulations

This Declaration of Extra-Financial Performance is established pursuant to the legislative framework that enacts into local law the (EU) Non-Financial Reporting Directive (NFRD) (Articles L. 225 102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code). It is established on a voluntary basis, as ALD may be exempt from it given that the Group is consolidated by Societe Generale. For ALD, it is an opportunity to clarify the link between its business model (see Chapter 1 of this Universal Registration Document), its CSR ambition and the policies and processes established to manage the environmental and social (E&S) risks inherent in its activities. Alongside risks, the Declaration of Extra-Financial Performance also highlights the CSR opportunities for the Group and its customers. Along the same lines, ALD is also reporting for the first time about the way its activities align with the **European Sustainable Finance Taxonomy** (Section 5.8 of this Universal Registration Document).

Prior to completing this Declaration of Extra-Financial Performance, ALD prepared non-financial risk mapping. The Group’s risk typology (see Chapter 4 of this Universal Registration Document) was cross-referenced with climatic, environmental and social risk factors that could exacerbate those risks.

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, the Innovation and Marketing 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 2022 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	Associated URD section
Environmental impact and climate change • Implementation of traffic restriction policies in urban centres: impact on vehicle demand • Rapid unfavourable change in the regulatory environment for cars (including taxation) and on certain types of assets (*e.g.* diesel); • Reputation risk from the managed fleet’s overall environmental impact (CO_2) and its impact on public health (NOx) • Physical risks: impact of climate change on ALD’s assets (premises/vehicles)	• New uses and new mobility, Smart Cities (Mobility as a Service, Sharing, etc.) • Energy transition and low-emission vehicles • Reduction of the internal carbon footprint • Reducing our own impact on the planet to slow down climate change • Asset insurance measures to minimise financial impact	• 5.2.2 • 5.2.1 • 5.5 • 5.8.2.2.3
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 • Customer and operational dissatisfaction risk associated with electric vehicles (vehicle recall campaigns, problems installing charging stations) • Change in regulations and taxation on company cars	• “Second Lease” remarketing strategy • 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.) • Consulting, awareness-raising education on electric vehicles • Acquisitions or shareholding: Skipr, Fleetpool • Consultancy/Regulatory Watch/EV Programme	• 5.1.4 & 5.2.1.2 • 5.2.2 • 5.4.1 • 5.2.2 • 5.2.1.2 • 5.2.2 • 5.2.1.2

Significant risks (severity x probability)	CSR challenges and main policies	Associated URD section
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 • Risks associated with the planned acquisition of LeasePlan: risk of work overload for employees	• Employability and agility of employees • Promotion of diversity, including gender balance • Recruitment, retention and engagement • Commitment and initiatives to foster well-being at work • Recruitment, retention and engagement • Societal commitment • Creation of the IMO (Integration Management Office): teams dedicated to the acquisition project of LeasePlan	• 5.3.3 • 5.3.4 • 5.3.2 • 5.3.2.3 • 5.3.2.4 • 5.3 & 4.5.1
Infringements of human rights and breaches of ethical rules • Reputation risk from environmental and social causes (deals, customer or supplier), heightened by the business model built on a service assembly • Selection of maintenance services providers • Purchases/sourcing of raw materials for tyres, spare parts • Choice of customers/suppliers: corruption, money laundering, embargoes/sanctions (incl. new EV players)	• Responsible purchasing - "Know Your Supplier" (KYS) • Culture and conduct • Environmental and social policies - "Know Your Customer" (KYC)	• 5.4.3 • 5.4.2 • 5.4.2.3

Some of these risk factors involve major risks for the Group (especially residual value risk) and are dealt with in Chapter 4 "Risk factors" of this Universal Registration Document.

CSR risk factors are dealt with in the Declaration of Extra-Financial Performance, which focuses on the four CSR themes. In each of the paragraphs below, the salient intrinsic non-financial risk factors are listed, as well as the policies implemented to limit their occurrence and mitigate their impact. Lastly, key performance indicators supplement the implementation of these measures. The table above states which chapters contain details about the mitigation measures established for each risk identified.

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 ALD's 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 the area of wear and tear, tyre recycling and windscreen repairs. These opportunities are increasingly considered in supplier referencing policies (Section 5.4.3 of this Universal Registration Document), even if they primarily remain the responsibility of the manufacturers that produce these vehicles and the maintenance networks that 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. As a reminder, the average duration of full-service leases is 45 months, and the average age of the vehicle fleet is well above 10 years in Europe. This general feature of the Full Service leasing model is of particular interest when it comes to electric vehicles (EVs): ALD will play a role in **increasing the adoption of EVs** by supplying the used vehicle market with a recent, well-maintained fleet that is more affordable than new EVs. These vehicles will be available for purchase or full service lease. Over time, as large volumes of such cars will come off lease, the business will generate a substantial benefit to society.

The Move 2025 plan introduces the notion of extending the duration of asset ownership by alternating different usage modes (full service leasing, car-sharing or used car lease, etc.). A target of 125,000 Full Service leases of used vehicles has been set for 2025 in the Move 2025 Strategic Plan. At the end of 2022, ALD had already sold 52,000 leases of this kind.

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 international laws, regulations and treaties in the place where they operate. This involves filing the necessary tax returns, and the timely payment of taxes due. The ALD Group makes sure that it complies with all applicable regulations through tax 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 tax 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 Universal Registration Document; ALD complies with the Societe Generale Tax Code of Conduct available at:

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

Significant risks identified:

- implementation of traffic restriction policies in urban centres;
- rapid unfavourable change in the regulatory environment for cars (including taxation) and on certain types of assets (*e.g.,* diesel);
- changes in regulations and taxation on company cars;
- reputation risk from the impact of the managed fleet on climate change (CO_2) and public health (NOx);
- increased automotive costs for BtoB and BtoC customers (*e.g.,* higher oil prices, taxes, reduction in subsidies for electric vehicles (EVs), commodities/semiconductors): potential impact on demand;
- reduced appetite for cars due to changes in attitudes (mature markets): potential impact on demand for new and used vehicles;
- customer and operational dissatisfaction risk associated with EVs (vehicle recall campaigns, problems installing charging stations).

Contribution to United Nations Sustainable Development Goals (SDGs)

For a player such as ALD, the commitment to sustainable mobility is multifaceted and related primarily to 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 types of usage, 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 **climate change**. Road transport has a special status when it comes to reducing greenhouse gas emissions to reach “net zero emissions” by 2050. Right now, it is responsible for 20% of emissions in the European Union, the vast majority (16%) of which is tied to passenger vehicles and light commercial vehicles (*Source: International Energy Agency -IEA*, Tracking Transport 2019).

The second major impact of transport is in **pollution** from nitrogen oxide (NOx) emissions and fine particulates during the vehicle use phase, especially for diesel engines. Transport is responsible for about half of nitrogen oxide emissions (Source: IEA, see above), and therefore 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 Electric Vehicles (BEVs) produce zero CO_2 and NOx emissions, and pollutant emissions are 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 depends broadly on the offer (car and equipment manufacturers) and use by end-users (customers), ALD intends to act responsibly in terms of its recommendations, supporting customers in the energy transition of their fleet and more generally helping to find low-emission mobility solutions.

In commercial terms, this is particularly relevant to ALD’s B2B customers, 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 more than the initial vehicle price, 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, moving away from diesel**;
- **the emergence of electrified vehicles**.

5.2.1.1 Rebalancing and diversifying the portfolio

The change in the vehicle mix across different types of powertrains (diesel, petrol, conventional hybrid, plug-in hybrid, battery electric) is being monitored closely by the Group's operational governance bodies (Executive Committee, Operating Board).

ALD's mission is to guide customers towards optimal technology from an economic and environmental point of view, taking into account the real use of vehicles. This involves profiling work that considers customers' business models, 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 engines (and combustion engines in general) are used **only** in cases where it continues to make sense, primarily 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 has implemented **proactive internal policies** since 2017 to support and drive this movement by acting on different levers:

- the pricing of the full-service leasing offer, by improving the attractiveness of alternative solutions to diesel, specifically through a policy of adjusting residual values;
- providing customers with commercial support: implementation of a comprehensive consultancy approach, reshaping of vehicle listing policies;
- developing certain distribution channels including with private customers (who are less inclined towards diesel) or some of the white label partnerships;
- launching 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 new contracts down by 47 percentage points between Q4 2017 and Q4 2022. Over the full year of 2022, the share of **diesel** in passenger vehicle deliveries stood at **24 %** (-3 percentage points *vs.* 2021), and low-emission electric powertrains continued to take market share from internal combustion engines.

In the running fleet, the share of diesel is falling rapidly and is now below 40% for Passenger Cars (PC), and below 50% when including Light Commercial Vehicles (LCVs).

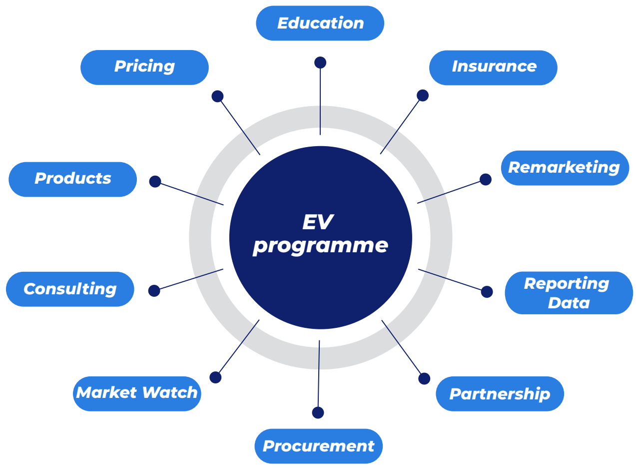
5.2.1.2 Electrification

Reducing exposure to conventional internal combustion vehicles is meaningful only if it makes way for electric vehicles (specifically battery electric vehicles – BEV). In view of the sector's relative immaturity and the significant national differences in electric vehicle adoption, it was decided in 2018 to launch an "**EV Programme**" (electric vehicle programme). This EV programme aims to systematically address the main components of the leasing value chain in order to seize all the opportunities related to electric vehicles and manage the related risks.

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.

The backbone of the programme remains unchanged, with ten main projects (streams), whose content may change year to year. Two cross-cutting projects were added in 2021 and 2022: external communications (social media, blog, press) and the light commercial vehicle (LCV).

Ten interlinked projects within the "EV Programme"



- Pricing, *via* a systematic review of the methodologies used to determine **residual values** and **maintenance** prices that reflect both the intrinsic benefits of electricity and the speed of changes in technological standards, future demand trends and regulatory changes. A specific EV pricing task force was set up for this purpose in 2020 and continued since, combining central and local experts from 10 major countries. The residual value risk management approach is described in Section 5.4 of this Universal Registration Document.
- 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 and methods developed include:
  - a carbon trajectory development tool ("My Net Zero"), based on electric conversion rates and renewal cycles, a sustainable mobility guide for each country, including "electric maturity" scoring of markets, mechanisms for identifying users "eligible" for EVs based on actual use, (user survey, use of for on-board telematics);
  - and calculation engines for total cost of ownership (including charging costs and the various tax or usage benefits related to these vehicles for both the client company and the driver).

  The latter received special attention in 2022, as energy prices rose and became more volatile in Europe.
- 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 incorporating access to charging infrastructures at home, at work and in public places in the leasing offers as much as possible ("end-to-end" offer), under the "**ALD Electric**" banner. This approach is facilitated by strategic partnerships with "pure players" in the electricity ecosystem that can supply both the charging stations (hardware) and the associated software and data flows (software). In this regard, in early 2019 ALD entered into a preferred partnership with ChargePoint, one of the world's leading companies in charging solutions. As such, the target ALD Electric offer includes financing of the vehicle itself, plus 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 goal is to guarantee access to charging solutions for every user, and to make the customer's and

the end user's experience as simple as possible. Indeed, in a highly fragmented market that has yet to mature, installing charging stations can be technically complex, some information on charging prices is still not transparent, and networks remain loosely linked. Without assistance, customers may face difficulties, and ALD is working to overcome these with its ALD Electric solutions. The rollout of the ALD Electric offer expanded significantly in 2022, with 34 countries (vs. 22 in 2021) able to offer this "all-inclusive" package with access to charging solutions included in monthly lease payments.

- Apart from the adaptation of the traditional product offering, EVs also generate opportunities for the creation of **new "enabler" services**. For example, the ALD Switch offering, already available in 9 countries (Belgium, the Netherlands, Luxembourg, France, Portugal, Austria, Switzerland, Finland, and Czech Rep) provides an electric vehicle and includes the supply of a combustion engine/hybrid vehicle when the customer needs it (for up to 60 days per year). This type of service removes the psychological barriers linked to range anxiety of battery electric vehicles. 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 EVs to reach new types of customers.
- The development of **commercial partnerships**, specifically with car manufacturers (OEMs). Distribution partnerships with "white label" car manufacturers are a major growth area for ALD in general and EVs in particular. This obviously involves supporting long-standing partners (Ford, Jaguar Land Rover, Volvo) in their own electrification strategy (product presentations, customer paths, specific residual values). However, new entrants to the automotive market, with a "pure electric" product approach and often without a physical distribution network, also need financial partners to access the market. Since 2020, ALD has been successively chosen by Tesla, Polestar, Lynk & Co. and Smart as preferred partner in Europe to market the Full Service leasing offer. For example, ALD Automotive has been chosen as the preferred leasing partner by the Tesla Group in 16 European countries. Tesla's business customers (large companies and SMEs) opting for a full-service leasing package on the Tesla website 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 offer will be launched in 11 European countries by the end of 2023.
- 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, particularly charging stations. ALD is also actively monitoring the environmental and social impact of the supply chain, particularly the production of batteries (for example, the social conditions of the extraction of cobalt, or the environmental impact of the exploitation of lithium in emerging countries), as much work remains to be done to ensure ethics from an environmental and social point of view. In 2023 ALD will evaluate the ways to get better traceability and visibility over the complete supply chain.
- 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 especially for electric vehicles.
- Review of the reporting tools and information management systems, mainly to deal with the increased complexity of the vehicle offering (increasing hybridisation levels), and also to ensure that customers have a complete overview of their costs, including charging costs.
- Building expertise in insurance, whether in the setting of premium levels in relation to specific risks related to electric vehicles, 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 watch is particularly important because this new emerging electric ecosystem is developing very quickly from both a technological and an 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 ALD's business model in the short or medium term. ALD is also involved in discussions and pilot projects on the issue of hydrogen, via the Societe Generale internal Hydrogen Council and bespoke approaches with certain key account customers, particularly in France and Belgium. This market watch is accompanied by a regulatory watch, which is especially important at a time when the mobility sector is being heavily regulated. This regulation emanates from the various levels of public authorities (local, regional, state, and European Union) and affects vehicle use in urban areas (low emission zones), tax rules applicable to businesses as well as users, CO_2 emissions standards applicable to manufacturers, and accessible charging infrastructures in public or private places.
- An **internal and external educational and communication programme**, both with ALD employees, who must be the first ambassadors of the energy transition, and customers. ALD has also added more digital communication initiatives (the "Ready to Move You" social media campaign, in-depth articles on the Mobility Blog at aldautomotive.com, and participation in virtual or physical events (Fleet Europe, World EV Day, and the EV Summit). **Multiple events** were also held for customers around the world, regardless of the EV market's maturity (including in France, Hungary, Denmark, and Colombia). These communication and engagement plans 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 through dialogue with public decision-makers, particularly at the EU level. In 2022, discussions at ChargeUp Europe focused on the European draft regulation known as AFIR (Alternative Fuels Infrastructure Directive). This regulation will be focused on imposing strict targets on Member States in terms of public charging infrastructure. It will make pricing more transparent and networks more interoperable, both of which are required conditions for continued electrification of the company fleets. In-house, it is essential to educate the teams about electric vehicles, their ecosystem, and the impacts on ALD's value chain. To this end, a major training programme known as "**BIC Academy**" has been deployed globally. Made up of seven core modules, it is designed primarily for business and consulting groups.

Finally, beyond the different components of the product offering, electrification also has an impact on the **financing strategy of ALD** (described in Section 2.5 of this Universal Registration Document), and generates new funding opportunities. To have the necessary funding to finance the commercial development of electric vehicles, ALD issues **Green Bonds**. In June 2022, the Groupe has updated its Green and Positive Impact Bond Framework (https://www.aldautomotive.com/LinkClick.aspx?fileticket=PC0PfZav3Hg%3d&portalid=17&language=en-US&timestamp=1654690993215).

This new version places future emissions at the best market standards. For example, it focuses eligible assets on 100% electric vehicles (BEV), in anticipation of the evolution of the European Financial Taxonomy in 2025. On this basis, on 28 June 2022, ALD successfully issued a EUR 500 million, 5-year green and positive impact bond (maturity July 2027). The important oversubscription confirmed investor interest in ALD's sustainability strategy.

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, then remained stable in 2022 (**27%** in Europe), slightly below initial expectations as the objective was to reach the 2025 Goal of 30%. The basis for calculating this ratio (PC in Europe) matches the scope across which ALD can really play its full role, because the product range and public policies are the most developed there. It is representative in that it covers 75% of ALD deliveries worldwide.

In 2022, growth in low-emission vehicles was clearly hampered by **supply chain disruptions**. The automotive market was shaken by one thing after another: the semiconductor crisis, successive lockdowns in China and the war in Ukraine. EVs were particularly hard hit, and with production volumes limited, OEMs gave priority to the most profitable distribution channels (favouring private customers over fleets). This caused considerable delivery delays for battery electric vehicles and plug-in hybrids, often beyond 12 months.

From a tax standpoint, some countries with high-incentive packages as part of their stimulus plans (Germany, France, Great Britain) began scaling back their electric vehicle subsidies, making them financially less attractive. Even amid this disruption, the proportion of electric vehicles in all orders, which is a reliable indicator of business momentum, rose to above 30% in Europe.

Overall, thanks to its influential positioning, its efforts to build a competitive sales offer, and increasing customer demand, ALD's electrification is significantly **ahead of the market as a whole** (23% of Passenger Car registrations in Europe – source: EV Volumes).

Cumulated yearly deliveries have a mechanical impact on the stock of vehicles managed (running fleet). At the end of 2022, ALD financed more than 190,000 full electric or plug-in hybrid vehicles, and more than 260,000 including traditional hybrids (but excluding "mild hybrids").

As part of its 2025 strategic plan, ALD has set itself the target of increasing the share of "EV" vehicles (battery electric vehicles and plug-in hybrid vehicles only) to 30% of private vehicle deliveries in Europe [(1)] by 2025. In 2030, the share of "pure electric" vehicles (BEV) is expected to reach 50%. **These targets will be reviewed in 2023** when LeasePlan is integrated and will be a fundamental focus of the new entity's strategy. These new targets will factor in the latest market developments, in terms of product offering and regulatory environment (EU target of 55% reduction in CO_2 emissions on sales of new vehicles in Europe in 2030). They will also be built to support the ambition of a CO_2 emissions trajectory that aligns with the Net Zero 2050 scenario.

5.2.1.3 Carbon footprint: emissions and emissions prevented

Vehicle CO_2 emissions can be considered from different angles:

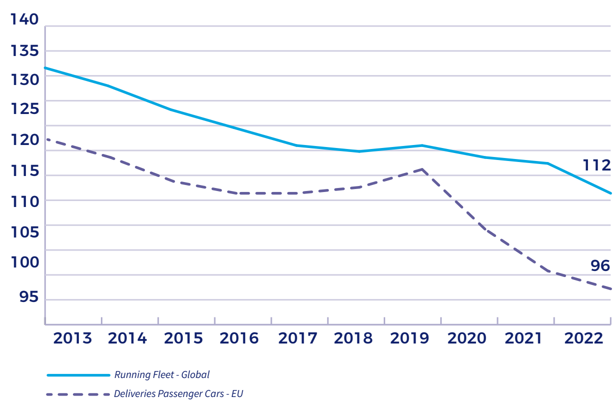
- emissions related to the use phase ("Tank to Wheel");
- emissions including the entire life cycle of vehicles ("Well to Wheel").

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 New European Driving Cycle ("NEDC") standard has been replaced by the Worldwide Harmonised Light Vehicle Test Procedure ("WLTP"). 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, about 20% for passenger vehicles and 30% for light commercial. However, these theoretical emissions remain underestimated compared to 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 characterised 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.* 12 years on average in Europe) and meets the latest certification standards. As a result, its emissions are much lower than the average fleet in a given country.

New vehicles put on the road are also subject to in-depth analysis by ALD and its customers. Carbon efficiency is a virtually automatic criterion for selection in car policies. Emissions from ALD deliveries are historically lower than the market (99g *vs.* 115g in 2021).

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 and 2021, average emissions fell again. This trend continued in 2022: for passenger cars in Europe [(2)], the average for deliveries was **96 grams** of CO_2 per km (intensity indicator), down by 17 grams compared to 2019.

1) *Targets set on new passenger vehicle deliveries for EU + Norway + UK + Switzerland.*
2) *Europe: European Economic Area, UK and Switzerland.*

The significant decrease in emissions since 2020 is due to the **ramp-up of deliveries of electric vehicles**, as well as the increased efficiency of combustion engines. There are two important methodological points worth noting:

- the average is not immediately comparable to the standard of 95 grams which is the EU-wide target. ALD data do not take into account super credits granted to OEMs for the sale of zero-emission vehicles, bonuses granted for eco-innovations, or the average vehicle weight. In ALD's case, it is a mathematical average across all vehicles delivered;
- while almost all data on 2019 deliveries are expressed per NEDC standards, 2022 data are in WLTP standard (increasing by approximately 20% on Passenger Cars). ALD will recalculate the trends neutralising these changing standards during 2023, factoring in the changeover dates from NEDC to WLTP chosen by each country in the local fiscal framework.

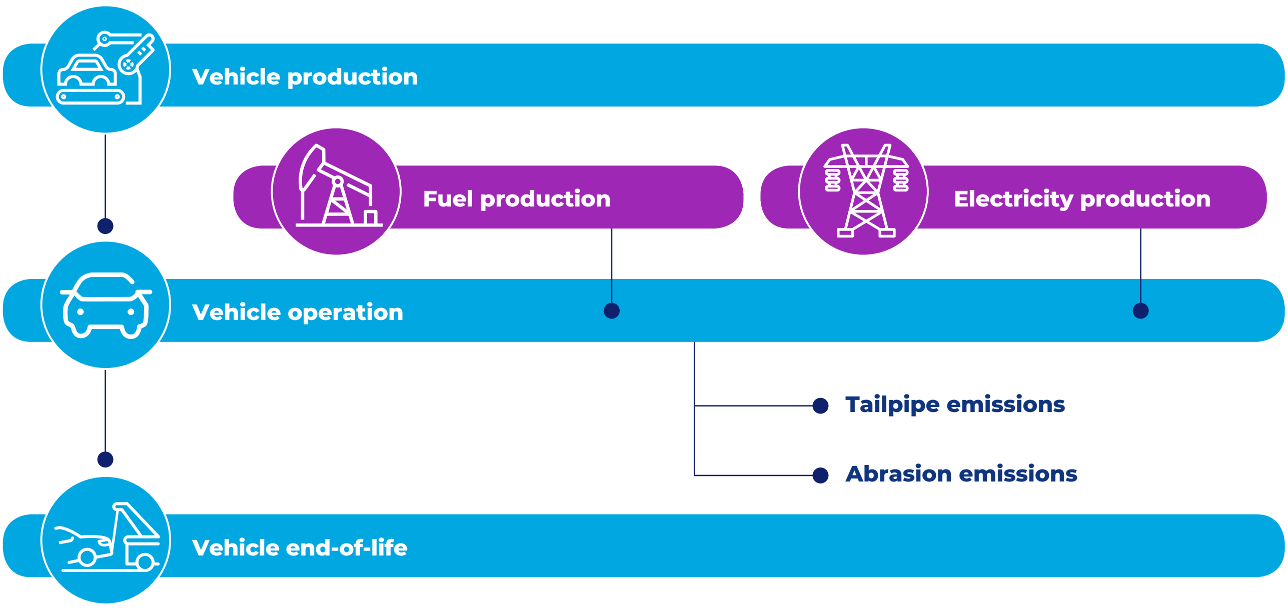
As part of its 2025 strategic plan, ALD has set itself the target of reducing emissions from deliveries of passenger vehicles in Europe [1] by 40% by 2025 compared to 2019, i.e., 70 grams in NEDC correlated terms. The gross result for 2022 – 96g – is down by 17pts. In NEDC correlated terms, the 2022 result would be corrected to about 80g, a 30% drop compared to 2019.

The gradual electrification of deliveries ("flow") has a mechanical impact on the average intensity of ALD's financed fleet ("stock"), all countries and all vehicle types combined. The average for the entire fleet is down to 112 grams of CO_2 per kilometre, since the new vehicles automatically replaced product generations launched in 2017-2018, which produced higher emissions. Compared to the fleet financed by ALD (1,464,024 vehicles, up 3%) and the average annual mileage travelled (slightly below 25,000 km), the estimated volume of emissions is 4 million tonnes, a 4% decline despite the fleet increase. These data are integrated into the carbon footprint of Scope 3 (downstream leased assets under the GHG Protocol) presented in Section 5.5.3 of this Universal Registration Document.

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 by its fleet of electrified vehicles. The financed part of this fleet, recorded on ALD's balance sheet, stands at more than 260,000 vehicles (cf. section 5.2.1.2). **It enables over 445,000 tonnes of CO_2 equivalent and 1,790 tonnes of nitrogen oxide to be avoided per year**, compared to an internal combustion engine fleet of equivalent power. The gains in CO2 emissions during the usage phase (and in particular the vehicle's emissions from the exhaust) far exceed the additional emissions associated with the production phase (vehicle and batteries).

Methodological reminder: In order to measure the impact of this portfolio in a robust and transparent way, ALD has worked with consultants Quantis to develop a pioneering methodology that measures both greenhouse gas emissions and 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, end of life), in over 20 countries and taking into account all technologies available. To the best of ALD knowledge, there was no existing tool in the automotive sector which enabled neutral reporting, over a wide geographical area, of the reality of the life cycle. Measurements of CO_2 and pollutants carried out in laboratories for vehicle certification focused solely on the vehicle in use, and other 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 NOx emissions from battery-powered vehicles are about 50% lower than their combustion engine equivalent, with, of course, big disparities depending on how the electricity is generated.

Sources of emissions considered in life-cycle analysis



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

SUMMARY OF ACTIONS RELATED TO SECTION 5.2.1

CSR issue (description)	Policies implemented (description)	Indicator (indicator type/box)	Qualitative/quantitative objective (indicator type/box)	Result (indicator type/box) 2022	2021	2020
Energy transition	Reduction in the share of diesel	Share of diesel in private vehicle deliveries (world)	<2021	24% (Q4 21%)	27% (Q4 24%)	40% (Q4 37%)
Energy transition	Increase in the share of low-emission vehicles	Share of green vehicles in passenger ca deliveries (1)	>2021	27% (Q4 31%)	27%	18%
Energy transition	Implementation of an end-to-end service offer: ALD Electric	Number of countries deployed	34	34	22	12
Greenhouse gas emissions	CO_2 emissions of vehicles leased to customers (use phase)	Average passenger car (PC) emissions in Europe (2)	<2021	96	99	106

(1) Battery-powered electric vehicles + plug-in hybrids + hydrogen, Europe (EU + UK + Switzerland + Norway), Passenger Cars. The geographic and product (PC) scope chosen for this indicator represents 75% of total deliveries for the Group and is therefore representative.

(2) Europe: scope identical to previous indicator.

2022 Highlights	2023 Priorities
• Reinforcement and extension of the ALD Electric offer • Stabilising the proportion of EVs in total deliveries, and increasing orders • Continuing to reduce the share of fossil fuels • Launch of new strategic partnerships focused on EVs (e.g., Smart) • Strengthening the consulting offering	• Reinforcement and extension of the ALD Electric offer • Increasing electric vehicles as a proportion of PCs and LCVs, in deliveries as well as orders • Continuing to incorporate EVs into the Group's new offerings (ALD Move, ALD Flex, used vehicle leasing) • Enhanced support for international and local customers in electrifying the fleets

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).

5.2.2 New uses and new mobilities

ALD's strategic goal is to invest in new mobility solutions that address changing expectations and new types of usage. To define its innovation strategy, ALD analysed the mega-trends that might impact its business model, which is based essentially on "traditional" use of cars. Analysis of new uses, connectivity, environmental constraints, mobility policies at the city or regional level, and the rapid growth of mobility platforms led us to identify five main areas to consider when refining the business model for the next few years to 2025: digital technology and connected vehicles, flexibility, **new mobility solutions**, payment and electrification.

When allocating resources, ALD has structured its governance around the innovation process, from creative thinking to industrialisation and then scale-up of new products and business models. The process is managed by a dedicated team overseen by an "Innovation Board" of managers and managing directors in key countries.

Convinced that the best ideas come from experts on the ground, ALD has introduced systems that allow ALD employees to submit a new idea (the "ideation campaign") and created an international community of local innovation contacts, who can report up new trends and initiatives at the subsidiaries. In 2022, a massive ideation campaign was launched, the "**Sustainable Mobility Challenge**". It was open to everyone at ALD and sought to bring through ideas on new service offerings with positive environmental or social impacts. The campaign was a great success: 58 projects submitted, 34 successfully completing all development stages, and 2 winning projects, which will be brought to market as a product in the next few months.

ALD also draws on the innovation ecosystem it shares with external partners, for instance by leveraging its links with Societe Generale's innovation arm – SG ventures – to partner with Drive TLV, an Israel-based innovation hub focused on the mobility start-ups ecosystem. Lastly, ALD is improving the way it listens to customers and partners to better tailor services to their needs, notably through the Customer Advisory Board (see Section 5.4.1 of this Universal Registration Document).

But good ideas are not enough on their own and the capacity to scale up new products is key. To make sure this industrialisation phase succeeds, ALD calls in teams from any subsidiary where they have developed expertise in the relevant field. These teams act as "champions", consulting on product development for products the Group sees as strategic, and helping roll them out at other subsidiaries.

ALD United Kingdom, historically ahead of the curve in the management of connected fleets and digitisation of acquisition processes, has created the Digital Factory, which helps deploy these solutions in other parts of the Group.

ALD Netherlands, an expert in multi-modal mobility solutions thanks to its **ALD Move** offer, is leading development of this product and playing a key role in advancing ALD's **Mobility-as-a-Service** (MaaS) strategy. ALD Move 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 customers and led to the acquisition of a stake in Skipr, a start-up specialising in B2B MaaS and a vital technological component for any large-scale deployment. This was the first time ALD had invested in a start-up focused on sustainable mobility.

The ALD Move offer incorporating Skipr was launched in France and Belgium in 2022.

Some of the subsidiaries have also developed service offerings 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.

In 2019, ALD Automotive announced that it was joining the MaaS Alliance, a public-private partnership paving the way for a common approach to mobility as a service (MaaS) and seeking to identify the economies of scale needed for successful roll-out and take-up of MaaS products. 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.

ALD Flex offers corporate customers a mobility solution on a medium-term contract, a shorter commitment than for a classic full-service leasing product. Vehicles are available immediately and in different pricing bands. The Flex offering is ideal for ALD customers that have occasional needs for mobility. At end-2022 there were 78,000 vehicles in the Flex fleet. To better address the specific needs of retail customers, ALD acquired Fleetpool in Germany, a pioneer in B2C and B2B car subscription services. Fleetpool's offers and services have been rolling out internationally to the first ALD subsidiaries during 2022 and are due to go live for retail customers from 2023.

SUMMARY OF ACTIONS RELATED TO SECTION 5.2.2

CSR issue (description)	Policies implemented (description)	Indicator (indicator type/box)	Objective qualitative/ quantitative (indicator type/box)	Outcome (indicator type/box) 2022	2021	2020
New uses/sharing economy (car or ride sharing)	ALD Move	Number of countries deployed	Geographical footprint of ALD Move with Skip	3 countries (France, Belgium, Netherlands)	Co-creation with a Dutch customer and acquisition of stake in Skipr	Minimum viable product (MVP)
New uses/sharing economy	Flexibility	Number of countries deployed	Integration and launch of Fleetpool's internationalisation plan	- ALD Flex in 32 countries - Integration of Fleetpool in Germany - Implementation of subscription under way in 4 countries (Austria, Italy, France and Spain)	ALD Flex: 32 countries Acquisition of Fleetpool	

2022 Highlights

- Sustainable mobility challenge with 2 winning teams: "Green Insurance" and "All in Move". Plus many other ideas for our innovation portfolio coming out of this challenge
- Creation of a network of partners who can be called on to support the acceleration of innovation, thanks to contacts with a network of mobility start-ups. ALD has leveraged its links with Societe Generale's innovation arm SG ventures to partner with Drive TLV, an Israel-based innovation hub focused on the mobility start-ups ecosystem.
- Launch of ALD Move in France and Belgium

2023 Priorities

- Geographical extension of ALD Move with Skipr
- Fleetpool internationalisation plan
- Continue to expand innovation at ALD and meet the Group's needs thanks to the external capacity generated by the start-up universe
- The 2 winning ideas from the "Sustainable Mobility Challenge" included in ALD's offering. Others at the right stage of development may also be included

5.2.3 Safety

Road safety is a major source of operational and human risk, posing risks of image damage and financial, social and environmental costs.

5.2.3.1 Give customers the highest standards on the market

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 (notably the increasingly demanding Euro NCAP - *New Car Assessment Program* - standards).

The main recent breakthroughs in this area are related to Advanced Driver-Assistance Systems (ADAS), which have improved vehicles' range and pedestrian safety.

Since vehicle maintenance is included in the service contract, fleet managers know their drivers are safe in 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, is always provided under insurance policies taken out as part of a full-service leasing insurance contract.

In contracts where the customer arranges their own direct insurance, 29 of the ALD Group subsidiaries can still provide this Accident Management service on request.

- **Changing behaviour and change management**

A range of training programmes for drivers: on-road or on-track training for local instructors and partners, personalised e-learning programmes that run throughout the year. An e-learning offer (ALD Safe Drive) is offered 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 significant fall in their accident rates (accident rate down by 7% in the month after training), as well as a significant drop in fuel consumption (3%). The ALD Safe Drive global offer is currently available in seven countries, and more than 30 Group countries offer physical or online training.

There is a long-standing practice of holding events and providing information for customers on this topic.

In Turkey, for instance, driving tips were emailed out every month (one tip per month) via Eloqua. A driving school was invited to the annual e-vehicles event in Turkey to raise awareness of defensive driving and the effects of alcohol using a simulator and special glasses.

In ALD Brazil, business reviews are performed every three months with customers to review number of damages and traffic fines but also to provide safety awareness. In the meantime, driver communication and campaigns are performed in Instagram, campaigns and e-books specialised in safety are sent to customers who asked for and safety lectures are performed by commercial team. ALD Denmark cooperates with *FDM Sjællandsringen* (trainer specialised in driving courses), to give "good driver" trainings to customers. They also perform damage analysis, which allow them to run a bonus-malus system: the damage percentage must be below 70% for the insurance premium to remain unchanged. If not, sales teams are given "road tips" to customers to avoid damages in the future.

ALD France continued to publish its "ALD Safety" awareness newsletter for corporate customers in 2022, an initiative launched during Covid when face-to-face events were impossible.

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

5.3 Responsible employer

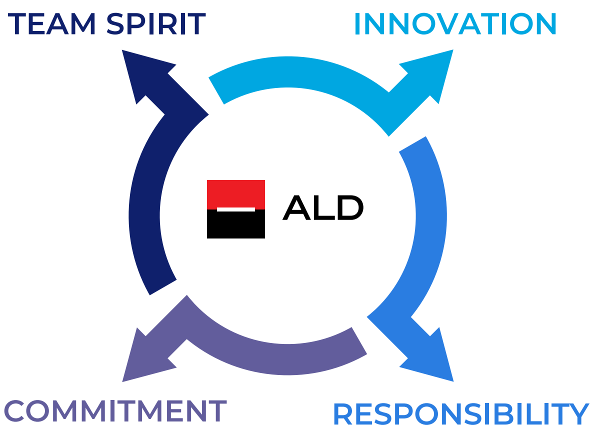
Objectives	Policies implemented	Indicators	2022	2025 objective
Discrimination risk: gender equality	Move 2025 Gender Diversity KPIs	% of women in top management	33,2%*	35% (NB)
Non-consideration of well-being at work issues (impact on employee commitment)	Move 2025	% employee commitment	74%**	80% (NB)
Difficulties in recruiting and retaining employees	Move 2025 HR Transform	% of employees who endorse ALD strategy and direction	78%**	
		% employees satisfied at work	78%**	
Insufficient support for employees in the transformation of the business model	Move 2025 ALD Highway ALD Academy IMO (Integration Management Office) – Culture Stream	% employees present at 31/12 and trained	87,52%***	
Acquisition risks: risk of excessive workload for employees during the proposal phase for the acquisition of LeasePlan	Creation of the IMO (Integration Management Office)	% employees with good work-life balance	71%**	

** Source: CnB ALD*
*** Source: SG Employee Barometer 2022*
**** Source: Planethic*
***(NB):** it is planned to review these objectives in light of the future LeasePlan acquisition based on the new merged structure.*

Contribution to sustainable development goals

5.3.1 The ALD employee experience: a positive, engaging and learning experience

The policies in place to manage the major human resources risks are part of a wider framework which seeks to make working for ALD a positive, engaging and learning experience rooted in the values of the Societe Generale leadership model:



These values are the cornerstones of ALD's strategy, which focuses on the quality of relationships with employees, customers and partners.

Innovation

ALD strives to continually improve the customer experience by working together to adapt its solutions, practices and relationships to meet the needs of tomorrow and by taking advantage of technological innovation.

The same is true for the employee experience. True to its entrepreneurial culture, ALD adapts its ways of working by encouraging discussion and experimentation. ALD is committed to encouraging its employees to work outside the box so as to simplify processes and improve operational efficiency, while still focusing on the end customer.

Team spirit

ALD's ambition is to be the partner of choice, thanks to the quality of the relationships we build with customers, and to collaborate with them in the same way we work with each other in the Group, using all our energy and talents for the benefit of the collective.

Responsibility

ALD supports its customers to realise their projects, while remaining attentive to all kinds of risks. ALD employees are expected to act ethically and courageously and place as much importance on how results were achieved as on the results themselves.

Commitment

ALD co-workers' 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 subsidiary of Societe Generale Group, ALD is committed to respect and apply the agreements and charters signed by Societe Generale in all its entities, including the global agreement on fundamental rights signed with UNI Global Union. Not only does it guarantee the highest standards of integrity and behaviour, protecting the human rights defined by the United Nations and freedom of association, but also fosters a working environment that promotes inclusion and diversity among employees, so that they reflect our customers and societies, and combats all forms of discrimination.

To support its development and drive its transformation plans, while placing people at the core of its business, ALD has developed a responsible approach to employment based on three main areas over many years:

1) onboarding, retaining employees and fostering commitment;

2) developing the employability and agility of employees;

3) promoting diversity and inclusion.

Local labour markets are highly active but sometimes produce few suitable candidates for a post. Implementing this strategy will be a differentiating factor to help ALD attract and retain workers.

ALD coordinates more than 40 foreign subsidiaries and takes a collaborative approach to its companies. All contribute to defining the ambitious vision and objectives of the Group, which makes it possible to apply the spirit and values of ALD locally on the ground. The Group then leaves it up to local companies to define their own action plans in light of the issues they face and local circumstances.

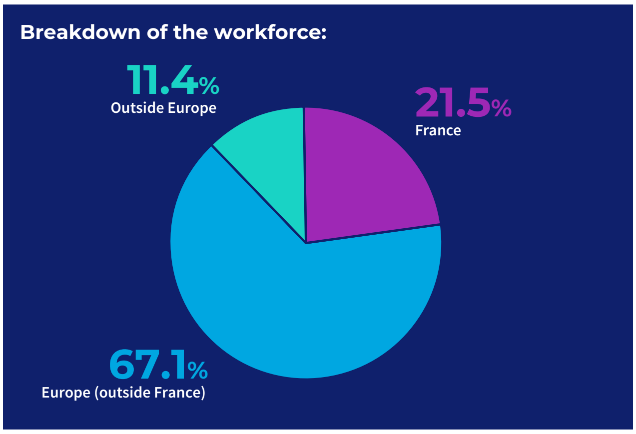
2022 was marked by the Ukraine conflict. As a responsible employer, ALD put in place several initiatives and a dedicated accompaniment to support the employees of its Ukrainian subsidiary, as detailed below:

- financial aid: two months' salary was paid in advance to help employees deal with urgent needs. The local Crédit Agricole bank provided cash and made sure employees could access bank accounts even when abroad. Fuel costs were also reimbursed;
- additional financial support was offered for nine months to all employees and their families both inside and outside Ukraine's borders. The aim is to help them meet the extra costs incurred, such as higher living costs, need to buy clothes, costs linked to children's education, etc.;
- emergency aid was put in place: employees who have the need could borrow unused vehicles from the ALD fleet. Various other resources were also made available (water, food, medicine, cash reserve, etc.). Also, some Polish employees working for ALD Poland welcomed Ukrainian employees and their families into their homes;
- accommodation was rented in western Ukraine, including a hotel when the conflict first broke out, and in Poland to host employees and their families. This accommodation is still available and employees, as well as their families, can use it at any time;
- employees whose home has been damaged get a cash grant to make repairs.

What is more, all ALD Ukraine employees can access individual psychological support as soon as they feel the need. To maintain links, daily contacts were instituted *via* Teams and Telegram to keep up to date with individual circumstances and be able to react quickly with help if necessary.

5.3.2 Onboarding, retaining employees and encouraging their commitment

ALD's people in figures



Source: Planethic
See all the quantitative indicators in Section 5.3.5

5.3.2.1 Onboarding

Newcomer onboarding is an important milestone for both employees and ALD. This is why we have always paid great attention to how we welcome employees, making sure newcomers are integrated from day one and have a learning path that gives them a comprehensive view of the business, its teams and its know-how. Each subsidiary of the Group manages its onboarding programme independently, based on local practice, to create a sense of belonging to a single Group with shared values in each local entity.

In the increasingly hybrid post-COVID workplace, onboarding is more important than ever and the key to making sure newly hired staff integrate smoothly into the firm. For this reason, some subsidiaries have adapted and evolved their processes, combining face-to-face with remote sessions, when possible and appropriate to local circumstances.

ALD SA, for instance, ran a hybrid onboarding course in June 2022, spread over 2 half-days and involving 26 employees. The new joiners attended presentations from each business line and had opportunities to talk and mingle, including an ice-breaking session and lunch with a member of ALD's Executive Committee.

For the same purpose, in 2022 ALD Romania ran a week-long hybrid onboarding programme for the new joiners. The programme included various presentations (ALD, Group values, departments and fields) plus coffee chats where participants could mix, talk, get used to their new environment and develop a feeling of belonging to the Group.

5.3.2.2 Retention

Compensation policy

The Group has a compensation policy that complies with standards and regulations in force in every country where it operates. The policy seeks to ensure employees are rewarded at competitive market rates by offering an overall compensation package of monetary compensation and benefits. Monetary compensation includes fixed compensation – which rewards the capacity to do their job satisfactorily making use of the required skills – plus, where applicable, variable compensation. Variable compensation recognises collective and individual performance by rewarding each employee for their contribution to Group performance. It depends on how successfully they met targets set at the start of the year, assessed in light of the context and also whether the methods used complied with the Group ethical principles and Code of conduct. ALD is a highly international group and has to deal with a wide range of living standards in many different currencies. As a result, averages covering multiple countries are not meaningful.

Since 2018, some employees of ALD Group have benefited from a long-term incentive plan, which takes the form of grants of free ALD shares mandated by resolutions at the General Shareholders' Meeting. These share grants contributes to build loyalty and motivate certain categories of employees, especially executives and strategic talents. Other 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 of continued employment and performance assessed by the ALD Board of Directors.

Some firms, such as ALD France and ALD Mexico have incentive and profit-sharing programmes that comply with local law. In 2022, to take account of ALD's exceptional earnings and the impact of inflation in some countries, exceptional bonuses or special arrangements were put in place locally for eligible employees in line with applicable regulations.

Employer-employee dialogue

Dialogue with employee representatives is fundamental to the relationships that ALD builds with its employees.

As a subsidiary of Societe Generale, which is a signatory to the global agreement on fundamental rights with the UNI Global Union, ALD is committed to human rights and freedom of association. The Group is particularly attentive to union representation, collective bargaining and the maintenance of a favourable working environment.

Within ALD Group, 83% of employees are represented by employee representatives *(internal HR source).*

In France, employees are represented by the Social and Economic Committee (CSE). The CSE is particularly involved in the discussions and initiatives put in place, in order to sustain free and fluid dialogue with employees. It is consulted regularly before any decision of its concern was made and in accordance with the requirements of the French Labour Code.

Agreements/resolutions are regularly signed with employee representatives. These cover issues such as compensation, benefits, working hours and gender equality.

At ALD SA, a framework agreement on working time was signed with the CSE in 2022, which included the creation of a time-savings account (*compte épargne temps*).

Four other agreements/amendments to agreement were signed in 2022 with the unions in ALD France: annual pay agreement, amendment to the working time agreement, amendment on remote working agreement, agreement on exceptional release of the incentive and profit-sharing plans.

Outside France, each ALD subsidiary maintains its own dialogue with employees according to modalities that may vary depending on the scale, the structure of local teams and laws in force in the country concerned.

5.3.2.3 Fostering employee commitment

ALD lays special emphasis on placing employees at the heart of its systems and does everything possible to optimise the employee experience. This is especially important in the increasingly active post-COVID labour market, where employees' priorities may have changed.

a) Encourage employees' expression to support continuous improvement of the employee experience

Every year, the SG Employee Barometer collects ALD Group employees' opinions about, among other matters, their commitment, job satisfaction and confidence in the Group's strategy.

In 2022, the SG Employee Barometer was held in the final quarter of 2022.

- **The participation to this Barometer** is traditionally high at ALD, which means the Group can extract results that are both reliable and representative, and so implement effective action plans tailored to each entity.

77%
participation rate

5,026
respondents

41
entities surveyed

Source: SG Employee Barometer 2022

Subsidiaries in Ukraine, Russia and Kazakhstan did not take part in the 2022 Barometer because of the special circumstances prevailing, but Germany and Malaysia took part for the first time.

- **The commitment of our employees** is a long-standing driver of performance. ALD has therefore set a target of achieving an 80% employee commitment rate as part of the Move 2025 strategic plan.

74%
Commitment rate

Source: SG Employee Barometer 2022

b) An Employee Barometer to guide future actions

This annual exercise in listening to the voice of employees on any issue is used to deliver tangible results. Survey results are analysed for each entity and then feed into specific action plans, communicated to all tiers of the organisation (Executive Committee, employee representatives, employees).

As such, many initiatives described below were implemented or maintained in 2022 in our entities as a result of the survey. Their aim is to make daily working life easier, encourage employee commitment and so continuously adapt our offering as an employer.

- **Continue to roll out and support home office**

67%
Employees satisfied with their new local working practices

Source: SG Employee Barometer 2022

Even before the pandemic, in response to a growing need for flexibility at work and better work-life balance for employees, various ALD entities – including ALD SA, ALD France, Belgium, Netherlands, Germany, United Kingdom, Mexico, Hungary, Russia, Latvia, Poland, Bulgaria, Brazil, Portugal, Italy and the Nordic countries – had already put in place or trialled the home office system, which allowed most of the Group's employees to try out and familiarise themselves with these new ways of working and organisation. At ALD SA, for instance, home office was launched in 2018.

Then in 2020, when the pandemic forced the first lockdown, all ALD entities migrated all tasks that could be done remotely to home office and were in this way able to maintain business continuity. Several systems and resources (corporate facilities and physical equipment) were put in place to support employees and managers in this mode of organisation being progressively generalised within the whole ALD Group (provision of laptops, remote connection solutions, etc.).

Building on this experience, ALD decided to continue this process post-COVID and make remote working a normal method of working across ALD Group, eventually accessible to all employees who can perform their tasks remotely. Similarly, several companies including ALD SA, ALD France, United Kingdom, Netherlands and Brazil, reviewed and adapted their home office policy and support associated to make them more flexible. ALD SA, for instance, now offers employees an option to work from home 2 to 3 days per week tailored to the business needs and has opened up home office to non-managerial and temporary staff (fixed-term contracts, apprenticeship).

Finally, to help employees who regularly work from home, companies such as ALD France and ALD SA decided to pay a regular home office allowance to help them set up and cover general expenses (electricity, heating, etc.).

- **Manage working time, work-life balance and the right to disconnect**

71%
Employees who have a good work-life balance

Source: SG Employee Barometer 2022

Some entities have launched actions to raise awareness and introduce flexible working hours. ALD Bulgaria, for instance, has been investigating ways of managing working hours with flexible rosters. ALD Netherlands has developed its Flex working 2.0 programme, in which employees can use their usual working time for other activities such as sport and compensate these hours at the end of the day or in the evening.

ALD Italy signed a major agreement in 2022 to embark on a cultural transformation that will rethink the way work is structured and develop smart ways of working (SWOW). The agreement formalises the new home office modalities and includes additional provisions to support parenthood: fathers can work from home all the time until the new baby is three months old, as can pregnant women in their seventh and eighth months. The agreement also strengthens the right to disconnect.

Whenever possible, employees can make their own arrangements to suit their own needs, in a situation where everyone is experiencing changes to their personal and professional life.

- **Rethinking workspace**

In a similar vein, continuing a process already under way, the Group is encouraging the creation of working spaces that promote discussion and innovation, in modulable offices, using digital tools and collaborative workspaces. While this already happens at many of our subsidiaries, all entities are now being encouraged to reconsider how best to structure their working space as they adapt to our new ways of working. ALD SA, for example, has fitted out a whole separate floor for visiting consultants so sensitive projects can be kept confidential, when necessary, from the other teams on other floors.

- **Incentivise sustainable commuting**

Also, to meet the increasingly demanding expectations of its employees, ALD incentivises its people to embrace new ways of travelling to and from work, notably through initiatives that help them to change the way they commute. This is the goal of the ALD Move programme for instance, rolled out notably at ALD France, and now being piloted at ALD SA. This programme allows eligible employees to claim EUR 38 a month if they use greener modes of transport, such as bike, public transport, car-sharing, etc.

Meanwhile, the Czech Republic proposes bike rentals to its employees. Italy also developed its own home/office Mobility Plan in 2022, which main objective is to incentivise employees to swap their private vehicles for more sustainable alternatives when commuting.

In 2022, ALD SA installed more e-vehicle charging points in its employee parking spaces.

- **Safe working environment**

6.8/10
Average score employees give for well-being at work

Source: SG Employee Barometer 2022

ALD is committed to developing a safe and respectful working environment and safeguarding the mental and physical health of its employees. The aim is that everyone should be able to work in the best possible conditions to foster health and well-being, reducing the risks of accidents or poor mental health in today's increasingly hybrid working environments.

As a subsidiary of Societe Generale, ALD is committed to respecting Societe Generale's policy on Health and Safety at Work. There are specific health and safety policies and measures in place at many of our subsidiaries. They address specific issues related to hybrid working and include measures to smooth the return to work post-COVID. Austria, for instance, has its ALD Care programme, which provides a range of different measures to promote employees' health and safety at work, such as stress management, preventative eye and back care, ergonomic ball chairs to improve sitting posture and vaccination campaigns, supported by an occupational physician and an occupational psychologist. In Spain, the ALD Healthy programme runs actions to promote emotional health, physical health and quality of life at work to safeguard employees' health, safety and well-being at work. Other entities such as Luxembourg, Italy and ALD SA provide specific medical services and health websites that employees can consult confidentially. Finally, the UK and Latin America region have run various in-house projects such as workshops on well-being or advice on posture at workstations.

There are also initiatives to promote sport, encouraging employees to maintain their physical health. Italy, for example, has the FitMind programme for employees, which organises group sports activities. India also runs group sports events to foster not just health but also team-building.

- **Implement specific employee communications**

77%
Confidence in ALD management's decision-making

92%
Understand the usefulness of their work to the company collective

Source: SG Employee Barometer 2022

Systems for sustained and regular communications between management and employees provide opportunities for discussion, create transparency on management decisions, ensure information is disseminated throughout all levels of the organisation and make sure employees feel connected to the Company. Regular meetings are held for various groups, including all-staff meetings, encounters with ALD top management (such as ExCo lunches at ALD SA) and convivial occasions such as breakfasts in Sweden, to present the entity's strategy and results to its employees and promote transparency and better understanding.

- **Prevent and combat inappropriate behaviours and harassment**

ALD is committed to providing each of its employees with a respectful working environment that encourages their personal development. The Group has therefore undertaken several initiatives to prevent and combat inappropriate behaviour in the workplace, notably mental and sexual harassment.

ALD is signed up to the policy deployed by Societe Generale to prevent and combat any behaviour that breaches the principles in its Code of Conduct. Accordingly, ALD has reinforced this commitment by setting up systems to effectively prevent, process and quickly resolve issues raised. This means ensuring all employees take responsibility, creating the conditions for safe and equitable working relationships and encouraging victims to speak up.

ALD Group also has a mandatory and recurring e-learning module for its managers and Human Resources Business Partners (HRBP). The module is designed to embed an awareness of the standards of behaviour expected in the Group and of the policy on disciplinary sanctions recently adopted by Societe Generale.

The procedure for raising and dealing with inappropriate behaviours reminds employees of their options for reporting an inappropriate situation, including the whistleblowing tool.

86%
Employees who would report inappropriate behaviour if they witnessed or experienced it

Source: SG Employee Barometer 2022

- **Encourage feedback and discussion**

75%
Employees who think their manager gives regular constructive feedback on the quality of their work

89%
Employees who believe they can confidently give their opinion or express new ideas or concerns to their manager or colleagues

89%
Employees who are clear about what is expected of them at work

Source: SG Employee Barometer 2022

Such behaviour is encouraged using tools like Friday Pulse, a weekly survey platform for employees that seeks to share best practice and foster discussion *via* regular feedback between employees and managers. Adopted in 2022 by new entities including Sweden, Mexico and India, the platform is now used by 750 employees in 5 ALD Group entities *(internal HR source)*. The deployment continues in 2023.

Other subsidiaries propose other initiatives to encourage feedback. Austria and Switzerland train managers to give positive feedback. Italy has the ALD Talk initiative, which arranges opportunities for direct discussion between employees and local top management.

All these HR initiatives have been recognised with awards and certifications from external bodies:

Great Place to Work certification: in recent years, several Group entities have been honoured by the *Great Place to Work* institute, either being nominated for *Best Workplaces* awards or certified as a *Great Place to Work*.

ALD Luxembourg and ALD Netherlands, for instance, have won awards 3 times and 5 times, respectively.

Top Employer certification: in 2022 ALD Spain was certified as a Top Employer for the 6th consecutive year.

5.3.2.4 Societal commitment

It is important for ALD to make a positive contribution through societal commitment and community engagement. Its contribution takes different forms, including supporting citizen initiatives, solidarity and philanthropy. The aim is to involve employees in these actions as much as possible and thus generate pride in belonging to the Group.

Contribution to Sustainable Development Goals

1 NO POVERTY | 4 QUALITY EDUCATION | 10 REDUCED INEQUALITIES | 13 CLIMATE ACTION

ALD's solidarity initiatives and its civic commitment are developed locally by local entities to best meet the needs of each country or region.

The societal commitment focuses on three main themes:

- **aid to children**. This has historically made up one-third of the actions financed within the Group and takes the form of donations (in cash, vehicles or other contributions in kind) to charities, schools, hospitals or orphanages. ALD's specific angle, developed alongside Societe Generale, is to support initiatives that promote social inclusion of disadvantaged children through education. ALD SA 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 especially active in this area. This can take the form of financial support, as with ALD Brazil which funds two projects to promote inclusion of disadvantaged children and teenagers: one through art and culture *Construindo Cidadania com Arte* in cooperation with the *Instituto Hatus*, and another through sport, with the *Instituto Rugby Para Todos*. Support can also mean free provision of vehicles, such as ALD France's support for the charity Imagine for Margo.

- **environmental protection**, through reforestation, waste collection, or support for the protection of biodiversity. Many countries took part in reforestation programmes. ALD Luxembourg supports reforestation projects in Africa in partnership with NGO Graine de Vie. ALD Netherlands is working with the charity Trees for All, and ALD Mexico with the charity Pro Natura. Finally, ALD Greece has partnered with We4All to help replant areas ravaged by the forest fires of summer 2022.

  ALD France, in partnership with the ONF *(Office National des Forêts)* has helped fund four forest ponds in the Haute-Provence Alps, which will promote biodiversity by offering the varied environments that certain species need;
- **mobility for all**. This is a principle that feeds into two types of programme:
  - providing mobility solutions for deprived populations where vehicles are a big factor in social inclusion. For instance, ALD SA renewed its funding for the NGO "*Ecoliers du Sénégal*" to finance a school bus service for children who live a long way from school. ALD UK makes available a free minibus (with 16 seats and wheelchair access) to a pool of schools and charities in the community around its Bristol head office, optionally driven by ALD employee volunteer drivers.
  - making vehicles available free of charge to businesses in the social economy. ALD France supports the charities MaMaMa and ATD Quart Monde. ALD Spain has donated a people carrier for two years to residents of a retirement home. ALD Belgium has also helped the charity *Les Petits Riens.*

ALD India supported the United for Road Safety project, a project coordinated by the Regional Police for the three great metropolises of Mumbai, Delhi and Bangalore that provides road safety training to the public. The aim is to hold 90 sessions and train 1,800 people.

The Ukraine war dominated 2022 and led the ALD Group to focus its efforts on charities helping refugees and the Ukrainian people. Nearly twenty countries contributed to a global Solidarity Plan, supported and led by ALD SA.

The main actions taken by the "ALD Solidarity Plan" are as follows:

1) **financial and in-kind donations**: EUR 581,000 were raised in cash donations to support NGOs on the ground – International Red Cross and its local iterations, *Médecins sans Frontières*, *La Fondation de France*, Save the Children, Emergency, etc. Group employees also contributed directly to the French Red Cross through a crowdfunding campaign, which collected EUR 30,000 (100% matched by ALD SA). They also held collections of basic necessities and hygiene products. Employees and subsidiaries in countries bordering Ukraine were also mobilised to support colleagues from ALD Ukraine. For instance, ALD Poland provided vehicles for employee volunteers to run shuttles between Warsaw and the Ukrainian frontier and pick up Ukrainian colleagues who wanted to leave the country. ALD Poland then took responsibility for finding them housing in Warsaw;
2) **loan/donation of vehicles**: more than ten vehicles in Ukraine and neighbouring countries were made available free of charge to help carry volunteers from charities and ferry supplies and medicines to where they were needed.

Adding up all of these initiatives, ALD allocated **EUR 1.4 million to solidarity actions** in 2022.

Besides the financial contributions, ALD is keen to involve employees in solidarity activities. Several entities (UK, ALD SA, ALD Finland) have set up initiatives that encourage charitable actions by their employees during working time, backed up by volunteering hours authorised under the solidarity plan. In total, Group employees donated **203 days** in 2022, mainly in the UK and Poland.

5

5.3.3 Developing the employability and agility of employees

Developing the employability and agility of employees at all levels of the company, particularly in today changing work environment, is a key issue for ALD. The Group wants employees at all levels to be empowered and share a common mindset focused on innovation, diversity and sustainability, so they can 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.

2022

87.52% of employees present at 31/12 and trained

- *7,364 employees trained**
- *186,848 hours of training**
- *3.17 days of training in average**

Source: Planethic

** These figures include trained employees who left the Group during the year.*

- **"Business line" training courses**

The hours of training provided are mainly focused on the development of "business line" skills. They aim to meet the challenges of optimising customer relations and changing working methods through the use of innovative technologies.

This is the case in Italy, for example, which following discussions with its top management, sets a target for each department to receive skilled-based training in at least one key area for the entity, such as e-commerce management, insurance, IT data management, negotiations or ISO standards.

Several programmes, some of which are presented below, have been developed by numerous ALD entities. These are shared transparently, either formally or informally, between the entities so that they can be rolled out and adapted to each entity's needs.

<u>One Ready Smile: customer experience</u>

The One Ready Smile programme, launched by ALD Belgium, was replicated across several entities, notably: Algeria, Brazil, the Czech Republic, India, Mexico, Morocco, Norway, Poland, Portugal, Romania, Russia, Sweden, Turkey, Bulgaria, Ukraine and France. In 2022, the Group's Latin American subsidiaries joined the list of entities to roll out a local version of this programme. The programme encourages employees to think actively and collaboratively about the customer experience and thus leads them, based on customer feedback, to reflect on possible ways of improving communication, behaviour and internal processes.

<u>Customer Excellence</u>

ALD UK has relaunched its Customer Excellence training programme which had been a great success with customer service employees. The programme now includes a new module to support customers with financial difficulties. Through a series of lessons and coaching sessions, this training course teaches in-depth communication and emotional intelligence skills aimed at establishing an efficient attitude towards customers.

<u>Clicks n'Bricks: digital sales</u>

The Clicks n'Bricks programme, initially launched by ALD Denmark, aims to transform our traditional used car sales or rental processes for private customers towards digital offerings. This requires adapting the profiles of on-site used car salespeople to digital salespeople on the online platform. Their role is changing and is becoming more focused on finalising sales with customers. Salespeople are now efficiently processing demands *via* various tools such as a dedicated CRM. The programme has therefore helped efficiently adapt the sales process for private customers. Following an initial roll out in 2019 and 2020, Belgium, Morocco, France, the Czech Republic and Slovakia also implemented the programme in 2021 and 2022.

<u>BIC Academy and Global Corporate Clients: responding to the need to acquire transversal skills</u>

Transversal programmes and initiatives have also been launched to support the Group's transformation, improve cooperation between entities and develop the employability of employees by training them in line with the Group's needs.

The BIC Academy programme, which was launched in 2021 and is available within all entities, thus helps develop the language and understanding of common issues relating to electrification. It teaches how to "talk about and sell electric mobility" and provide better support to our customers in this transition (see section 5.2.1.2).

The Global Corporate Clients programme also continued in 2022, to develop a set of shared skills within the Group's sales teams who deal with our international customers.

- **Training for the use of collaborative and digital tools**

At a time when asynchronous working is on the rise, several initiatives have been launched in various entities to provide support to employees in their use of collaborative and digital tools.

ALD has improved its current digital training offering by providing access to digital platforms to develop its tailor-made training solutions for its employees with the aim of empowering them in their professional development choices. These platforms can be rolled out either globally or on a more local level.

For example, Spain offers access to an online training platform called "Campus ALD" for all its employees. This platform offers training on a range of subjects including digital transformation, the use of the Office pack and customer services by providing, for certain modules, specific courses for employees and managers.

With this same objective of offering a digital knowledge-sharing solution, ALD launched its ALD Academy in 2021. This is a unique and global platform within the Group and is accessible to all entities where knowledge and internal best practices can be exchanged, drawing on existing expertise as well as the promotion of digital solutions and learning across the various ALD entities.

This platform contains several programmes relating to business line expertise and personal development (for example, a page dedicated to managers for the development of their management skills). The long-term aim is to make it a unique training platform, on which the entire development offering for employees will be accessible, regardless of the entity to which they belong.

- **Training in behavioural skills development**

Training also develops employee behavioural skills.

For example, the Insight tool continues to be used within ALD SA. Based on the principle of four colours (red, blue, yellow, green) corresponding to dominant personality features, the tool helps employees get to know themselves and their environment better, understand their comfort and discomfort zones and become more aware of their strengths and weaknesses. Understanding our behaviour and recognising that of others, is a major advantage to help improve individual and collective performances.

This tool is used to guide employees during team building workshops, management coaching, and leadership coaching and advice sessions. In 2022, three development sessions using this tool were organised within ALD SA for new joiners.

- **Specific training for managers**

The support and development of ALD managers of all levels is a key focus. In this respect, a range of dedicated development programmes have continued to be offered within our entities. The main purpose is to support managers in their role as coaches and examples to all teams, and to ensure that they represent the Group's values and culture – especially in a changing environment.

For example, Spain has developed specific manager support programmes called *Conversa* and "Management Boost". ALD SA also introduced a training programme in 2022 which gradually provides year-round support to managers on essential skills required. ALD Italy offers specific training to help mangers develop operational risk management skills related to their day-to-day work.

Finally, 37 managers from the Southern Europe region (ALD Bulgaria, ALD Greece, ALD Turkey and ALD Romania) benefited from a joint co-development programme in 2022, made up of six sessions spread out over several months. The managers met in small groups from different entities and roles, with the aim of encouraging them to take a step back, share best practices and ideas to meet operational and managerial challenges, encourage communication among themselves and strengthen ties.

- **Diversified learning methods**

Training at ALD is also 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 training methods and collaborative communication tools such as the Slack, Friday Pulse and Teams platforms.

- **On-the-job training**

ALD is convinced that training is a daily process, carried out on the job, through the learning achieved through sharing expertise and skills with one other, thus promoting team spirit.

This is why Spain developed the "*Learning on the Job*" initiative and Turkey introduced the "*Learning from each other*" initiative, which allows employees mastering certain skills to train colleagues who need to develop them.

5.3.3.2 Strategic talents development policy

The strategic talents approach is common to all Group entities and is structured around Societe Generale's Leadership Model. This approach aims to detect, develop and retain ALD's strategic talents, by providing them with growth prospects within the Group and ensuring succession plans are in place for top management positions.

506
strategic talents

40.3 %

59.7 %

38
nationalities

39 years
average age

Internal HR source

Because ALD's primary talents are its leaders, the Group continues to roll out ALD HighWay, its international development programme dedicated to the Group's top management.

Its aim is to:

- provide them with the means to successfully achieve transformations and to support their teams in achieving the Group's objectives;
- build on each individual's strengths in a collaborative manner;
- facilitate the transition towards the Group's values;
- support them on a long-term basis by introducing continuous development, notably through dedicated moments to step back and share insights into their activities and leadership.

In 2022, ALD HighWay thus brought together 40 of the Group's General Managers and Top Leaders of 17 different nationalities. Participants followed a development programme focused on transformation.

Local initiatives were also launched to support our entities' leaders and local talents:

- ALD Algeria and ALD Morocco launched the TRANSMED development programme, enabling the talents of these two French-speaking entities to work on transversal 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;
- to support potential talents, ALD Italy has been focusing on behavioural skills with the entity launching an assessment based on targeted prerequisites to identity areas for improvement, as well a development programme to support employees in the acquisition of key ALD skills;
- ALD Bulgaria carried out a review of its employees considered as experts, to provide them with perspectives on the contributions they can make to the Group.

5.3.4 Promoting diversity and inclusion

The various initiatives and policies introduced to promote diversity and inclusion are recognised by employees.

8/10
Average rating allocated to the inclusive nature of the work environment, which allows all employees to feel respected and free to be themselves

91%
Team spirit (help and support of colleagues if necessary)

Source: SG Employee Barometer 2022

Diversity is a response to ethical as well as performance challenges. ALD has made it a priority to continue to promote women and staff with international profiles to positions of responsibility within the Group's management bodies.

In addition to these priorities, ALD is committed to improving other areas of diversity by paying particular attention to the intergenerational dimension, to employees with disabilities and the inclusion of LGBT+ persons. As a subsidiary of Societe Generale, ALD adheres to the Group's Diversity and Inclusion Policy and is committed to fighting all forms of discrimination.

Various initiatives are carried out within our entities, according to their challenge, their needs and local regulations.

This is the case in the Latin America region which has drafted the first version of its local Diversity Policy and has introduced Regional Manager Committees to share best practices for an inclusive work environment.

Moreover, India offers employees the option of setting up a "cultural committee" to share thoughts on diversity issues and plan events.

ALD Spain is also committed to promoting diversity in several ways:

- the entity has embarked on a long-term *ALD Diversidad* strategy among 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 corporate network committed to diversity and equality and members of the European Diversity Charter.

Diversity Leading Company

"Diversity Leading Company" awarded to ALD Spain in 2022 in recognition of measures carried out in favour of diversity.

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 Group's fundamentals.

Figures as of 31 December 2022

78.52% international employees within the Group (non-French)

Source: Planethic

STRATEGIC TALENTS

38 nationalities

68% international members

Internal HR source

MANAGEMENT BODIES*

39 nationalities

80% international members

Internal HR source

**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

46% women in ALD Group

Source: Planethic

47% women hired on a permanent contract

Source: Planethic

40.3% Women in strategic talent pool

Internal HR source

33.2% Women in the management bodies* of ALD group

Internal HR source

**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.*

Gender diversity is considered as a performance issue for the Group and is an important consideration in all ALD entities, as reflected in the following initiatives:

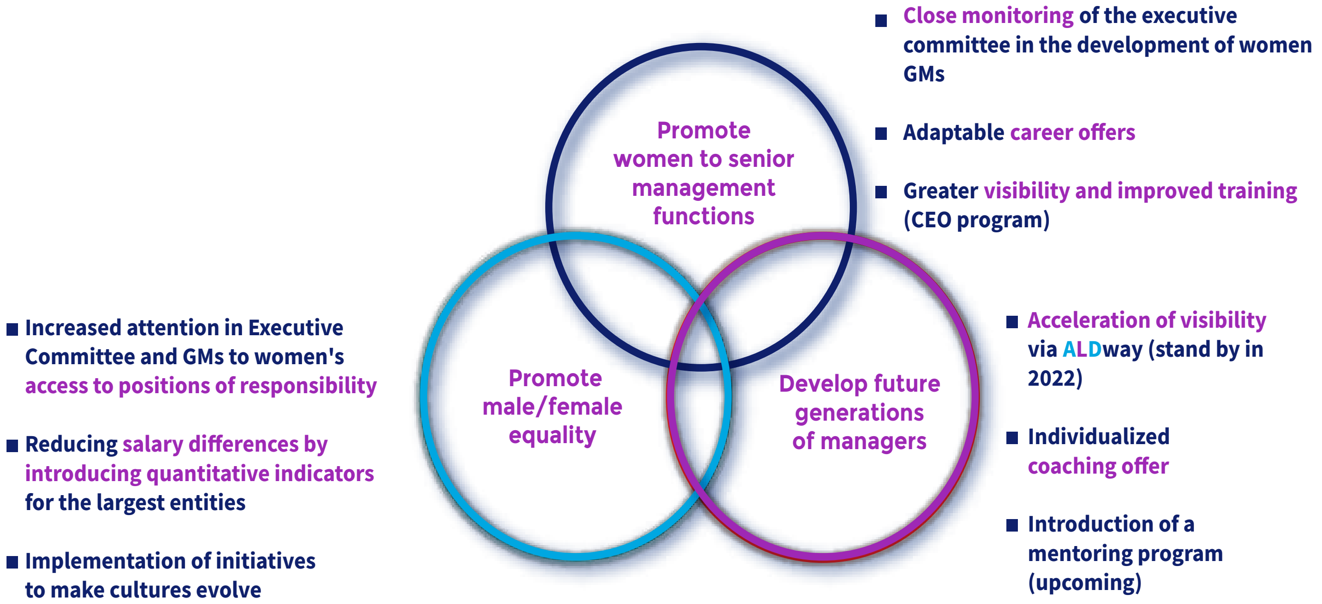
- **Presence of women in top management bodies**

Several initiatives have been taken locally to support women's careers and strengthen their presence, in particular in the top management committees of each entity. A few examples can be found below.

Since 2018, the Chief Executive Officer of ALD Group has, among his annual objectives, a target aimed at improving female representation within the Group's top management bodies. The same target has been defined for all ALD entities' General Managers since 2021.

Moreover, ALD's Executive Committee has drawn up the following action plan with three main drivers as part of a long-term strategy:

1) promote women to top management positions;
2) promote gender equality;
3) develop future generations of managers



Measures carried out by ALD in favour of gender equality helped the Group get closer, as of the end of 2021, to the objective set for 2025 of 35% of females within ALD Group's top management bodies. At the end of 2022, this rate stood at 33.2% *(source: CnB ALD).*

- **Gender equality index**

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 pay gaps between women and men by age and comparable job, and according to differences in the rates of individual salary increases. This index also takes into account the number of women in the 10 highest-paid jobs in the Company and the percentage of female employees who have benefited from a pay rise in the year in which they returned from maternity leave. For ALD France, the promotion rate is an additional criterion. The points of 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 2022, ALD SA and ALD France published index values of respectively 84 points* and 91 points* (*versus* respectively 91 points* and 91 points* in 2021). These scores are the result of a policy that has been pursued actively by ALD SA and ALD France for several years, in particular under the agreement on gender diversity in force at ALD France and the action plan implemented within ALD SA. Based each year on the provisional index results, ALD SA implements targeted corrective measures, notably the reduction of pay gaps at certain levels of responsibility and for certain age groups.

With the aim of strengthening the measures related to the gender pay gap and reducing these 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 2022, are between 57 points and 94 points depending on the country*.

** Source: CnB ALD*

- **Other gender equality initiatives**

To strengthen the Group's action plan in favour of gender diversity, the Chief Executive Officer of ALD signed the *#JamaisSansElles* charter, committing it to ensuring that women are well represented in all internal and external discussions in which it participates worldwide. This principle has been shared with the Group's top management teams.

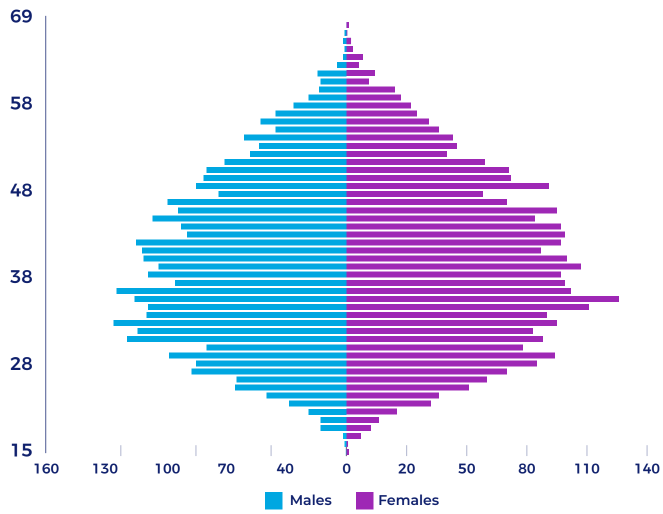
Additional initiatives promoting gender equality have also been introduced in various entities such as, Luxembourg which organises coaching sessions for women who have been identified as talents, and the Netherlands, which offers brainstorming sessions where groups of women can discuss issues such as female recruitment and their professional development. Moreover, ALD Italy has renewed its partnerships with the *Valore D* association and the Professional Women's Network (PWN), which promote gender diversity and mentoring. Latin American entities have introduced the monitoring of gender indicators (percentage of women in the workforce, by department, in the talent pool and among top management) and have set recruitment rules in favour of women to increase their representation in the workforce.

Inclusion of LGBT+ persons

ALD France and ALD SA, as French subsidiaries of Societe Generale, are committed to promoting an inclusive work environment for LGBT+ persons. These entities are notably signatories of the *L'Autre Cercle* charter for the integration of LGBT+ persons.

5.3.4.3 Age diversity

The average age of ALD Group's workforce is 39.3, as shown in the age pyramid *(source: Planethic):*



- *The average age of ALD employees is 39.3*
- *The average age of women is 39*
- *The average age of men is 39.4*

The Group applies the principle of no age-based discrimination throughout the organisation.

At the same time, additional measures are also in place. ALD France is continuing its partnership with the "*École de la 2ème chance*", an integration programme that supports young people working under apprenticeship contracts.

In the same manner, ALD Luxembourg renewed the operation that the entity has been conducting since 2007, taking on students in apprenticeship so that they can obtain an Administrative and Commercial professional diploma (DAP) at the end of a two-year course.

In 2022, on a voluntary basis, ALD SA launched an initiative allowing employees to welcome students in their last year of middle school, from priority education zones, for one-week work placements to discover the business world. These work placements will take place during the first quarter of 2023.

5.3.4.4 Inclusion of people with disabilities

At end 2022,

1.88%

of Group employees with disabilities were employed by ALD

(i.e. +0.04 points vs 2021)

Source: Planethic

More than ten agreements have been signed at our entities in recent years in favour of the work and professional integration of persons with disabilities. As a subsidiary of Societe Generale, ALD adheres to the Global Business and Disability Network Charter of the International Labour Organization's (ILO). Some subsidiaries are also undertaking 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 entity. A new agreement was unanimously signed until 2023 by the trade unions representing ALD France on 5 November 2020.

At end 2022,

5.5%

of ALD France entity employees had disabilities

(i.e. +1.16 points vs 2021)

Source: ALD France's HR teams

Moreover, Spain offers inclusion forums about inclusion to highlight testimonies of disabled employees through their personal stories. These exchanges give them the opportunity to explain how to interact with them naturally.

5.3.5 Key HR data

5.3.5.1 Changes in the workforce

5.3.5.1.1 Workforce by geographical zone

The table below shows the changes in the workforce over the past three years. All employees, whether with full-time or part-time work contracts, are counted as one in the workforce. These figures exclude the external workforce such as trainees, service providers and consultants.

	31 December 2020	31 December 2021	31 December 2022
France	1,411	1,491	1,556
Europe (excluding France)	4,544	4,736	4,859
Excluding Europe	741	823	829
TOTAL	**6,696**	**7,050**	**7,244**

Source: Planethic

5.3.5.1.2 Hires on permanent contracts

The table below presents the total number of employees hired on permanent contracts over the past three years.

	2020		2021		2022	
	Women	Men	Women	Men	Women	Men
France	64	66	87	98	67	82
Europe (excluding France)	196	238	366	418	378	402
Excluding Europe	56	74	40	102	61	86
TOTAL	**316**	**378**	**493**	**618**	**506**	**570**

Source: Planethic

5.3.5.1.3 Hires on fixed-term contracts

The table below presents the total number of employees hired on fixed-term contracts over the past three years.

	2020		2021		2022	
	Women	Men	Women	Men	Women	Men
France	48	47	55	57	68	47
Europe (excluding France)	123	81	123	90	172	176
Excluding Europe	5	5	18	24	30	33
TOTAL	**176**	**133**	**196**	**171**	**270**	**256**

Source: Planethic

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 past three years.

	2020	2021	2022
France	192	210	191
Europe (excluding France)	522	770	816
Excluding Europe	114	121	163
TOTAL	**828**	**1,101**	**1,170**

Source: Planethic

5.3.5.1.5 Permanent contract turnover

The table below presents the turnover rate of employees on permanent contracts over the past three years.

	2020	2021	2022
	10.25%	13.17%	13.47%

Source: Planethic

The table below presents the voluntary turnover rate of employees on permanent contracts over the past three years.

	2020	2021	2022
	5.26%	8.96%	9,85%

Source: Planethic

5.3.5.2 Breakdown of the workforce

5.3.5.2.1 Breakdown by country

As of 31 December 2022, the breakdown of the Group's workforce by country was as follows:

	31 December 2021	31 December 2022
Western Europe	4,708	4,868
o.w.		
Belgium	280	288
France	1,491	1,556
Germany	553	571
Italy	587	578
Spain	482	494
United Kingdom	745	787
Northern Europe	465	480
Central and Eastern Europe	1,054	1,067
South America, Africa and Asia	823	829
TOTAL	**7,050**	**7,244**

Source: Planethic

5.3.5.2.2 Breakdown by type of employment contract

The table below shows the proportion of employees on fixed-term contracts over the past three years.

	31 December 2020	31 December 2021	31 December 2022	
	Fixed-term/workforce	Fixed-term/workforce	Fixed-term/workforce	Share of women
France	9%	11%	14%	50%
Europe (excluding France)	4%	4%	6%	48%
Excluding Europe	3%	9%	5%	44%
TOTAL	**5%**	**6%**	**7%**	**49%**

Source: Planethic

5.3.5.2.3 Breakdown by socio-professional category

The table below shows the proportion of managers in the workforce over the past three years.

	31 December 2020	31 December 2021	31 December 2022	
	Managers/workforce	Managers/workforce	Managers/workforce	Share of women
France	18%	19%	18%	41%
Europe (excluding France)	19%	19%	19%	38%
Excluding Europe	17%	19%	14%	33%
TOTAL	**19%**	**19%**	**18%**	**38%**

Source: Planethic

5.3.5.2.4 Breakdown by gender

The table below presents the breakdown of the Group's workforce by gender over the past three years.

	31 December 2020		31 December 2021		31 December 2022	
	Women	Men	Women	Men	Women	Men
France	677	734	714	777	742	814
Europe (excluding France)	2,126	2,418	2,220	2,516	2,278	2,581
Excluding Europe	279	462	296	527	308	521
TOTAL	**3,082**	**3,614**	**3,230**	**3,820**	**3,328**	**3,916**

Source: Planethic

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 past three years.

	2020	2021	2022
<25 years	5.2%	5.8%	6.03%
25-35 years	31.5%	30.7%	29.61%
35-45 years	34.7%	33.9%	32.97%
45-55 years	23.5%	22.6%	23.18%
>55 years	5.1%	7.1%	8.21%
TOTAL	**100.0%**	**100.0%**	**100.0%**

Source: Planethic

5.3.5.3 Absenteeism

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

	31 December 2020	31 December 2021	31 December 2022
Rate of absenteeism	2.90%	2.75%	2.98%

Source: Planethic

5.3.5.4 Training

The Group invests heavily in training to enable its employees to evolve, acquire new skills in line with the realities of the company and their foreseeable career path, and offer each employee the opportunity to fulfil his or her potential.

NUMBER OF EMPLOYEES WHO ATTENDED AT LEAST ONE TRAINING SESSION DURING THE YEAR *

	2020	2021	2022
France	1,221	1,484	1,544
Europe (excluding France)	4,204	4,746	4,985
Excluding Europe	675	778	835
TOTAL	**6,100**	**7,008**	**7,364**

Source: Planethic

** These figures include employees trained who left the Group during the year.*

TOTAL NUMBER OF TRAINING HOURS *

	2020	*of which remotely*	2021	*of which remotely*	2022	*of which remotely*
France	9,331	63%	14,735	65%	24,397	55%
Europe (excluding France)	48,912	57%	85,648	74%	109,575	55%
Excluding Europe	10,206	62%	61,969	96%	52,876	89%
TOTAL	**68,449**	**68%**	**162,352**	**80%**	**186,848**	**64%**

Source: Planethic

** These figures include employees trained who left the Group during the year.*

5.3.5.5 Workplace accidents

The table below shows the number of workplace accidents over the past three years, excluding commuting (as defined by local regulations).

	31 December 2020	31 December 2021	31 December 2022
Number of workplace accidents	6	11	12

Source: Planethic

For the French perimeter composed of ALD SA and ALD France, the severity rate of work incidents is respectively 0 and 0.087 *(internal HR source)*.

5.4 Responsible practices

Contribution to Sustainable Development Goals

5.4.1 Customer satisfaction culture

Significant risk identified:

- risk of customer and operational dissatisfaction related to electric vehicles (vehicle safety recalls, issues with the installation of charging terminals).

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 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 (Net Promoter Score). 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 reasons behind the scores obtained. One Ready Smile (ORS) is based on satisfaction surveys and detailed interviews that integrate both the overall level of satisfaction and detailed customer comments. This "Voice of the Customer" helps identify the main pain points in detail and 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 of cross-divisional 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 during the ORS workshop using an agile methodology to allow countries to implement continuous and autonomous improvement action plans independently. In 2021, ORS adapted to the public health crisis, with content digitalised and made available on the ALD Academy, the e-learning platform focused on ALD's business lines to support employees in digital, cultural and business transformations. This allowed the Group to offer hybrid sessions (remote + digital content) to ALD countries. The platform had almost 3,000 internal users at the end of 2022.

The **Net Promoter Score (NPS)** is the measurement of customer satisfaction based on their likelihood of recommending 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. The 2022 NPS survey covered 39 countries in which ALD operates (countries affected by the Ukrainian conflict were not surveyed).

Survey results are regularly presented to the Executive Committee.

The **overall NPS reached +27 points**, -4 points compared with the previous year.

The main reason for this decrease is mainly the general context of tension on the automotive market (semiconductor crisis, vehicle and spare parts shortages, long delivery times, increase in interest rates and energy costs). Nevertheless, the majority of countries have a continuous improvement approach based on the survey results.

Progress has nonetheless been made in Germany, Mexico, Chile and Turkey thanks to the optimised management of the customer experience.

These local surveys are complemented by measures at the international level, particularly in the specific customer segment of Large International Accounts.

The most recent survey of international customers showed a recommendation rate of 88%. Corporate Social Responsibility now rates among the top three criteria in terms of importance for these customers, and 74% are satisfied with ALD's action in terms of CSR and sustainable development (+11 points compared with 2021).

Finally, 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 has also been replicated in 26 countries in which ALD is present (Belgium, France, Germany, Italy, the Netherlands, Spain, the United Kingdom, Austria, the Czech Republic, Hungary, Bulgaria, Finland, Turkey, Romania, Greece, Poland, Peru, Brazil, Chile, Colombia, Mexico, Portugal, Algeria, Morocco, Ukraine and Russia). These Customer Advisory Boards pay particular attention to energy transition issues (electric vehicles, charging solutions, energy market and costs).

5.4.2 Behaviour/ethical and responsible culture

Significant risks identified:

- choice of customers: corruption, money laundering, embargoes/sanctions, reputational risk of an environmental and social origin;
- choice of suppliers: corruption, money laundering, embargoes/sanctions, reputational risk of an environmental and social origin exacerbated by a business model based on a combination of services:
  - selection of garages;
  - purchasing/supply of raw materials for tyres, spare parts.

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 Group 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 with 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 2019, the Group rolled out a new secure and anonymous whistleblowing 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, and moved from the project phase to the run phase in 2020, the Culture and Conduct programme aims to build stakeholder confidence in Societe Generale and its business units, including ALD, by putting values, the 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 Office and the Head of Human Resources.

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

In 2021, governance was improved within ALD through the publication of a best practices guide and the creation of a Corporate Secretary function within the entities which report functionally to the holding and, in 2022, of the HR Director.

Since 2022, Conduct indicators are reported to members of the Group's Executive Committee once a quarter and to Societe Generale's General Management once a year.

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 French law n° 2016-1691 of 9 December 2016 ("Sapin II") and of those relating to 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 (referred to as Sapin II law).

Since 2019 specifically, ALD started the full application of the anticorruption section of the Societe Generale remediation programme,which gave rise to the main following actions in 2022:

- an update of the policy governing the fight against corruption;
- an update of the policy for the identification of counterparty risks for customers and suppliers, and notably the introduction of an "ABC flag" for customers at risk of corruption.

Legal action against Societe Generale by French and US authorities was dropped at the end of 2021, following the effective implementation over the past three years of a set of remediation measures to effectively combat the risk of corruption.

Note that ALD does not have a legal obligation to formalise its own Vigilance Plan but is fully in line with that of Societe Generale, which is presented in Societe Generale Universal Registration Document.

5.4.2.3 Environmental and Social (E&S) policies

Sector and cross-Group E&S policies

Developed by cross-functional working groups, E&S policies are approved by Societe Generale's General Management and implemented within ALD.

They present 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.

There are twelve E&S policies in total, nine sector policies and three declarations on major cross-divisional issues (human rights, climate and biodiversity). These policies cover sectors considered as potentially sensitive in terms of E&S or ethics. Energy and extractive sectors are covered by several sector 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).

Agriculture and forestry are also subject to a policy which covers several sectors (agriculture, aquaculture and fishing, palm oil, soya beans and beef in Latin America, forestry, paper pulp and paper). Defence and merchant vessels are also covered. The E&S policies are public and available on the Societe Generale website:
https://www.societegenerale.com/en/publications-documents?search=&theme=rse&category=politiques-sectorielles&year=&op=Filter

These policies are systematically circulated to the ALD local teams responsible for the Know Your Customer (KYC) process.

E&S identification list (or watch list)

To facilitate the management of E&S risks, an identification list is prepared and updated quarterly by Societe Generale experts. This list shows the projects, companies and 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 identification list, an exclusion list has been prepared by Societe Generale and is updated on a quarterly basis. It includes companies excluded from the sector defence policy due to 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.

The sector policies described above contain exclusion criteria that are checked systematically.

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 (11 cases reported in 2022).

This process was made official in 2021 in an instruction published by all Group entities covering the management of E&S risks. This instruction was subject to a specific training programme in all Group countries.

The identification, assessment and management of E&S risks was also subject to specific training for the risk, compliance, purchasing and CSR teams.

The rate of completion for this module at the end of 2022 was **97% of targeted individuals** (1,551 out of 1,593 persons completed this module). Training is repeated regularly as employees change positions and new recruits arrive (41 “underway” as of end-2022).

5.4.3 Responsible purchasing

The Purchasing activity is an important factor in CSR goals, since ALD is integrated into the policies and practices of Societe Generale. Launched in 2006, the responsible purchasing policy is implemented through multi-annual action plans. In the continuity of the previous plans, the sixth responsible purchasing action plan named “Positive Sourcing Programme” (PSP) 2021-2023, will consolidate the achievements of previous plans and is based on two ambitions:

- conduct of the CSR Duty of Care Plan, described in Section 5.5 of Societe Generale Universal Registration Document (https://www.societegenerale.com/sites/default/files/construire-demain/12112018_sustainable_sourcing_charter_vf_eng.pdf)
- promotion of positive-impact purchasing strategies.

To support this plan, the Group’s normative documentation (Societe Generale Code) relating to the conduct of responsible purchasing sets out the management measures for risks of E&S origin to be implemented.

The Group’s purchasing practices are in line with the continuous improvement approach and the implementation of purchasing and ethics rules, applicable in terms of purchasing, annexed to the global agreement on fundamental rights with the UNI Global Union. Purchasing practices have been improved in recent years to systematically take environmental and social aspects into account in purchasing processes.

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 the Societe Generale level, particularly with regard to CSR. Accordingly, in terms of production purchases (directly related to leasing operations), 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 framework agreements negotiated by the Societe Generale Purchasing Department. Lastly, for certain categories, ALD France works closely with the Societe Generale Purchasing Department.

Responsible purchasing charter and CSR clause in contracts

Since April 2017, all suppliers listed by the Purchasing function are sent a copy of the Sustainable Sourcing Charter

(https://www.societegenerale.com/sites/default/files/construire-demain/12112018_sustainable_sourcing_charter_vf_eng.pdf)

The commitments set out in the Sustainable Sourcing Charter are mainly based on the fundamental principles of the United Nations Global Compact in terms of human rights, working conditions, the environment and the fight against corruption.

5

The CSR clause that was updated in 2018 is now integrated into 100% of new contract templates. It refers to the Societe Generale Code of Conduct and the Sustainable Sourcing Charter. Its purpose is to involve suppliers in the implementation of due diligences in the fields of human rights, working conditions (health and safety), the environment and the fight against corruption.

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 risk map was conducted between 2017 and 2018 in consortium with three other French banks and with the support of a specialised consulting firm. The risk 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 to 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 since 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.

Integration of E&S criteria into tender processes

Based on the risks identified in the new Purchasing-related CSR risk map, CSR criteria specific to each eligible purchasing category are integrated into the main calls for tender and taken into account in their analysis. The level of weighting of these criteria in the supplier's final choice depends on the level of risk identified by the mapping and varies between 5% and 15% depending on the environmental and social risk associated with the purchasing category.

The main international calls for tender launched by ALD SA's Purchasing Department include this mechanism (short-term rental in 2019, tyres in 2020, maintenance in 2021). The first two categories (short-term rental and tyres) represent more than EUR 200 million in annual expenditure, and the international suppliers selected around 80% of these purchases. Maintenance represents expenditure of around EUR 500 million and the share of international suppliers, which remains a minority, is expected to grow with the accelerated implementation of these international contracts. The average weighting of CSR criteria in these calls for tender was 12%.

This process was made official in 2021 in an instruction published by all Group entities. In 2022, the Responsible Purchasing section of this instruction was the subject of a specific training programme with 100% of the Group buyers.

2022 was dedicated to the implementation of this system (adoption of mapping and integration of CSR criteria into tender processes) with a concrete application in France for calls for tender in the "transport and storage" category.

Developing positive impact purchases

- Developing the circular economy: with the objective to further develop the circular economy within our supply chain, in 2022, the Purchasing and CSR Departments launched discussions with tyre manufacturers aimed at expanding the purchase of reconditioned tyres produced from used tyres. A pilot is planned in 2023 with ALD France.
- Action for the climate: the Purchasing Department also takes part in Group initiatives in favour of biodiversity and, more specifically, in its objective of eliminating single-use plastics of petroleum-sourced origin from the employee environment by end-2025. To do so, it works with a network of suppliers to source alternative solutions that can be introduced throughout the Group.

5.4.4 Data protection

This additional year of applying GDPR has notably helped consolidate the status of personal data protection as an essential value at ALD Group. At the same time, the compliance mechanism has been adjusted to recommendations from the regulator and feedback from third parties. Two major projects took place in 2022:

- work relating to the definition of an alternative solution to replace Google Analytics, following the position of several data protection authorities which consider Google Analytics non-compliant due to the fact that personal data is transferred to the United States;
- work to remedy existing contracts to ensure compliance with Schrems II [1] (TIA [2] and SCC [3] if necessary).

The data privacy system is managed centrally by a Data Protection Officer, who reports directly to the Corporate Secretary and who is the dedicated contact person at the competent national authority (the CNIL). This system relies on a network of DPCs [4] in ALD subsidiaries. As part of Societe Generale's global governance of IT, legal and cybersecurity processes, its aim is not only to ensure ALD's compliance in terms of personal data processing, but also to ensure its capacity to develop its service offer 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 inclusive and sustainable services that are accessible to all;
- promote ethical and responsible digital practices.

1) Schrems II is the law that regulates transfers of personal data of European citizens outside the EU, in particular to the US.

2) Transfer Impact Assessment - impact assessment based on the country importing the data (can the importing country guarantee the same level of protection as the GDPR requirements?).

3) Standard Contractual Clauses - a set of clauses that must be added to the basic contract if we work with third parties based outside the EU or if there is a subsequent transfer by our providers to their 2nd Tier providers located outside the EU.

4) Data protection correspondent.

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

- IT purchases, with the specific objectives of integrating CSR standards into purchases (see Section 5.4.3) in this Universal Registration Document, digitising purchasing processes (DocuSign system), introducing recycling and second life contracts for IT equipment and installing a video conferencing solution to reduce business travel;
- CSR by Design, a set of principles which puts frugality and environmental efficiency at the heart of development, 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 programme is sponsored by the Executive Committee (Deputy Chief Executive Officer) and managed by the team of the Chief Information Officer of the ALD Group in conjunction with multiple contributors including the CSR Department.

The main achievements in 2022 are related to the IT purchasing objective, notably with the deployment of DocuSign within ALD SA and the implementation of partnerships with companies specialising in the recycling and repair of IT equipment in several countries. On the "CSR by Design" pilar, 2022 saw the creation of a dedicated training programme for IT project managers.

With regards to the accessibility objective, ALD France audited all of its sites and has started to implement remediation plans

SUMMARY OF ACTIONS RELATED TO SECTION 5.4

CSR issue (description)	Policies implemented (description)	Indicator (indicator type/box)	Qualitative/ quantitative objective (indicator type/box)	Result (indicator type/box)		
				2022	2021	2020
Customer service	*One Ready Smile* Programme	NPS	Improvement of the NPS	27%	31%	33%
Selection of suppliers	Systematic E&S verification in KYS process	Number of ALD entities that have adopted the GR63.3 describing the launch of KYS	100%	43	43	42
Selection of suppliers	Consideration of E&S aspects in purchasing decisions	Integration of CSR Clause into all international tenders	100%	100%	100%	100%
Selection of suppliers		Number of ALD entities taking the selection of its suppliers into account	Cover strategic categories and increase the geographical scope	28	28	24
Culture and Conduct	Appropriation test (1)	% of target population trained	100%	89% (1)	93%	89%

(1) Training received in 2022 - underway. At 15 February, the training completion rate was 89%.

Highlights for 2022

- High NPS maintained despite the impact of COVID-19
- Deployment of Group Regulation GR63.4 describing the due diligence to be carried out on intermediaries in cooperation with public authorities
- Continuation of the implementation of responsible purchasing policies for entities' purchases
- Execution of a corruption risk mapping exercise
- Update of the instruction relating to combating corruption
- First deliverables from the Responsible digital technology programme

Priorities for 2023

- First deliverables from the Responsible digital technology programme
- Deployment of the CREW tool for the management of KYS in interphase with our Call for tender management tool (Sourcing Hub)
- Implementation of a reporting process on Environmental
- Participation in the ESG by Design project

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

ALD's carbon reduction programme is twofold:

- an **internal carbon reduction plan** linked to the direct operations of the Group, covering Scopes 1, 2, and a fraction of Scope 3 that can be directly linked to day-to-day operations (*e.g.*, waste, business travel): Sections 5.5.1 and 5.5.2 of this Universal Registration Document;
- **a carbon footprint reduction** including the largest part of scope 3 emissions **linked to customer fleet emissions**: Section 5.5.3 of this Universal Registration Document.

5.5.1 2019-2025 internal carbon reduction programme

As part of the Move 2025 strategic plan, ALD is committed to reducing its greenhouse gas (GHG) emissions of its own operations by 30% compared with 2019 (as 2020 was an atypical year, it seemed more appropriate to use 2019 as the reference year). For 2030, the objective is a 50% reduction compared to 2019. The main levers activated to reach these objectives are: electrifying ALD's internal fleet of vehicles, continually improving the energy performance of its buildings and increasing the share of renewable electricity to 50% of kWh purchased.

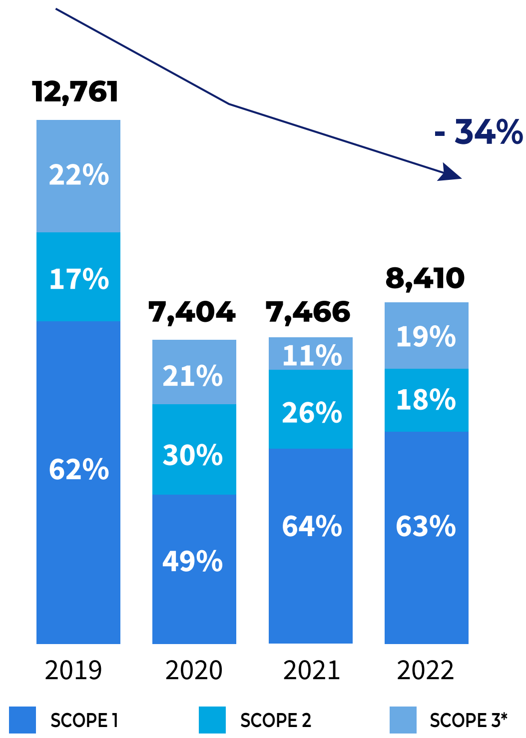
This proactive programme is accompanied by an "internal carbon tax" system that has been in place for eight years at Societe Generale. This programme has been enriched over the years and is based on a double incentive mechanism. Each year, a carbon tax is applied to Societe Generale entities based on their greenhouse gas emissions (EUR 25/t CO_2 eq.), and the amount collected is redistributed to reward the best internal environmental efficiency initiatives as part of the Environmental Efficiency Award. Three ALD subsidiaries were awarded for their initiatives during the 2022 edition, including one (ALD Belgium) which was ranked in the jury's top five, **with total emissions avoided of 117 tonnes of CO_2 equivalent**.

Some Group entities have supplemented this internal emissions reduction programme by contributing to **CO_2 sequestration projects** through **the purchase of certified carbon credits**. This is the case for ALD SA which, in partnership with the NGO Conservation International, financed 825 tonnes of CO_2 equivalent (825 VCS and CCB gold level certified carbon credits) with the "Vida Manglar, Blue Carbon" project which aims to protect the mangrove forest in Colombia. This is also the case for ALD France which, in partnership with WeNow, contributed via the purchase of 396 "Label Bas Carbone" credits to a project in the "La Pyramide forest" which aims to restore a depleted forest following a succession of droughts and heat waves in recent years. ALD France also contributed (UN-certified carbon credits) to an avoided emissions project for the construction of a metro in Delhi set to replace a certain amount of CO_2-emitting journeys (taxis, bus, motorbike, cars, etc.).

5.5.2 Entity internal carbon footprints

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

For the 43 ALD entities that took part in the collection campaign this year (same scope as in previous years plus Fleetpool in Germany which was acquired by ALD in 2022), greenhouse gas (GHG) emissions, defined as "internal" are estimated at **8,410 tonnes of CO_2 equivalent**, i.e., **1.12 tonnes of CO_2 equivalent per occupant**, a **34% decrease compared to the 2019 baseline**. The measured scope includes direct and indirect emissions related to energy, business travel, total paper consumption and waste but excludes emissions linked to customer fleet usage (detailed in Section 5.5.3 of this Universal Registration Document).



Scope 3 excluding emissions linked to customer fleet usage

	2019	2020	2021	2022	Change 2022 vs 2019
Scope 1	7,858	3,631	4,746	5,263	-33%
Scope 2	2,158	2,191	1,924	1,526	-29%
Scope 3 (without customer fleet usage)	2,745	1,582	796	1,621	-41%
	12,761	**7,404**	**7,466**	**8,410**	**-34%**

Scope 1 and 2 greenhouse gas emissions

		2019	2020	2021	2022	Var 2019-2022
Gas	t CO_2eq	825	1,028	1,012	897	+9%
Fuel/other fluids	t CO_2eq	34	19	144	47	+41%
Company vehicles	t CO_2eq	6,999	2,584	3,590	4,319	-38%
TOTAL SCOPE 1 EMISSIONS	**T CO_2 EQ**	**7,858**	**3,631**	**4,746**	**5,263**	**-34%**
Electricity	t CO_2eq	3,105	2,829	2,842	2,918	-6%
*Of which renewable electricity **		26%	20%	37%	68%	
Emissions avoided through the purchase of renewable electricity	t CO_2eq	-1,091	-794	-1,069	-1,581	+45%
Iced/superheated water	Teq CO_2	144	156	151	189	+32%
TOTAL SCOPE 2 EMISSIONS	**T CO_2 EQ**	**2,158**	**2,191**	**1,924**	**1,526**	**-29%**

** Electricity from renewable sources has been taken into account in emission calculations since 2021 and historical data has been recalculated accordingly.*

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 **22 GWh** in 2022, representing consumption of 2,998 kWh per occupant (+5.7% vs 2019, see explanation of the increase below).

Gas consumption was **3.9 GWh** on the reporting period, which represents a 17% increase in gas-related emissions vs 2019. The consumption of fuel remained negligible and decreased markedly in 2022 by 97% (3,247 kWh vs 103,652 kWh in 2019, decrease due to reporting errors in previous years corrected in 2022).

The increase in Scope 1 and Scope 2 emissions compared with 2021 was due to the fact that 2022 was a "normal year" in terms of the pandemic (no COVID-19 or lockdowns) and that business travel by car resumed.

ALD employees travelled a total of **29.7 million km this year for their business travel by car** (-3% *vs*. 2019), but the CO_2 emissions generated by these trips decreased by 38% vs 2019 (4,319 tons of CO_2).

This reduction is explained by the proactive policy adopted by ALD on the electrification of its internal fleet. For example, to date, 11 entities (ALD SA, Austria, Belgium, Germany, Finland, France, the United Kingdom, Hungary, Mexico, the Netherlands, and Turkey) have a new car policy: employees only have the choice among BEV or PHEV vehicles. And to facilitate the transition towards these new types of vehicles, several countries have installed charging stations at their premises (France, Italy, Belgium, the Netherlands, Spain, Romania, Turkey, Germany, Slovenia, Czech Republic, 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 France 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 Paris, Lyon and Strasbourg), employees are provided with electrically assisted bicycles.

In 2022, **electricity consumption was 16 GWh** for all 43 entities, up 17% compared with 2019 (13.6 GWh). **Purchases of certified renewable electricity** accounted for **68% of the total energy** bought this year (*vs.* only 26% in 2019) and 49% of the total energy consumed (*vs.* 19% in 2019). The consumption of superheated water also increased and reached 2.5 GWh (+34% vs 2019).

Nevertheless, **Scope 2 emissions fell by 29% compared with 2019**, mainly due to the inclusion of emission factors for renewable energy in the calculation (see *methodological note*).

The energy consumption increase was mainly due to employees returning to the office which generated higher energy consumption, and also to a better quality of reporting which allowed us to correct certain missing data from previous years such as the energy consumption of datacentres and sites dedicated to used cars. Moreover, 2022 saw a marked increase in the number of occupants - employees + subcontractors - (+9% compared with 2021) which required more office space and therefore resulted in more energy consumed.

Scope 3 greenhouse gas emissions (share integrated into the own account target, excluding emissions of customer fleet)

ALD measures Scope 3 indirect emissions relating to business travel, paper consumption, datacenters, transport of goods and waste:

		2019	2020	2021	2022	Change 2019 vs 2022
Business travel by plane	t CO_2eq	2,017	956	366	1,155	-43%
Business travel by train	t CO_2eq	153	69	21	65	-57%
Paper consumption	t CO_2eq	272	190	148	87	-68%
Waste management	t CO_2eq	303	309	183	152	-50%
Others*	t CO_2eq	0	58	78	162	-
TOTAL EMISSIONS	**T CO_2EQ**	**2,745**	**1,582**	**796**	**1,621**	**-41%**

** Transportation of goods & Electricity for datacenters hosted*

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. ALD SA's headquarters as well as the majority of other sites have been fitted out with the equipment needed for audio conferences.

The pandemic and the lockdowns of 2020 and 2021 affected the travel habits of ALD employees and helped reduce the carbon footprint by 82%. This year, with a return to a normal public health situation, employees travelled a total of **7.7 million km by plane and train** for their business travel. This was three times more than the distance of 2021 but **50% less than in 2019.** Despite this, CO_2 emissions generated by these trips amounted to **1,220 tonnes, down 44% *vs.* 2019**.

ALD introduced a **new travel policy** during 2022 to avoid an excessive rebound in emissions relating to air/train travel. Among the main measures of this policy:

- the application of a "train first" policy;
- a significant reduction in "internal" travel;
- travel by train has become mandatory for any journey of less than 3.5 hours by train (one way), compared to 2.5 hours previously (including journeys such as Paris-Marseilles, Paris-Geneva, Paris-Amsterdam, Paris-Cologne, Madrid-Barcelona).

Paper consumption

As the leading consumable used by service activities, paper represents a significant economic challenge and a sensitive environmental subject (waste management, combating climate change and pollution).

ALD's total paper consumption amounted to **60 tons in 2022, a decrease of 61% compared to 2019. 64% of the paper purchased by the Group is recycled** (up 37% compared to 2019).

A return to a normal public health situation has not had an impact on the results for 2022, as paper consumption has fallen consistently since 2019. This is the result of a range of measures taken within the Group in recent years, such as the proper use of printers, the dematerialisation of paper documents in favour of digital media and the use of recycled paper.

Moreover, ALD Greece won the 2022 Energy Efficiency & Environment Award for its project to implement a **dematerialisation process** across all departments which allowed to save 61kg of paper.

Pool printing solutions (centralised badge printing) widely deployed within the Group limit the number of printers, reduce 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 2022, ALD recorded water consumption of 56 thousand cubic metres with an average consumption per occupant of 8 cubic metres, representing a 5% decrease 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 Recyclea or between ALD Belgium and OUT OF USE).

Estimated waste production in 2021 was 362 tonnes, a decrease of 41% compared to 2019.

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

The catalogue of office supplies and promotional gifts has also been gradually adapted.

SUMMARY OF OBJECTIVES AND RESULTS RELATED TO SECTION 5.5

CSR issue (description)	Policies implemented (description)	Indicator (indicator type/box)	Quantitative objective/qualitative (indicator type/box)	Result (indicator type/box)		
				2022	2021	2020
Carbon footprint of internal emissions	Reduction of GHG emissions	GHG emissions*	-30% 2025 *vs.* 2019	-34%	-41%	-42%

** Greenhouse gas.*

Move 2025: Move for Good

Reducing our internal environmental footprint

- Carbon reduction programme

- 30%
internal emissions
***vs* 2019**

Note: This internal carbon footprint reduction target defined in 2020 does not include the emissions linked to customer fleet usage

5.5.3 Carbon footprint including Scope 3 (use of products sold)

ALD's most significant impact, in terms of CO_2 emissions, is that of the managed fleet. The strategy to reduce those emissions is extensively described in chapter 5.2 of this document. These emissions amounted to 4 million tons in 2022 (Section 5.2.1.3). As a reminder, within the Move 2025 Strategic Plan, ALD committed these emissions on the basis of an intensity indicator (-40% emissions in g/km on Passenger Car deliveries in Europe).

When emissions from the customer fleet are added to the Scope 3 already included in internal emissions as defined above, ALD's Scope 3 therefore amounts to slightly over **4 million tons of CO_2** and represent 99.8% of ALD's total carbon footprint.

ALD's recalculated carbon footprint taking into account emissions from the customer fleet in Scope 3:

(in thousands of tonnes)	2019	2020	2021	2022
Scope 1	7.9	3.6	4.7	5.3
Scope 2	2.2	2.2	1.9	1.5
Scope 3 (linked with internal operations)	2.7	1.6	0.8	1.6
TOTAL « INTERNAL » EMISSIONS	**12.8**	**7.4**	**7.5**	**8.4**
Scope 3 (including vehicle fleet leased to customers)	4,403	4,192	4,151	4,002
GRAND TOTAL	**4,414**	**4,198**	**4,158**	**4,008**

As described in Section 5.2.1.2 of this Document, the objectives in terms of electrification (and consequently scope 3 emissions) will be reviewed in 2023 when LeasePlan is integrated, and will be a fundamental focus of the new entity's strategy. These new targets will factor in the latest market developments, in terms of product offering and regulatory environment (EU target of 55% reduction in CO_2 emissions on sales of new vehicles in Europe in 2030). They will also be built to support the ambition of a CO_2 emissions trajectory that aligns with the *Net Zero* 2050 scenario.

5.6 Non-financial ratings

2022 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 the Group and subsidiary level. At end 2022, 33 Group entities had received an EcoVadis assessment (+8% *vs.* 2021): Nine (+3 *vs.* 2021) were given Platinum status (France, Luxembourg, Poland, Spain, the United Kingdom, Slovenia, Switzerland, Portugal and Italy), 12 (+2 *vs.* 2021) Gold status (ALD SA [Group], Germany, Austria, Belgium, Croatia, the Czech Republic, Slovakia, Romania, the Netherlands, Serbia, Turkey and Greece), 12 Silver status (Brazil, Finland, Hungary, Mexico, Russia, Ukraine, Peru, Bulgaria, Colombia, Chile, Morocco and Denmark). We aim to continue to extend the scope of this assessment in 2023. With a score of 74, the ALD Group rises to the top 2% of companies assessed.

The table below provides an overview of the ratings and non-financial assessments received by the Group.

Between 2021 and 2022, the Gaïa Research rating framework was substantially revised to take into account controversies and to better understand emerging environmental and social issues as well as new regulatory requirements. The rating history has therefore been revised in order to assess the evolution of the rating over three years at iso reference frame.

ALD France has obtained “CSR Committed” status following the AFAQ 26000 audit carried out by AFNOR. Seven other countries have ISO 14001 certification (Spain, Italy, the Netherlands, Portugal, Romania, Sweden and the United Kingdom). These seven countries represent 39% of the global fleet managed by ALD. Moreover, fourteen countries (Algeria, Germany, Belgium, Brazil, France, Hungary, India, Italy, Luxembourg, the Netherlands, Portugal, Romania, the United Kingdom, Ukraine) are certified ISO 9001.

Agencies	2019	2020	2021	2022	Position vs Peers
ecovadis	Gold : 68/100	Gold : 70/100	Gold: 70/100	Gold: 74/100	Top 2% of companies in our sector
CDP	D	B	B	B	Better than European and Rental & leasing sector average: C
MSCI ESG RATINGS	A	A	A	A	Top 40% within the Trading Companies & Distributors
V.E Part of Moody's ESG Solutions	n/a	67/100	67/100	67/100	Category ‘Advanced’ ranking #1 in Business Support Services sector panel worldwide and Top 1% Global Universe
SUSTAINALYTICS	n/a	15.3	16.2	16	Top 12% on global Universe, Top 8% within Transportation
Gaïa Rating	68/100	69/100	74/100	74/100	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	FTSE Russell ESG Rating: 3.3	Percentile rank: 67 Included in the FTSE4Good Index Series
ISS ESG			C	C	Rated “Prime” on sustainability performance Top 20% in the sector"

5.7 Methodological note

The purpose of this notice is to explain the reporting methodology used by ALD to develop the indicators contained in this Universal Registration Document (specifically, Section 5.2 “Sustainable mobility at the heart of the business””; Section 5.3 “Responsible Employer”; Section 5.5 "Responsible conduct of the 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 a 50% stake, ALD has integrated all of its entities (43 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 (44 subsidiaries [(2)])

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. The majority of this data is collected using the Planethic Reporting tool which is used by all Societe Generale entities. Data collection and consolidation is carried out under the supervision of Societe Generale’s Sustainable Development Department. It is coordinated at ALD SA’s level by the CSR Department. Société Générale reviews and optimises this process of collecting information and CSR indicators each year.

Efforts to raise awareness are regularly made among contributors to strengthen engagement with reporting and the tool used and thus contribute to the reliability of the data.

Reporting protocols are regularly updated. New protocols were established in 2022 with indicators that make 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

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.

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.

The calculation method of the training indicator evolves. As of now it is calculated in proportion to the workforce present at the end of the period and having been trained during the year.

The severity rate of work incidents is the number of lost days/ number of worked hours, then multiplied by 1,000.

5.7.3.2 Details of environmental indicators for the Group’s own data

Environmental data is calculated based on invoices, direct statements, and information received from suppliers or based on estimates. For buildings that are shared with other Société Générale entities, both the square meter and the workforce indicators are used to ensure the breakdown of collected data.

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

- controls of variations compared with the previous year were applied to all environmental indicators. An alert message asks the contributor to check the data entered in the event of a variation of more than 30%;
- data collected relating to energy, office paper and transport is considered in relation to the number of occupants declared by the entity;
- energy consumption (electricity, water vapour, iced water, fuel, gas) is also considered in relation to the surface area (expressed in square meters);
- with a view to ensuring the permanent reliability of data, qualitative questions (expected responses via written comments) are used to identify the various scopes of the data, collect best practices and understand year-on-year variations.

Water consumption and waste generation data is still difficult to obtain, due either to the absence of individual meters, or to the small amount of waste generated per site and its 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 at 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 on a given year. 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.

1) For 2022, FleetPool Germany was added to the scope.

2) For 2022, Ford Fleet Management in the United Kingdom was also added.

5.7.3.2.1 Changes in methodology

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

Since 2021, the basis is actual consumption in litres by type of fuel to which a unique emission factor by type of fuel (source ADEME) is applied when this information is available. Failing this, kilometres driven are used, to which an emission factor per country based on the manufacturer's data in g/km plus a realistic mark-up is applied.

To value the renewable electricity purchases of our entities, and with a view to adhere to the market-based methodology recommended by the GHG Protocol which takes into account actual emission factors of energy consumed and of renewable energy purchased (instead of the current average emission factors of the energy mix per country), ALD decided to subtract CO_2 emissions avoided through the purchase of renewable electricity from the total amount of emissions relating to electricity consumption. As a result, CO_2 emissions relating to electricity consumption were recalculated for previous years (See next section).

5.7.3.2.2 Restatement of historical data

As explained above with regard the inclusion of the purchase of renewable electricity in the calculation of the carbon footprint, data for 2019 and following years was recalculated as follows:

	2019	2020	2021
CARB01C: CO_2 emissions due to electricity consumption	3,105	2,829	2,842
CARB011C: Avoided emissions due to renewable electricity purchases	1,091	794	1,069
New CARB01C (corrected with CO_2 avoided thanks to RE)	**2,014**	**2,035**	**1,773**

5.7.4 Reporting period

With certain exceptions, data related to sustainable mobility (Section 5.2 of this Universal Registration Document) and social indicators (Sections 5.3 and 5.4) are calculated on an annual basis from 1 January to 31 December 2022, with data as at 31 December 2022.

Environmental indicators are generally established over a rolling 12-month period from 1 October 2021 to 30 September 2022, with the data finalised on 30 September 2022.

5.7.5 Data collection

The methods used for data collection and consolidation are as follows:

- **for sustainable mobility indicators:**
  - data relating to the on-road fleet of "green" vehicles, the proportion of diesel and "green" vehicles used for deliveries, as well as the average CO_2 emissions of the fleet are extracted from ALD's data warehouse, and therefore relate to all 42 subsidiaries. Average CO_2 emissions is the officially approved data from manufacturers;
- **almost all other data is collected at the site level using the Planethic Reporting tool:**
  - all contributors are officially informed at the launch of each collection campaign. This notification includes the campaign schedule and an updated version of the protocol for the domain in question so that each contributor can easily find the definition and application criteria for each indicator;
- The *Planethic Reporting* tool provides several levels of control:
  - data collectors input the data related to their subsidiary;
  - validators check the data input within their entity before validation;
  - central administrators at the 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 divided into three sections:

- **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 relating to the internal car 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. It also includes emissions from the use of vehicles leased to customers (downstream leased assets within the meaning of the GHG Protocol).

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 Protocol (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 corresponds to 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

5.8.1 ALD economic activity eligibility analysis

ALD's vehicle leasing and Fleet Management activities are **eligible for European taxonomy under the Clear Transportation criterion**, in **activity 6.5** listed in the EU Commission Delegated Regulations (EU) 2021/2139 of 4 June 2021 and (EU) 2021/2178 of 6 July 2021: "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 and Fleet Management are eligible [1].

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 for 2022 reporting: climate change mitigation and climate change adaptation. However, ALD's activity is **only eligible to climate change mitigation objective**, as activity 6.5 is not "enabling" under climate change adaptation objective. Moreover, the fundamental agenda of corporate fleets electrification is about the fight against climate change, not adapting to it.

SUMMARY OF ALD'S ACTIVITIES EU TAXONOMY ELIGIBILITY ASSESSMENT

ALD activities as presented in Chapter 1	Activity covered by the Taxonomy	Description of the Taxonomy activity	Environmental objective
Rental Activity: Full-Service Lease	6.5 Transportation by motorcycle, passenger vehicles and light commercial vehicles	*The Purchase, financing, renting, leasing and operation of vehicles designated as category M1, N1 or L*	Climate change mitigation
Rental activity: Fleet Management			
Used Car Sales	Not eligible	Not eligible	Not eligible

The identification of the share of activity aligned with the taxonomy, and the production of revenue, capital expenditures (CAPEX) and Operational Expenditures (OPEX) indicators has justified the creation of a task force involving the CSR Department, the Finance Department and the Digital Transformation and Operating Systems Department.

ALD's activity being about the aggregation of products and services provided by a broad ecosystem of business partners, the process requires to reach out to many external stakeholders:

- Third party data providers;
- Tyre manufacturers;
- Car manufacturers (OEMs).

The latter have concentrated the majority of the interactions given the nature of the criteria required by the Taxonomy. As a multi-brand leasing company, ALD had to engage discussions with 15 different OEMs selling more than 50 different brands.

5.8.2 Principle applied by ALD to identify the share of aligned activity

As disclosed in Article 3 of Regulation EU 2020/852, an eligible economic activity shall qualify as environmentally sustainable or aligned where that economic activity:

a) **contributes substantially to one or more of the environmental objectives** set out in Article 9;

b) **does not significantly harm (DNSH) any of the environmental objectives** set out in Article 9;

c) is carried out in compliance with **the minimum safeguards** laid down in Article 18.

To meet this requirement, ALD performed a detailed analysis to identify the share of rental activity (eligible under activity 6.5) qualifying as aligned to the EU Taxonomy. The nature of the substantial contribution criteria and DNSH criteria attached to activity 6.5 required assessing the alignment of vehicles at car-by-car level to build an internal database of aligned vehicles. In other words, the whole fleet has been screened in a "funnel-like" approach, in order to identify the final pool of aligned vehicles.

As a preliminary screening, the selection has been narrowed down to:

- Financed fleet: vehicles in fleet management only (i.e. not financed by ALD) generate no CAPEX investment, account for a non-significant share of revenues and operational expenses. Moreover, for fleets owned by clients, most of the time ALD has less vehicle technical data in its possession;
- Passenger Cars and Light Commercial vehicles (categories M1 and N1), bikes and 2-wheels accounting for a non-significant share of CAPEX, revenues and operational expenses;
- The top 12 countries for Battery Electric Vehicles, Plug-in Hybrids and Fuel Cell vehicles: (Belgium, Denmark, Finland, France, Germany, Italy, Luxembourg, Netherlands, Norway, Spain, Sweden, United Kingdom). They represent 96% of ALD deliveries across powertrains that are the only ones potentially aligned with the Taxonomy.

1) The services components are packaged in the lease with other costs and are included in the "leasing and operations" dimension of the 6.5 activity.

5.8.2.1 Substantial contribution to climate change mitigation related to activity 6.5

Description as per Commission Delegated Regulation 4 June 2021

The activity complies with the following criteria:

1) for vehicles of category M1 and N1, both falling under the scope of Regulation (EC) No. 715/2007: (i) until 31 December 2025, specific emissions of CO_2, as defined in Article 3(1), point (h), of Regulation (EU) 2019/631, are lower than 50g CO_2/km (low- and zero-emission light-duty-vehicles), (ii) from 1 January 2026, specific emissions of CO_2, as defined in Article 3(1), point (h), of Regulation (EU) 2019/631, are zero;

2) for vehicles of category L, the tailpipe CO_2 emissions equal to 0g CO_2e/km calculated in accordance with the emission test laid down in Regulation (EU) 168/2013.

Note: the gCO_2/km values are expressed under WLTP method. "N1 vehicles" as referred in Art. 4(1).b.i of Regulation (EU) 2018/58: maximum mass not exceeding 3.5 tons.

Judgement applied and methodology used to assess compliance

The official data provided by OEMs as part of the vehicle homologation process has been used. It is mainly sourced from third party data providers, stored in local operating systems, and sent daily to ALD international data warehouse from where the information was extracted. When WLTP metrics were available, they were used as such. When only NEDC-correlated data was available, a conversion factor published by the European Commission's Joint Research Centre in 2017 (https://publications.jrc.ec.europa.eu/repository/handle /JRC107662) has been used, differentiating Passenger Cars and Light Commercial Vehicles. Only vehicles with CO_2 values ranging from 0 to 49g were retained.

5.8.2.2 Compliance with DNSH related to activity 6.5

Water and marine resources and biodiversity DNSH do not apply for Activity 6.5 as disclosed in Commission Delegated Regulation 4/6/2021. The same goes for protection and restoration of biodiversity and natural ecosystems.

5.8.2.2.1 DNSH Pollution prevention

Description as per Commission Delegated Regulation 4 June 2021

1) Vehicles comply with the requirements of the most recent applicable stage of the Euro 6 light-duty emission type-approval set out in accordance with Regulation (EC) No. 715/2007.

2) Vehicles comply with the emission thresholds for clean light-duty vehicles set out in Table 2 of the Annex to Directive 2009/33/EC of the European Parliament and of the Council.

3) Vehicles comply with Regulation (EU) No. 540/2014 of the European Parliament and of the Council.

4) For road vehicles of categories M and N, tyres comply with external rolling noise requirements in the highest populated class and with Rolling Resistance Coefficient (influencing the vehicle energy efficiency) in the two highest populated classes as set out in Regulation (EU) 2020/740 and as can be verified from the European Product Registry for Energy Labelling (EPREL).

Judgement applied and methodology used to assess compliance

ALD applied the following judgement to assess this DNSH criteria:

1) The "most recent applicable stage of the Euro 6 regulation" is Euro 6d, encompassing successively Euro 6d-temp and Euro 6d). The choice to include Euro 6d-temp is linked to the fact that both the new WLTP test cycle and real Driving Emissions (RDE) were introduced with this phase. Euro 6d-temp started to be introduced for New Types (new models or engines) in September 2017 and was mandatory for all types (all new vehicles sold) in September 2019. All BEV vehicles are compliant "by design" (classification AX according to Euro standards), because they emit no tailpipe pollutants at all. Regarding PHEVs, compliance depends on their specific homologation and date of production, specific to each model. Compliance with this criteria has been assessed by data request to OEMs on a vehicle-by-vehicle basis. Given the extreme diversity in responses and to adopt a conservative approach, it has been decided to retain PHEV vehicles ordered from September 2019, and which therefore have been manufactured after the enforcement date of Euro 6d -temp "all types".

2) The Regulation (EC) No. 715/2007 and the thresholds set out in Table 2 of the Annex to Directive 2009/33/EC of the European Parliament and of the Council cannot be applied to ALD's fleet, because it sets CO_2 and pollutant thresholds in reference to a price in euros, for public procurement. The legislation clearly mentions the 2009 regulation and never refers to subsequent amendments to this text. ALD's normative analysis was therefore limited a strict reading of the original 2009 legislation.

3) This criterion related to vehicle noise reflects legislation currently in place. All vehicles currently sold within the EU are by definition compliant. All vehicles comply with Regulation (EU) No. 540/2014 or UN ECE Regulation 51-03 (phase 2), listed as alternative to EU Regulation 540/2014. OEMs have all confirmed its application to vehicles in ALD fleet in scope;

4) Delegated Regulation (EU) 2021/2139 of 4 June 2021 was completed by the FAQ released by the European Commission in December 2022 (https://ec.europa.eu/finance/docs/law/221219-draft-commission-notice-eu-taxonomy-climate.pdf). It is clear from the FAQ that scales are not to be understood as absolute (*i.e.* A only for noise, A+B only for rolling resistance), but as relative (*i.e.* the labelling of specific tyres compared to those available on the market that meet the same technical parameters). Alignment with the criteria therefore requires a multi-step approach:

- obtaining the labels for rolling noise resistance and noise, that can be different between front and back tyres, and can be changed during the contract life, sometimes twice a year when winter tyres are fitted,
- obtaining the following technical specifications for tyres (size designation, load capacity index, speed category, season),
- manually run these parameters in the European EPREL database for a correct comparison of the selected tyres,
- generate a table producing a split of the labelling of all tyres with the given specification to establish whether the tyre(s) belong to the highest populated class.

ALD made its best effort to assess compliance for original, factory-fitted tyres , because they equip the vehicle for a significant part of the contract life, and because at the moment, ALD does not monitor the labels in case of tyre changes during use phase. However, no OEMs were able to provide the required information with enough granularity (lack of centralised data, outright refusal, or aggregated data only). Because of the quantity of models concerned (more than 240) split across many production years, the multiplicity of possible tyre combinations, the extreme complexity of the process and general unavailability of data, ALD has therefore declared this criterion inoperable for this first alignment exercise. This position will be reassessed for 2023 reporting.

5.8.2.2.2 DNSH Circulation Economy

Description as per Commission Delegated Regulation 4 June 2021

1) Vehicles of categories M1 and N1 are both of the following:

- reusable or recyclable to a minimum of 85% by weight;
- reusable or recoverable to a minimum of 95% by weight.

2) Measures are in place to manage waste both in the use phase (maintenance) and the end-of-life of the fleet, including through reuse and recycling of batteries and electronics (in particular critical raw materials therein), in accordance with the waste hierarchy.

Judgement applied and methodology used to assess compliance

1) ALD's business model is to purchase new fleets and lease the fleets for an average of 3.5 years before reselling them to the market. ALD therefore does not directly deal with the end-of-life of the fleets. However, car manufacturers have a legal responsibility to ensure recyclability and reusability. The reusability and recyclability criteria are aligned with Directive 2000/53/EC of 18 September 2020. Under this directive, vehicles type-approved should be re-usable and/or recyclable to a minimum of 85% by weight per vehicle and re-usable and/or recoverable to a minimum of 95% by weight per vehicle. Under the same directive, manufacturers must provide systems to collect End of Life Vehicles (ELV) and when feasible, used parts. They must also meet all (or a significant part) of the costs involved in the delivery of an ELV to a waste treatment facility. Moreover, EU Directive 2000/53/EC was transposed by UK-wide legislation to "The End-of-Life Vehicles (Producer Responsibility) Regulations 2005". Similar legislations are in place in Norway and Switzerland. The criteria therefore reflect legislation in force. OEMs have confirmed its application to vehicles in ALD fleet in scope.

2) ALD is responsible only for the use phase of the criteria and ALD has charters in place with car manufacturers, covering their garage networks, to ensure they address waste management appropriately. Waste management both in the use phase and maintenance in the brand dealerships is governed by OEM dealer standards, which is a pre-requisite for sale of vehicles by distributors and dealers. These standards require compliance with local waste management regulations and are subject to routine inspection by national distributors. Although independent garages are not covered by such charters, ALD makes its best effort to select "premium" garages that are part of national and international networks, and whose environmental and social practices during the initial contracting phase. Regarding critical materials (used in vehicle batteries in particular), there is currently no such regulatory framework to track and testify that CRMs (Critical Raw Materials) are recycled, and no OEM interrogated provided quantified information.

5.8.2.2.3 DNSH Climate Change Adaptation (Generic criteria to all activities)

Description as per Commission Delegated Regulation 4 June 2021, Appendix A

The physical climate risks that are material to the activity have been identified by performing a robust climate risk and vulnerability assessment with the following steps:

a) screening of the activity to identify which physical climate risks from the list in Section II of this Appendix may affect the performance of the economic activity during its expected lifetime;

b) where the activity is assessed to be at risk from one or more of the physical climate risks listed in Section II of this Appendix, a climate risk and vulnerability assessment to assess the materiality of the physical climate risks on the economic activity;

c) an assessment of adaptation solutions that can reduce the identified physical climate risk.

The climate risk and vulnerability assessment is proportionate to the scale of the activity and its expected lifespan, such that:

a) for activities with an expected lifespan of less than 10 years, the assessment is performed, at least by using climate projections at the smallest appropriate scale;

b) for all other activities, the assessment is performed using the highest available resolution, state-of-the-art climate projections across the existing range of future scenarios consistent with the expected lifetime of the activity, including, at least, 10-to-30-year climate projections scenarios for major investments.

Judgement applied

Definition of Physical and transition risks

- **Physical risk** refers to the financial impact of a changing climate, including more frequent extreme weather events and gradual changes in climate, as well as of environmental degradation, such as air, water and land pollution, water stress, biodiversity loss deforestation. Physical risk is therefore categorised as "acute" when it arises from extreme events, such as droughts, floods and storms, and "chronic" when it arises from progressive shifts, such as increasing temperatures, sea-level rises, water stress, biodiversity loss, land use change, habitat destruction and resource scarcity. This can directly result in, for example, damage to property or reduced productivity, or indirectly lead to subsequent events, such as the disruption of supply chains.
- **Transition risk** refers to an institution's financial loss that can result, directly or indirectly, from the process of adjustment towards a lower-carbon and more environmentally sustainable economy. This could be triggered, for example, by a relatively abrupt adoption of climate and environmental policies, technological progress or changes in market sentiment and preferences.

For the business model of ALD, the most material transition risks are linked to the vehicle fleet and its emissions. Their mitigation is described in detail in this Document, under Residual Value risk management and energy transition in sustainable mobility offering.

This section will therefore focus on Physical Risks.

To calculate the physical risk on its asset, ALD worked in a close cooperation with Societe Generale, which has chosen to focus on developing internal tools for identifying physical climate risks. R&D work on the impacts of physical risks on its portfolios began with the portfolio of real estate loans to individuals in France, for which the exact location of the assets financed is known.

In 2022, the Societe Generale Group developed its physical risk assessment tool. The geographical scope of the study has been extended to include France and Europe. Emphasis was placed on acute risks, in particular drought, floods and forest fires. New models have been developed to estimate future drought, flood, and forest fire risks under the Intergovernmental Panel on Climate Change ("IPCC") PCR scenarios (PCR 4.5 Reference Case and PCR 8.5 Worst Case) and at different time horizons. In addition, these projection mappings have been combined with the location of the assets of the Group's counterparties in France to provide an overview of the type and level of physical risks to which an enterprise is exposed.

Due to its activity of car leasing company, the most sensitive assets identified that can be impacted by extreme events in the ALD portfolio are:

- the vehicles fleet financed and leased to its customers;
- the ALD premises.

Methodology used

1. Physical risks on vehicles

Defining physical climate risks on an automobile fleet involves assessing potential weather-related hazards such as extreme temperatures, storms, flooding, and other natural disasters that can damage or disable vehicles. This can be done by:

- identifying the geographical locations where the fleet operates, and the potential risks associated with each location;
- assessing the current infrastructure, maintenance and storage facilities of the fleet to determine their resilience to extreme weather events;
- analysing historical weather data to determine the frequency and severity of weather events in each location;
- evaluating the design and construction of the vehicles to determine their ability to withstand extreme weather conditions;
- developing contingency plans to ensure the fleet can continue operating during and after a weather event;
- regularly reviewing and updating the risk assessment to ensure it remains relevant and effective in identifying and mitigating physical climate risks.

To comply with DNSH criteria and as explained before, ALD decided to focus specifically on electric vehicles (Battery Electric Vehicles and PHEVs) in defining the physical risks of its vehicle fleet because only those two technologies can meet the substantial contribution criteria .

A vehicle is by design a moving asset. It is therefore not relevant to consider the corporate address of the customer as location data. ALD chose to analyse the risk at the granularity of the country, considering that:

1) The vehicles are predominantly used in their country of registration and
2) Geographical usage of vehicles generally matches economic activity of the given country in terms of regional split.

To be able to estimate a risk on our car fleet, an average risk by country was needed on the different type of events (Heat stress, flooding and sea level rise, Wildfire and water stress). The selected data source was **Moody's**, that can provide a Sovereign Risk Based on Spatial Exposure based on the following solutions:

- Granular socioeconomic data mapped to granular climate risk data;
- 1 Sovereign Climate Risk Score for each of the 200 sovereigns in their dataset;
- 6 Hazard Climate Risk Scores for each sovereign;
- 42 metrics for each sovereign (percent and total GDP, population and agriculture exposed to each hazard).

2. Physical risks on ALD infrastructures

For ALD own buildings, ALD premises were analysed in the twelve countries studied with a focus on the used car remarketing centres where ALD is storing vehicles before they are resold on the used car market.

Contrary to that of the mobile fleet, risk was assessed based on the exact address of each building. The data source chosen is Munich RE, which is the data provider selected by Societe Generale.

Summary of assumptions for the physical risks analysis of ALD assets:

- Focus on 12 European countries representing 96% of the total running fleets of EVs in 2022 and 17% of total ALD fleet;
- As ALD owns those vehicles for a short period (between 3 and 6 years), it is not mandatory, nor meaningful, to analyse the risk on different climate scenarios. The choice made is to concentrate on the Moody's scenario SSP5-8.5, the worst scenario defined by the IPCC experts (temperature rising above 4° in 2050);
- As vehicles are by design mobile, it was decided to make the analysis on the country granularity with specific data given by Moody's on percent and total GDP and population exposed to each hazard;
- On the other hand, for ALD's buildings, the risk calculation was carried out taking into account the exact address of each location and based on data from Munich RE, Societe Generale's data provider.

Results

Following the data provided by Physical risk data providers, 2 main risks appear to be treated by ALD:

- **Physical risks on own operations,** which includes ALD Buildings and vehicles in our possession (used cars to be resold mainly)
- **Physical risks on value chain**, which includes the vehicles "on the road" with customers and the Repair, Maintenance & Tires Partners (RMT)

1. Physical risks on own operations

Thanks to the data provided by MunichRE for each ALD location in the 12 countries studied, the risk index is the following :

Risk Description	TCFD Category	Belgium	Denmark	Finland	France	Germany	Italy	Luxem-Bourg	Nether-Lands	Norway	Spain	Sweden	United Kingdom
Flash Flood	Acute	2	2	2	3	2	4	2	2	4	3	2	2
Flood		2	2	2	10	2	44	2	81	4	3	2	2
Wildfire		0	1	-1	0	1	-1	1	1	1	2	1	0
Tornado		3	2	2	2	3	2	2	3	2	2	2	3
Storm		6	8	5	6	6	6	5	6	5	3	4	6
Hail	Chronic	2	2	2	3	2	4	3	2	2	2	1	2
Precipitations		2	2	3	4	2	7	3	2	4	2	2	2
Drought		4	3	1	5	4	5	4	3	2	9	2	5
Heat Stress		4	2	2	5	3	6	3	3	2	7	2	2

Low Medium High Extreme

Those risks have been weighted by surfaces of each ALD location within a given country.

2. Physical Risks on ALD's value chain

Thanks to the data provided by Moody's for the 12 countries in scope , the risk index is the following:

Risk Description	TCFD Category	Belgium	Denmark	Finland	France	Germany	Italy	Luxem-Bourg	Nether-Lands	Norway	Spain	Sweden	United Kingdom
Flooding	acute	23%	10%	15%	27%	27%	35%	7%	71%	8%	13%	13%	20%
Wildfires		0%	0%	0%	2%	0%	10%	0%	0%	0%	30%	0%	0%
Hurricanes		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Water Stress	Chronic	24%	0%	0%	7%	0%	60%	18%	19%	0%	78%	0%	0%
Sea Level Rise		4%	44%	14%	6%	2%	11%	0%	10%	36%	17%	24%	14%
Heat Stress		0%	0%	0%	10%	0%	76%	0%	0%	0%	32%	0%	0%

Low Medium High

Those data represent the share of Gross Domestic Product (GDP) that is considered "high risk" to physical risks, calculated for each country. The GDP-weighted result has been chosen because it is the most representative of our client's profiles in each country.

Physical Risks mitigations plans

In addition to the specific mitigation plans detailed afterwards, ALD main mitigation plan is **to avoid the occurrence of extreme events and then to reduce ALD's direct and indirect impact on the climate** by reducing CO_2 emissions. This applies both to emissions linked with ALD own operations and to emissions from the fleet leased to clients.

1) The ambitions and actions taken in relation to internal operations are described in Section 5.5 of this Universal Registration Document

2) The ambitions and actions taken in relation to the leased fleet are covered in Section 5.2.

5

ALD own operations	
Risk description	Severe weather events causing damage to ALD own operations (mainly offices & used-car Remarketing Centres)
Type of risk	Acute : Flash Floods, Floods, Wildfires, Tornado & Storms Chronic : Hail, Drought, Heat Stress, Precipitations
Potential Impact	Acute events could cause damage on ALD own assets. Buildings and vehicles in its possession (used cars waiting to be resold mainly) could be exposed to : • Total destruction of the car, leading to an obligation to replace the vehicle or resulting to a non-sale of the car (a loss of profit): • Damage on buildings (even total destruction in case of Fire or Tornado and Storms), resulting in high cost of reparation or necessity to move; • Risk of Human losses; • Risk of data loss from datacentres. **Heat stress** impacts are less obvious and limited to electric batteries of vehicles, resulting in a reduction of its autonomy. **Precipitations and hails** may impact the car body or windshields, which an obligation to repair or replace (maintenance costs). Global effects will result in an increase in catastrophe (CAT) claims and increasing insurance premium. In addition, this could lead to an inability for ALD to reinsure risk in some countries, further reducing insurance profits.
Likelihood (Hypothesis RCP 8.5 in 2050, scenario of increase of temperature higher than 4°)	**Extreme risks concern only three countries** (Italy, Netherlands and Spain) due mainly to **floods** (for Italy and Netherlands) and **drought** for Spain. Spain also has high risk on **Heat Stress**. All the countries have medium risk of tornadoes or storms (Belgium, Denmark, France, Germany, Italy, Netherlands & United Kingdom). Italy and France are the countries where extremes climate hazards will be higher if the climate change rise to 4° in 2050, so more mitigation actions should be done on those countries.
Mitigation plan	**To protect our activities and continue to service our clients**, ALD has implemented the following mitigation plan: • A comprehensive understanding on the activities performed in each location, with list of activities, required IT applications and staff, all with **Recovery Time Objectives**. This information is recorded in Business Impact Analysis (BIA) documents stored in a dedicated SG Group tool. There are currently 38 BIAs for the whole ALD Group; • Based on this understanding of the organisation, each entity is writing a Recovery Strategy aiming at quickly respond to events and restore in a timely manner our activities. The effectiveness of ALD's existing risk response to disruptions to its operations was demonstrated during the Covid-19 pandemic and ALD's ability to run and grow its business while working from home. • For **Crisis Management**, ALD has a dedicated Crisis Management Team, listing core management staff that will be responsible to decide on action to resume the activities. BIAs, Recovery Strategy and Crisis Management Team are reviewed and validated on a yearly basis. In 2023, ALD SA will be helping the main ALD entities to enhance the quality of this set of documents. In addition, **for buildings & car park,** ALD maintains procedures to protect our staff and our vehicles from damages. **For used cars and pool of cars in ALD possession :** - Natural Catastrophe ("Nat Cat") cover for vehicle storage sites: ALD purchases insurance against damages to its owned and operated assets. ALD Re, ALD's own reinsurance company providing insurance solutions to entities within the ALD Automotive Group, also provides insurance for vehicles stored in ALD sites in 11 countries (9 in Europe and 2 in Latin America) The covered perils are: Windstorm, hail, thunderstorm, tornado, earthquake, seaquake, tidal wave, volcanic eruption and floods with a cover limit of EUR 5 millions per event. Other markets can subscribe equivalent policies from other insurers.

	ALD value chain
Risk description	Severe weather disrupting ALD supply chain and critical outsourced services (vehicles “on the road” with customers and the Repairing, Maintenance & Tyres (RMT) Partners)
Type of risk	Acute : Floods, Wildfires, Hurricanes & Typhons Chronic : Heat Stress, Sea level rises, Water stress & Precipitations
Potential Impact	Severe weather events could negatively impact ALD supply chain in two aspects : • ALD’s core assets – its vehicles – may be damaged by severe weather events (e.g., hail, flood, wildfire and wind), resulting in an increase in catastrophe (CAT) claims and reducing insurance profits. In addition, this could lead to an inability for ALD to reinsure risk in some countries, further reducing insurance profits; • Impacting the production, transportation and availability of vehicles or key components, as well as potentially leading to price increases of vehicles or components if capacity in the supply chain falls. We currently assess the potential impact on ALD to be low, due to the company’s ability to pass on inflationary costs to its customers. In addition, supply chain issues leading to shortages of vehicles or components would increase prices for used cars, which would have a beneficial impact on ALD’s financial performance.
Likelihood (Hypothesis RCP 8.5 in 2050, scenario of increase of temperature higher than 4°)	**Four countries** (Denmark, Italy, the Netherlands and Spain) have **medium to high risks** of having their share of GDP considered "high risk" for physical risks. **Italy** alone has **three high risks** (76% temperature rise, 60% water stress and 35% flood risk). The risk of **flooding** is also high in the **Netherlands**. **Spain** has the highest rate of **water stress** (78%). **Norway** (36%) and **Denmark** (44%) present, due to their geographical location, high rates of risk of **sea level rise**.
Mitigation plan	Concerning the customer fleet, this risk is in the first instance a motor-insurance risk because increasing damage to ALD vehicles will impact either ALD Insurance profitability, as a result of increasing Nat Cat claims, or increase the insurance premiums ALD pays to its insurance providers. Because ALD requires all of its entities to retain insurance against hail, rain and fire, the potential impact of damage to ALD vehicles as a result of severe weather events is transferred to its insurers. Damage to ALD vehicles does not yet impact ALD’s Asset Risk category due to the fact that ALD has insured its vehicles against damage, whether as a result of severe weather or due to other causes. Three main mitigation plans are in place : 1) Implementing a preventive maintenance programme: as maintenance is managed by ALD, a regular maintenance checks and repairs is done in order to help to reduce the likelihood of vehicle failures due to extreme weather conditions; 2) Transfer the risk through insurance and pass on higher insurance costs to customers because severe weather would impact market-wide and not just ALD vehicles; 3) ALD offers insurance for clients to cover those risks. **ALD RE “Nat Cat”** cover is included on vehicles where ALD provides insurance for own damage (MOD). The policy has been renewed for the third year in 16 countries (including Denmark, Finland Norway & Sweden), with 117,000 vehicles in scope. Covered perils and cover limit are the same as for vehicle storage. France, Belgium, the Netherlands and Luxemburg offer similar setups with other insurance partners. In Spain, Nat Cat events are covered by a government scheme. Concerning the value chain itself, this risk is an operational risk for ALD. The potential impacts of disruption to ALD supply chain and critical outsourced services are mitigated through Service Level Agreements with its suppliers. Despite this, delivery times of both vehicles and spare parts may increase. To mitigate this effect, the main actions that can be taken by ALD are 1/ extension of the current vehicle contract until new car delivery or 2/ provide a replacement vehicle, sourced from short-term-rental partners or the internal pool fleet. Furthermore, disruption to ALD’s supply chain would not necessarily have a negative impact on ALD. For example, ALD’s supply chain has been disrupted by the Ukraine War and COVID, resulting in delays in the delivery of new vehicles. Although this disruption has increased the cost of providing temporary vehicles to customers, it has also resulted in an increase in the price of second-hand vehicles resulting in a positive impact on ALD’s Profit and Loss on Used Car Sales and ALD’s overall net result.

5.8.2.3 Compliance with Minimum Safeguard (Generic criteria)

Description as per Article 18, Regulation (EU) 2020/852

Legislation requires minimum safeguards to be fulfilled for being able to classify activities as "aligned":

1) the minimum safeguards referred to in point (c) of Article 3 shall be procedures implemented by an undertaking that is carrying out an economic activity to ensure the alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights;
2) when implementing the procedures referred to in paragraph 1 of this Article, undertakings shall adhere to the principle of "do no significant harm" referred to in point (17) of Article 2 of Regulation (EU) 2019/2088.

Judgement and methodology applied

Human and Labour Rights

ALD has implemented the following policies and procedures aimed at protecting human and labour rights in its own operations and its supply chain:

- as a subsidiary of Societe Generale, ALD is committed to the UN Global Compact and as such, is committed to supporting the 10 principles pertaining to human and labour rights, environment and anti-corruption;
- Societe Generale also adheres to the Universal Declaration of Human Rights and the International Labour Organisation's principles. (see Section 5.1 of this Universal Registration Document)
- the Company's Code of Conduct is based on the International Bill of Human Rights. This policy aims to ensure equal employment, a non-discriminatory work environment and an adequate procedure for employees' complaints and grievances, among other provisions. The Company's Code of Conduct outlines its commitment to act with integrity, honesty and trust, as well as to respect the law and human rights.
- Societe Generale's Modern Slavery Statement (https://www.societegenerale.com/sites/default/files/documents/CSR/Modern_Slavery_Act.pdf is aimed at preventing modern slavery and human trafficking in all aspects of their operations, including their supply chain
- Concerning the supply chain, ALD implements a responsible sourcing policy (see Section 5.4) and applies the principles defined in Societe Generale's Duty of Care plan described in Section 5.4 of Societe Generale's Universal Registration Document (https://www.societegenerale.com/sites/default/files/documents/2023-03/2023-Universal-Registration-Document_EN.pdf)

As stated in Section 4.5.2 of this Document, ALD has not finally been convicted in court on violating labour law or human rights. ALD has not refused to enter in a dialogue or received a final statement on non-compliance OECD National Contact Point. ALD has not refused to respond to allegations by the Business & Human Rights Resource Centre.

Anti-bribery and corruption

ALD has implemented the following policies and procedures that aim to address anti-bribery and anti-corruption:

- ALD has established a policy on conflicts of interest, anti-bribery and anti-corruption policy that applies to all employees and third parties acting for or on behalf of the Company. The policy states a zero-tolerance approach towards bribery and corruption, and ensures any suspicion is notified, documented and monitored in an appropriate manner. It also sets out requirements to ensure any potential conflict of interest is identified, assessed, mitigated or prevented adequately;
- Concerning the supply chain, ALD implements a responsible sourcing policy (see Chapter 5.4.3) and applies the principles defines in Societe Generale's Duty of Care plan (section 5.5 of Societe Generale's Universal Registration Document: https://www.societegenerale.com/sites/default/files/documents/2023-03/2023-Universal-Registration-Document_EN.pdf); For example, ALD performs counterparty due diligence on its core suppliers and regularly screens suppliers against sanctions lists as part of its KYS process;
- ALD has developed a whistle-blower mechanism that enables all employees to report infringement. The whistleblowing policy ensures employee safeguards when raising concerns through the confidentiality or anonymity of the process.

As stated in section 4.5.2, ALD or its senior management, including the senior management of its subsidiaries, has not finally been convicted in court on violating anti-corruption and anti-bribery laws.

Taxation and fair competition

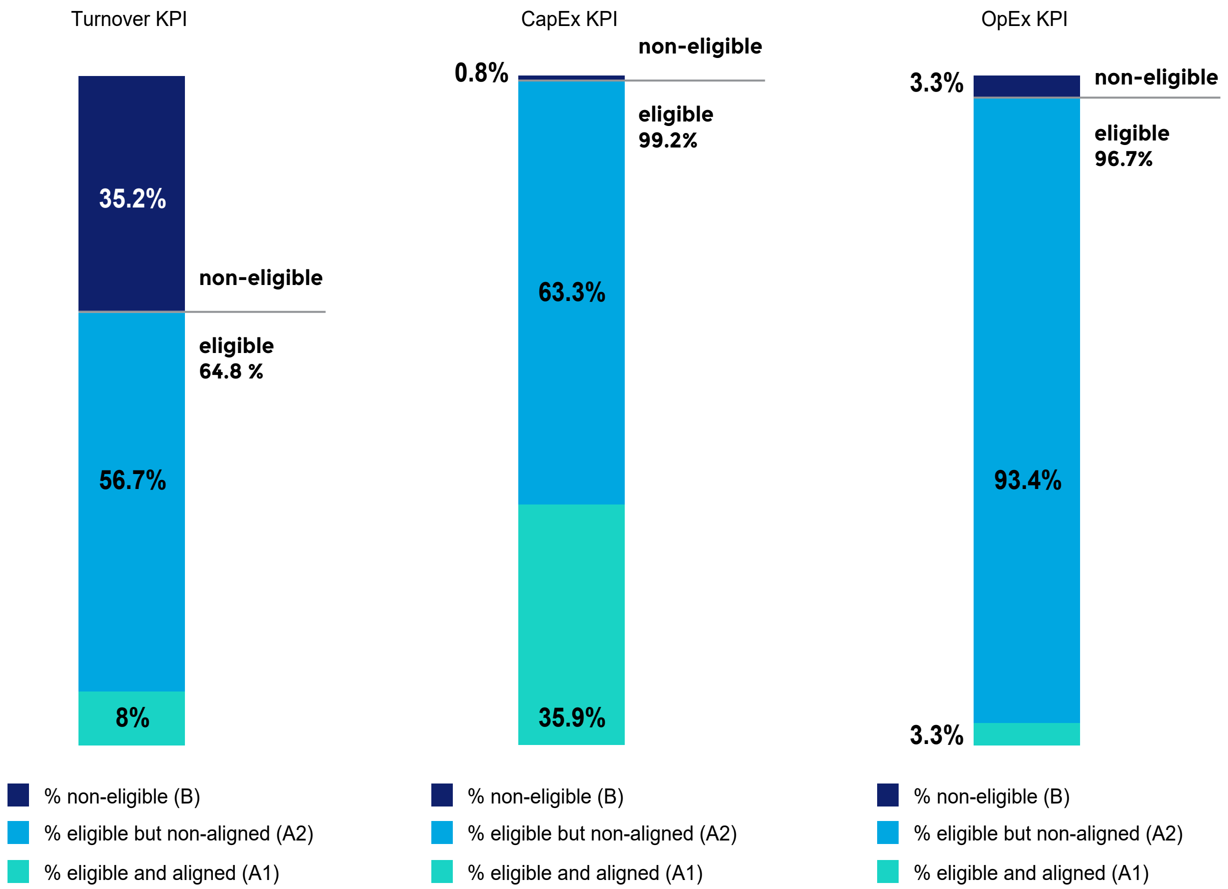
Tax risks are discussed in Chapter 4 of this document. ALD complies with the Societe Generale Code of Conduct: https://www.societegenerale.com/sites/default/files/documents/Code%20de%20conduite/tax_code_of_conduct_of_societe_generale_group_uk.pdf.

Also, ALD carries out its activities in a manner consistent with all applicable competition laws and regulations, considering the competition laws of all jurisdictions in which the activities may have anticompetitive effects. ALD refrained from entering into or carrying out anti-competitive agreements among competitors, including agreements to fix prices, make rigged bids (collusive tenders), establish output restrictions or quotas, share or divide markets by allocating customers, suppliers, territories or lines of commerce.

The Company or its subsidiaries have not been finally convicted in court on violating tax laws or competition laws.

5.8.3 2022 ALD Taxonomy results and disclosures

5.8.3.1 Summary KPIs



64.8 % of ALD Group revenues is eligible to the EU taxonomy as part of activity 6.5 “Transport by motorbikes, passenger cars and light commercial vehicles”, corresponding to the rental activity revenues. The non-eligible turnover is generated by the sale of used cars. Within the eligible turnover, 12.4% of the rental revenue is aligned to the EU taxonomy (**8.0 % of the total revenues**).

99.2% of ALD Group CapEx is eligible to the EU taxonomy mainly as part of activity 6.5, corresponding to the acquisition costs of vehicles bought in 2022. The acquisition costs of the aligned vehicles, a share of ALD EV [1] vehicles, account for 36.5% of the rental fleet acquisition costs (and **35.9% of total CapEx** reported in the denominator).

This ratio reflects the electrification acceleration of ALD fleet in 2022 - 27% of 2022 deliveries being **EV vehicles.** It also shows the price effect of electric vehicles, at least EUR 10,000 more expensive than an equivalent internal combustion engine vehicle. Commercial terms granted by OEMs also tend to be higher. And since EVs tend to be overrepresented in the higher market segments, the average investment value stands at approximately EUR 40,000 vs less than EUR 25,000 for traditional diesel and petrol vehicles.

Finally, **the definition of OpEx provided by the EU Commission being very specific and restrictive, the value of this KPI remains questionable** [2]. However, applying the Delegated Regulation, 96,7% of the ALD Group OpEx is eligible to the EU taxonomy mainly as part of activity 6.5, corresponding mostly to maintenance and tyres costs of rental vehicles. Only 3,4% of eligibles OpEx are aligned (and **3.3% of the Group total OpEx**). This is mainly explained by the categorisation of all tyres costs as eligible but non-aligned to the taxonomy, indeed the Group’s policy on tyre management focuses on “Tyre qualities” and does not follow “Tyre labels” as defined by the EU Taxonomy.

1) *EV = BEV (Battery Electric Vehicles) + PHEV (Plug-in-Hybrids)*

2) *The OpEx definition provided in Commission Delegate Regulation EU 2021/2178 is very specific and restrictive: only covering direct non-capitalised that relate to R&D (non-applicable for ALD), building renovation measures, short term lease and maintenance and repairs. This definition does not correspond to the definition of “Operating Expenses” used by ALD in the consolidated financial statements disclosed in chapter 6. The costs included in the EU Taxonomy OpEx KPI denominator are classified in the Group’s consolidated income statements as “Operating expenses”, but also for their major part as “Cost of service revenue” and for a minor part as “Cost of car sold”.*

5.8.3.2 Turnover KPIs

5.8.3.2.1 Turnover template

Economic activities	Code	Absolute Turnover	Proportion of turnover	Substantial contribution criteria: Climate change mitigation	Substantial contribution criteria: Climate Change adaptation (2)	DNSH Criteria (1): Climate change adaptation	DNSH Criteria (1): Circular economy	DNSH Criteria (1): Pollution	Minimal Safeguards	Taxonomy aligned proportion of turnover FY22	Category (enabling activity or transitional activity)
		(in EUR million)	*(in %)*	*(in %)*	*(in %)*	Y/N	Y/N	Y/N	Y/N	%	E/T
A. TAXONOMY ELIGIBLE ACTIVITIES											
A.1 Environmentally sustainable activities (Taxonomy-aligned)											
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	901.0	**8.0%**	100%	0%	Y	Y	Y	Y	**8.0%**	Non applicable to activity 6.5 (2)
Turnover of environmentally sustainable activities (A.1)	6.5	901.0	8.0%	100%	0%	Y	Y	Y	Y	8.0%	
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)											
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	6,364.2	56.7%								
Turnover of Taxonomy-eligible but not environmentally sustainable (A.2)		6,364.2	**56.7%**								
TOTAL TURNOVER OF TAXONOMY ELIGIBLE ACTIVITIES (A.1 + A.2) (A)		7,265.2	64.8%								
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES											
TURNOVER OF TAXONOMY NON-ELIGIBLE ACTIVITIES (B)		3,953.6	**35.2%**								
TOTAL A+B		**11,218.8**	**100%**								

(1) As disclosed in Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021, Water and Marine Resources and Biodiversity DNSH do not apply to activity 6.5. Thus these two DNSH are not included in the table above.

(2) See section 5.8.1

Additional KPI: Aligned Turnover KPI after sustainable bond adjustment

ALD issued two Green Bonds, respectively in 2018 and in 2022. However, ALD did not calculate the adjusted turnover KPI due to a lack of clarity on the calculation methodology disclosed in the Commission Delegate Regulation EU 2021/2178 and the FAQ released on 19 December 2022.

5.8.3.2.2 Methodology applied by ALD

As required, ALD disclosed 4 KPIs in the Revenue Template:

1) **Turnover of eligible and aligned activity** (A.1), relating to activity 6.5;
2) Turnover of eligible but non-aligned activity (A.2), relating to activity 6.5;
3) Turnover of eligible activity (A), relating to activity 6.5;
4) Turnover of non-eligible activity (B), relating to used car sales activity.

Denominator of Turnover KPI

Applying the definition disclosed in Commission Delegated Regulation EU 2021/2178, the Turnover denominator (A+B) is the net turnover of ALD Group as disclosed in its 2022 financial statements « Total Revenues » in Note 9 (EUR 1,218.8 million), covering both results from rental activities and from used car sales activity.

Numerator used for “eligible and aligned activity” Turnover KPI (A.1)

ALD included the sum of monthly lease revenues from leased vehicles defined as Taxonomy-aligned based on methodology described in section 5.8.2. The revenues generated by the rental activity vehicles defined as non-aligned to the EU taxonomy are excluded from this KPI and reported in Category A2.

Numerator used for “eligible activity” Turnover KPI (A)

This is the sum of A1 & A2 and can be reconciliated with 2022 financial statements « Sub-Total Revenues from Rental activities 2022 » in Note 9 (EUR 7,265.2 million)

Numerator used for “non-eligible activity” Turnover KPI (B)

This is the amount disclosed in 2022 financial statements « Proceeds of Cars sold » in Note 9 (EUR 3,953.6 million)

5.8.3.3 CapEx KPIs

5.8.3.3.1 CapEx Template

				Substantial contribution criteria		DNSH Criteria(1)					
Economic activities	**Code**	**Absolute CapEx**	**Proportion of CapEx**	**Climate change mitigation**	**Climate Change adaptation(2)**	**Climate change adaptation**	**Circular economy**	**Pollution**	**Minimum Safeguards**	**Taxonomy aligned proportion of CapEx FY22**	**Category (enabling activity or transitional activity)**
		(in EUR million)	*(in %)*	*(in %)*	*(in %)*	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**%**	**E/T**
A. TAXONOMY ELIGIBLE ACTIVITIES											
A.1 Environmentally sustainable activities (Taxonomy-aligned)											
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	3,488.5	**35.9%**	100%	0%	Y	Y	Y	Y	**35.9%**	Non applicable to activity 6.5 (2)
CapEx of environmentally sustainable activities (A.1)	6.5	3,488.5	35.9%	100%	0%	Y	Y	Y	Y	35.9%	
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)											
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	6,130.2	63,0%								
Acquisition and ownership of buildings	7.7	27.2	0.3%								
CapEx of Taxonomy-eligible but not environmentally sustainable (A.2)		6,157.4	**63.3 %**								
TOTAL CAPEX OF TAXONOMY ELIGIBLE ACTIVITIES (A.1 + A.2) (A)		9,645.9	99.2%								
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES											
CAPEX OF TAXONOMY NON-ELIGIBLE ACTIVITIES (B)	NA	79.5	**0.8%**								
TOTAL A+B		**9,725.4**	**100%**								

(1) *As disclosed in Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021, Water and Marine Resources and Biodiversity DNSH do not apply to activity 6.5. Thus these two DNSH are not included in the table above.*

(2) *See section 5.8.1*

Additional KPI : Aligned CapEx KPI after sustainable bond adjustment

As required by the Commission Delegated Regulation EU 2021/2178, non-financial undertakings that issued use of proceeds sustainable bond(s) that finance part or all of their CapEx during the reporting period, should disclose also adjusted CapEx KPIs so that financial undertakings avoid double-counting that CapEx in their other exposures to non-financial undertaking. In the adjusted Capex, a portion of Taxonomy aligned CapEx incurred during the reporting period, that is paid with the proceeds from the issuance of use of proceeds sustainable bonds should be deducted from the numerator of the adjusted CapEx and/or OpEx KPIs.

ALD issued two Green and Positive Impact Bonds, respectively in 2018 and in 2022. The Bond originated in 2018 was reimbursed in 2021 and therefore did not finance any new "aligned" vehicle acquisitions in 2022. The Green Bond issued in June 2022 is focusing solely on Battery Electric Vehicles (see Section 5.2.1.2 of this Universal Registration Document), and financed a fraction of ALD taxonomy-aligned vehicles acquired in 2022, and included in 2022 aligned CapEx, for an amount of EUR 106 million. As a result:

Main CapEx KPI = **35.9%**

Adjusted CapEx KPI after deducting aligned capex financed with 2022 green bond = **34.8%**

5.8.3.3.2 Methodology applied by ALD

As required, ALD disclosed four KPIs in the CAPEX Template:

1) CapEx of eligible and aligned activity (A.1), related to activity 6.5;
2) CapEx of eligible but non-aligned activities (A.2), related to activity 6.5 and activity 7.7;
3) CapEx of eligible activities Capex (A);
4) Capex of non-eligible activities (B).

Denominator of CapEx

Applying the definition disclosed in Commission Delegated Regulation EU 2021/2178 (1), ALD included in the denominator (A+B) the following CapEx:

- Rental Fleet Additions as disclosed in 2022 financial statements Note 15 (EUR 9,554,0 million), accounting for 98.2% of the total additions reported in the denominator;
- Other Land, Property and Equipment Additions as disclosed in 2022 financial statements Note 16 (EUR 40.9 million);
- Other Intangibles Assets Additions as disclosed in 2022 financial statements Note 16 (EUR 68.3 million);
- Right-of-use Assets (vehicles) additions and Right-of-use Assets (property lease) additions as disclosed in 2022 financial statements Note 17 (respectively EUR 40.9 million and EUR 21.3 million).

Numerator used for "eligible and aligned activity" CapEx KPI (A.1)

Applying the definition disclosed in Commission Delegate Regulation EU 2021/2178 (2), the numerator equals to the part of the Capex included in the denominator that is any of the following:

a) CapEx related to assets associated with Taxonomy-aligned economic activity (activity 6.5 for ALD);

b) CapEx part of a plan to expand Taxonomy-aligned economic activity "CapEx plan", the CapEx plan explains how the Company aims to upgrade its Taxonomy-eligible economic activities to render them Taxonomy-aligned;

c) CapEx related to purchase of output from Taxonomy aligned economic activity (for example, if the company purchases solar panels for its offices, these Property CapEx are defined as aligned as part of activity 7 "Construction and Real Estate").

ALD only included in the alignment numerator the CapEx related to assets associated with taxonomy-aligned activity 6.5, *i.e.* the rental fleet additions linked to vehicles defined as aligned based on methodology described in section 5.8.2. The CapEx related to rental activity vehicles defined as not aligned to the EU taxonomy are excluded from this KPI and reported in Category A.2 "Eligible as part of activity 6.5 but not aligned".

The other additions remaining are mainly related to Real Estate (Land, Property and Right-of-use Property lease Assets), Equipment, Intangible assets and Right-of-use vehicle assets.

- Due to their low materiality, Land, Property and Right-of-use assets (property lease) additions, eligible to activity 7.7 "Acquisition and ownership of buildings", have not been analysed to determine whether they are aligned or not as part of "CapEx related to the purchase of output from taxonomy-aligned". Thus, they are considered as "Eligible as part of activity 7.7 but not aligned" and reported under category A2.
- All other additions are considered as "Not eligible" and reported under category B at the exception of Service Vehicles additions and Right-of-use vehicle assets. Due their low materiality, their alignment has not been analysed, thus are considered as "eligible as part of activity 6.5 but not aligned" and reported under category A2.

Finally, CapEx part of a plan to expand Taxonomy-aligned economic activity (CapEx plan) do not apply to ALD.

5

1) *The denominator shall cover additions to tangible and intangible assets during the financial year considered before depreciation, amortisation, and any re-measurements, including those resulting from revaluations and impairments, for the relevant financial year and excluding fair value changes. The denominator shall also cover additions to tangible and intangible assets resulting from business combinations. For non-financial undertakings applying international financial reporting standards (IFRS) as adopted by Regulation (EC) No 1126/2008, CapEx shall cover costs that are accounted based on: (a) IAS 16 Property, Plant and Equipment, paragraphs 73, (e), point (i) and point (iii), (b) IAS 38 Intangible Assets, paragraph 118, (e), point (i); (c) IAS 40 Investment Property, paragraphs 76, points (a) and (b) (for the fair value model); (d) IAS 40 Investment Property, paragraph 79(d), points (i) and (ii) (for the cost model); (e) IAS 41 Agriculture, paragraph 50, points (b) and (e); (f) IFRS 16 Leases, paragraph 53, point (h).*

2) *The numerator equals to the part of the capital expenditure included in the denominator that is any of the following: (a) related to assets or processes that are associated with Taxonomy-aligned economic activities; (b) part of a plan to expand Taxonomy-aligned economic activities or to allow Taxonomy-eligible economic activities to become Taxonomy-aligned ('CapEx plan') under the conditions specified in the second subparagraph of this point 1.1.2.2; (c) related to the purchase of output from Taxonomy-aligned economic activities and individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions, notably activities listed in points 7.3 to 7.6 of Annex I to the Climate Delegated Act, as well as other economic activities listed in the delegated acts adopted pursuant to Article 10(3), Article 11(3), Article 12(2), Article 13(2), Article 14(2) and Article 15(2) of Regulation (EU) 2020/852 and provided that such measures are implemented and operational within 18 months.*

5.8.3.4 OpEx KPIs

5.8.3.4.1 OpEx Template

Economic activities	Code	Absolute OpEx	Proportion of OpEx	Substantial contribution criteria: Climate change mitigation	Substantial contribution criteria: Climate Change adaptation[2]	DNSH Criteria[1]: Climate change adaptation	DNSH Criteria[1]: Circular economy	DNSH Criteria[1]: Pollution	Minimum Safeguards	Taxonomy aligned proportion of OpEx FY22	Category (enabling activity or transitional activity)
		(in EUR million)	*(in %)*	*(in %)*	*(in %)*	Y/N	Y/N	Y/N	Y/N	*(in %)*	Y/N
A. TAXONOMY ELIGIBLE ACTIVITIES											
A.1 Environmentally sustainable activities (Taxonomy-aligned)											
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	27.2	**3.3%**	100%	0%	Y	Y	Y	Y	**3.3%**	Non applicable to activity 6.5[2]
OpEx of environmentally sustainable activities (A.1)	6.5	27.2	3.3%	100%	0%	Y	Y	Y	Y	3.3%	
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)											
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	759.1	92.1%								
Acquisition and ownership of buildings	7.7	10.5	1.3%								
OpEx of Taxonomy-eligible not but not environmentally sustainable (A.2)		769.6	**93.4%**								
TOTAL OPEX OF TAXONOMY ELIGIBLE ACTIVITIES (A.1 + A.2) (A)		796.8	96.7%								
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES											
OPEX OF TAXONOMY NON ELIGIBLE ACTIVITIES (B)	NA	27.3	**3.3%**								
TOTAL A+B		**824.1**	**100%**								

(1) As disclosed in Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021, Water and Marine Resources and Biodiversity DNSH do not apply to activity 6.5. Thus, these two DNSH are not included in the table above.
(2) See section 5.8.1

Additional KPI : Aligned OpEx KPI after sustainable bond adjustment

As allowed by Commission Delegated Regulation EU 2021/2178 [1], ALD chose not to calculate this adjusted KPI, considering it non-relevant.

1) *Regarding the disclosure of CapEx and/or OpEx KPIs, non-financial undertakings that issued use of proceeds sustainable bond(s) that finance part or all of their CapEx and/or, where relevant, OpEx during the reporting period, should disclose also adjusted CapEx and/or OpEx KPIs so that financial undertakings avoid double-counting that CapEx and/or OpEx in their other exposures to non-financial undertaking.*

5.8.3.4.2 Methodology applied by ALD

As required, ALD disclosed 4 KPIs in the CAPEX Template:

1) **OpEx of eligible and aligned activity** (A.1), related to activity 6.5;
2) OpEx of eligible but non-aligned activities (A.2), related to activity 6.5 and activity 7.7;
3) OpEx of eligible activities OpEx KPIs (A);
4) OpEx non-eligible activity (B).

Denominator of OpEx KPI

Applying the restrictive OpEx definition disclosed in Commission Delegate Regulation EU 2021/2178 [1], ALD included in the denominator (A+B) the following costs:

- Maintenance & repairs costs, Tyres Costs related to rental fleet activities (accounting for respectively 75% and 21% of the OpEx denominator);
- Short-term lease and Building renovation measures (accounting for 1% of the OpEx denominator);
- Maintenance costs related to Used Car sales activity (accounting for 3% of the OpEx denominator);
- Regarding non-capitalised R&D costs, these do not apply to ALD.

Due to the specific definition of OpEx provided by the EU Commission, the OpEx denominator cannot reconcile with an existing aggregate published in the URD.

Numerator used for "eligible and aligned activity" OpEx KPI (A.1)

Applying the definition disclosed in Commission Delegate Regulation EU 2021/2178 [2] based on the same logic as CapEx KPI numerator, **ALD only included in the numerator the maintenance costs of rental activity vehicles (activity 6.5) defined as aligned based on the methodology described in Section 5.8.2.** The maintenance costs linked the rental activity vehicles defined as non-aligned to EU taxonomy are excluded from this KPI and reported in Category A2 "Eligible to activity 6.5 but not aligned".

Regarding Tyre costs, the Group's policy on tyre management is focused on "Tyre qualities" and does not follow "Tyre labels" as defined by the EU Taxonomy. As a result, Tyre costs are considered as "Eligible to activity 6.5 but not aligned" and reported under category A2.

Real estate costs (Short-term lease and building renovation measures) are considered as not material: their potential alignment has not been analysed. These are considered as "Eligible to activity 7.7 but not aligned" and reported under category A2.

Finally, maintenance & repairs costs related the sale of used cars are reported under category B, the activity of used cars sale being non-eligible to the EU Taxonomy.

1) The denominator shall cover direct non-capitalised costs that relate to research and development, building renovation measures, short-term lease, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment by the undertaking or third party to whom activities are outsourced that are necessary to ensure the continued and effective functioning of such assets.

2) The numerator equals to the part of the operating expenditure included in the denominator that is any of the following: (a) related to assets or processes associated with Taxonomy-aligned economic activities, including training and other human resources adaptation needs, and direct non-capitalised costs that represent research and development; (b) part of the CapEx plan to expand Taxonomy-aligned economic activities or allow Taxonomy-eligible economic activities to become Taxonomy-aligned within a predefined timeframe as set out in the second paragraph of this point 1.1.3.2 (c) related to the purchase of output from Taxonomy-aligned economic activities and to individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions as well as individual building renovation measures as identified in the delegated acts adopted pursuant to Article 10(3), Article 11(3), Article 12(2), Article 13(2), Article 14(2) or Article 15(2) of Regulation (EU) 2020/852 and provided that such measures are implemented and operational within 18 months.

5.9 Third-party report on the verification of the consolidated declaration of extra-financial performance

To the Annual General Meeting,

In our role as an independent third party accredited by the COFRAC under number 3-1681 (scope of accreditation available at www.cofrac.fr) and a member of the network of one of your Company's Statutory Auditors (hereinafter the "Entity"), we have conducted our work to provide a reasoned opinion expressing limited assurance on the compliance of the consolidated declaration of extra-financial performance, for the financial year ended 31 December 2022 (hereinafter the "Declaration"), with the provisions of Article R. 225-105 of the French Commercial Code and on the fairness of historical information (observed or estimated) provided pursuant to paragraph 3 of sections I and II of Article R. 225-105 of the French Commercial Code (hereinafter the "Information") prepared in accordance with the Entity's procedures (hereinafter the "Guidelines"), presented in the management report pursuant to the provisions of Article L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code.

Conclusion

Based on the procedures that we have implemented, as described in the section "Nature and scope of work", as well as evidence we have obtained, we found no significant irregularities that would call into question the compliance of the consolidated declaration of extra-financial performance with the applicable regulatory provisions and that the Information, taken as a whole, is fairly presented, in compliance with the Guidelines.

Preparation of the declaration of extra-financial performance

The absence of a generally accepted and commonly used framework or established practices on which to base the assessment and measure of information allow 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 Declaration.

Limitations inherent in the preparation of the Information

As stated in the Declaration, Information may be subject to uncertainty due to the state of scientific or economic knowledge and the quality of external data used. Certain information may be sensitive to choices in terms of methodology, assumptions and/or estimates used to prepare it and presented in the Declaration.

The entity's responsibility

It is the Board of Directors' responsibility:

- to select or establish the appropriate criteria for the preparation of Information;
- to prepare the Declaration in compliance with legal and regulatory provisions, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies applied with regard these risks, as well as the outcomes of said policies, including key performance indicators and the information provided for in Article 8 of Regulation (EU) 2020/852 (green taxonomy); as well as
- to implement the internal controls it deems necessary to ensure that the Information des not include any material misstatements, whether due to fraud or error.

The Declaration has been prepared in accordance with the Entity's Guidelines as referred to above.

Responsibility of the independent verifier

It is our role, based on our work, to express a limited assurance conclusion on:

- the compliance of the Declaration with the provisions of Article R. 225-105 of the French Commercial Code;
- the fairness of the historical information (observed or estimated) provided pursuant to paragraph 3 of Section I and II of Article R. 225 105 of the French commercial Code, namely the results of the policies, including key performance indicators, and the actions related to the main risks.

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 said Information, as this could compromise our independence.

It is not our responsibility to comment on:

- the Entity's compliance with other applicable legal and regulatory provisions, notably 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 has been carried out in accordance with the provisions of Articles A. 225-1 *et seq.* of the French Commercial Code, the professional standards of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements acting as a verification programme, and with the international standard ISAE 3000 (as revised) [(1)].

Independence and quality control

Our independence is defined by the provisions of Article L.822-11 of the French Commercial Code and by the Code of Ethics of our profession. In addition, we have implemented a quality control system, including documented policies and procedures to ensure compliance with applicable legal and regulatory requirements, ethical standards, and professional standards.

Means and resources

Our verification work mobilised the skills of four people and took place between December 2022 and March 2023 for a total intervention period of eight weeks. We called on our sustainable development and social responsibility experts to help us complete our mission. We conducted four interviews with the persons responsible for the preparation of the Declaration, who notably represented the CSR Department, the Human Resources Department, the Digital Marketing Department and the Business Intelligence and Consultancy Department.

Nature and scope of work

We planned and performed our work taking into account the risk of material misstatement of the Information. In our opinion, the procedures that 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 Declaration included each category of information provided in Section III of Article L. 225-102-1 of the French Commercial Code in terms of social and environmental matters;
- we verified that the Declaration provided the information required under Section II of Article R. 225-105 of the French Commercial Code where relevant to the main risks and included, where applicable, an explanation for the absence of the information required under the second paragraph of Section III of Article L. 225-102-1 of the French Commercial Code;
- we verified that the Declaration presented the business model and a description of the main risks related to the Entity's activity and of all the entities included in the scope of consolidation including, if relevant and proportionate, the risks created through its business relationships, products or services, policies, actions and results, of which the key performance indicators associated with the main risks are part;
- we referred to documentary sources and conducted interviews to:
  - assess the process undertaken to identify and validate the main risks as well as the consistency of the outcomes, including the key performance indicators selected, in accordance with the main risks and the policies presented, and
  - corroborate the qualitative information (actions and results) that we considered to be the most important (presented in the Appendix).For some risks, our work was carried out at the level of the consolidating entity, for other risks, work was performed at the level of the consolidating entity and in the following entities: ALD France and ALD Brazil;
- We verified that the Declaration covers the consolidated perimeter, i.e. all the entities included in the scope of consolidation in accordance with the Article L. 233-16 of the French Commercial Code with the limits specified in the Declaration;
- 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 Appendix), 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 or other selection methods, 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 11% and 22% of consolidated data selected for these tests;
- we assessed the overall consistency of the Declaration based on our knowledge of the entities included in the scope of consolidation.

The procedures applied to obtain a moderate level of assurance are less extensive than those required to obtain a reasonable level of assurance carried out in accordance with professional standards; assurance of a higher level would have required more extensive verification work.

Paris-La Défense, the 20 March 2023
The independent third party

EY & Associés
Caroline DELERABLE
Partner, Sustainable Development

1) *ISAE 3000 (as reviewed) - 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 ratio)
• Employee training • Equal treatment (gender equality) • Well-being at work	• Average number of hours of training per employee who attended at least one training session (22% of the workforce) • Number of permanent contract positions filled internally (%) (22% of the workforce)

Business information (including environmental and societal information)

Qualitative Information (Actions or results)	**Quantitative information** (Key performance indicators and coverage ratio)
• The programme 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	• Number of green vehicles (electric or hybrid vehicles) (22% of ALD's green fleet) • Share of diesel engines in contracts produced in 2022 (%) (15% of contracts produced in 2022) • Carbon footprint (11% of ALD's GHG emissions) including the review of GHG emissions (tCO_2eq) in Scopes 1, 2 and 3 (with Scope 3 including the consumption of paper, business travel, freight transport, the energy consumption of datacentres hosted in France and waste production)

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 main activities, workforce, governance		7 - 13, 153 - 156, 60 - 78, 81 - 82
Strategy, outlook and objectives		23 - 30
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.)	133 - 138
	• Reduction of the internal carbon footprint	162 - 165
	• Responsible purchasing	159 - 160
	• Management of environmental and social (E&S) risks	158
	• Physical Risks assessment	171 - 175
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.)	134 - 136 , 138 - 139 , 157
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	141 - 156
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	141 - 156 , 157 - 161
3. Other regulatory issues		
The fight against tax avoidance	• Tax Code of Conduct • Anti-money laundering system	131 - 132 , 157 - 161
Action in support of human rights	• Responsible purchasing policy • Being a responsible employer • Code of Conduct • E&S risk management process • Personal data security policy	141 - 156 , 157 - 161
EU Taxonomy	• ALD's activities EU Taxonomy eligibility assessment	169 - 183
Circular economy		131 - 132

As a company providing financial products and services, ALD considers that the following subjects 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 animal welfare, responsible, equitable and sustainable food.

6 Financial information

6.1 Consolidated financial statements

6.1.1 Consolidated income statement and statement of comprehensive income

Consolidated income statement

		Year ended 31 December	
(in EUR million)	**Notes**	**2022**	**2021**
Leasing contract revenues	9a,9d	4,803.9	4,477.6
Leasing contract costs - depreciation	9a	(3,433.1)	(3,592.3)
Leasing contract costs - financing	9a	(244.1)	(132.7)
Unrealised gains/losses on financial instruments and other	9a	54.4	(19.8)
Leasing contract margin		**1,181.1**	**732.8**
Services revenues	9a,9d	2,461.3	2,138.3
Cost of services revenues	9b	(1,758.1)	(1,488.3)
Services margin		**703.2**	**650.0**
Proceeds of cars sold	9c,9d	3,953.6	3,863.7
Cost of cars sold	9c	(3,205.9)	(3,426)
Used Car Sales result		**747.6**	**437.7**
GROSS OPERATING INCOME		**2,631.8**	**1,820.6**
Staff expenses	11	(518.9)	(433.7)
General and administrative expenses	12	(298.6)	(176.3)
Depreciation and amortisation	13	(66.7)	(65.1)
Total Operating Expenses		**(884.3)**	**(675.1)**
Impairment charges on receivables	10	(46.1)	(24.8)
Non-recurring income/(expense)	8	(50.6)	0.0
OPERATING RESULT		**1,650.8**	**1,120.6**
Share of profit of associates and jointly controlled entities		1.7	(1.9)
Profit before tax		**1,652.5**	**1,118.7**
Income tax expense	14	(444.6)	(238.6)
Profit for the period from continuing operations		**1,207.9**	**880.1**
NET INCOME		**1,207.9**	**880.1**
Net income attributable to:			
Owners of the Company		**1,203.2**	**873.0**
Non-controlling interests		4.7	7.1

Earnings per share for Net income attributable to the owners of the parent:		**2022**	**2021 restated (1)**
Basic earnings per share (in EUR)	35	2.66	1.98
Diluted earnings per share (in EUR)	35	2.66	1.97

(1) At the end of 2022 ALD completed a share rights issue including bonus element which requires a retrospective adjustment of the Earnings per share for the previous period. For further details see note 2.6 and note 35.

Consolidated statement of comprehensive income

(in EUR million)	Notes	Year ended 31 December 2022	2021
NET INCOME		**1,207.9**	**880.1**
Items that will not be reclassified subsequently to profit or loss		**2.2**	**4.2**
Changes in actuarial gain/(Loss) on retirement benefit, before tax		2.7	5.5
Deferred tax on actuarial gain/(Loss) on retirement benefit		(0.4)	(1.3)
Items that may be reclassified subsequently to profit or loss		**73.1**	**24.6**
Changes in cash flow hedges, before tax (1)	20	59.5	21.6
Deferred tax on cash flow hedges		(14.1)	(6.3)
Net gain on debt instruments at fair value through other comprehensive income (2)		(15.2)	-
Currency translation differences (3)		43.0	9.3
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**75.3**	**28.8**
Total comprehensive income for the period		**1,283.2**	**908.9**
Attributable to			
Owners of the Company		1,279.1	902.0
Non-controlling interests		4.1	6.9

(1) Level 2 valuation of derivatives obtained from third parties (see note 20 for further details).
(2) Net gain on debt instruments at fair value through other comprehensive income relates to the corporate bond in Ireland Re DAC subsidiary.
(3) Currency translation reserves have been positively impacted by the application of hyperinflation accounting in the Group's subsidiary in Turkey (EUR + 59.3 million)

Total comprehensive income attributable to owners of the parent arises from:	**2022**	**2021**
• Continuing operations	1,279.1	902.0

6

6.1.2 Consolidated balance sheet

(in EUR million)	Notes	Year ended 31 December 2022	2021
ASSETS			
Rental fleet	15	23,227.4	21,711.3
Other property and equipment	16	96.9	85.0
Right-of-use assets	17	132.2	117.3
Goodwill	18	618.6	576.0
Other intangible assets	16	126.6	88.7
Investments in associates and jointly controlled entities	19	7.9	7.9
Derivative financial instruments	20	118.9	21.1
Deferred tax assets	14	119.5	195.1
Other non-current financial assets	21	206.0	402.5
NON-CURRENT ASSETS		**24,654.2**	**23,205.0**
Inventories	22	395.3	296.4
Receivables from clients and financial institutions	23	3,157.9	1,827.6
Current income tax receivable		109.2	76.9
Other receivables and prepayments	24	1,354.7	1,034.6
Derivative financial instruments	20	10.0	17.5
Other current financial assets	21	331.6	380.7
Cash and cash equivalents	25	253.1	152.7
CURRENT ASSETS		**5,611.9**	**3,786.4**
Assets of disposal group classified as held-for-sale	8	1,085.0	-
TOTAL ASSETS		**31,351.0**	**26,991.4**
EQUITY AND LIABILITIES			
Share capital		848.6	606.2
Share premium		1,327.9	367.0
Other equity		(16.1)	(13.2)
Retained earnings and other reserves		3,492.9	2,978.8
Net income		1,203.2	873.0
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		**6,856.6**	**4,811.8**
Non-controlling interests		36.8	33.8
TOTAL EQUITY	**28**	**6,893.4**	**4,845.6**
Borrowings from financial institutions	30	10,613.1	9,407.1
Bonds and notes issued	30	3,573.4	3,228.8
Derivative financial instruments	20	78.1	10.3
Deferred tax liabilities	14	665.9	518.0
Lease liabilities	17	74.9	97.4
Retirement benefit obligations and long term benefits	31	13.9	18.7
Provisions	32	139.8	129.4
NON-CURRENT LIABILITIES		**15,159.1**	**13,409.9**

(in EUR million)	Notes	Year ended 31 December 2022	2021
Borrowings from financial institutions	30	3,958.0	4,441.5
Bonds and notes issued	30	1,729.9	1,439.9
Trade and other payables	33	2,989.8	2,573.3
Lease liabilities	17	42.3	23.9
Derivative financial instruments	20	10.9	0.8
Current income tax liabilities		172.0	104.3
Provisions	32	168.5	152.3
CURRENT LIABILITIES		**9,071.5**	**8,736.0**
Liabilities of disposal group classified as held-for-sale	8	227.1	-
TOTAL LIABILITIES		**24,457.6**	**22,145.8**
TOTAL EQUITY AND LIABILITIES		**31,351.0**	**26,991.4**

6.1.3 Consolidated statement of changes in equity

(in EUR million)	Attributable to equity holders of the Company									Equity attributable to the owners of the parent	Non-controlling interests	Total equity
	Share capital	Share premium	Other equity	Translation reserves	Hedging reserve	Actuarial gain/(loss) reserve	Other reserves	Retained earnings	Net income			
Balance as at 1 January 2021	**606.2**	**367.0**	**(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	0.0	15.3
Actuarial gain/(loss) on post employment benefit obligations	-	-	-	-	-	4.2	-	-	-	4.2	(0.0)	4.2
Currency translation differences	0.0	(0.0)	-	9.4	-	-	-	(0.0)	(0.0)	9.4	(0.2)	9.3
Other comprehensive income	**0.0**	**(0.0)**	**-**	**9.4**	**15.3**	**4.2**	**-**	**(0.0)**	**(0.0)**	**29.0**	**(0.2)**	**28.8**
Net income	-	-	-	-	-	-	-	-	873.0	873.0	7.1	880.1
Total comprehensive income for the period	**0.0**	**(0.0)**	**-**	**9.4**	**15.3**	**4.2**	**-**	**(0.0)**	**873.0**	**902.0**	**6.9**	**908.9**
Acquisition of treasury shares	0.0	-	(3.2)	-	-	-	-	0.0	-	(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	-	0.0	1.1	1.1
Appropriation of Net income	-	-	-	-	-	-	-	509.8	(509.8)	0.0	0.0	0.0
Balance as at 31 December 2021	**606.2**	**367.0**	**(13.2)**	**(183.9)**	**(8.9)**	**(1.2)**	**13.4**	**3,159.3**	**873.0**	**4,811.8**	**33.8**	**4,845.6**
Changes in cash flow hedges	-	-	-	-	45.4	-	-	-	-	45.4	0.0	45.4
Changes in fair value of debt instruments	-	-	-	-	-	-	(15.2)	-	-	(15.2)	0.0	(15.2)
Actuarial gain/(loss) on post employment benefit obligations	-	-	-	-	-	2.2	-	-	-	2.2	0.0	2.2
Currency translation differences [(1)]	0.0	(0.0)	-	43.6	-	-	-	0.0	(0.0)	43.6	(0.6)	43.0
Other comprehensive income	**0.0**	**(0.0)**	**-**	**43.6**	**30.2**	**2.2**	**-**	**0.0**	**(0.0)**	**75.9**	**(0.6)**	**75.3**
Net income	-	-	-	-	-	-	-	-	1,203.2	1,203.2	4.7	1,207.9
Total comprehensive income for the period	**0.0**	**(0.0)**	**-**	**43.6**	**30.2**	**2.2**	**-**	**0.0**	**1,203.2**	**1,279.1**	**4.1**	**1,283.2**

(in EUR million)	Attributable to equity holders of the Company											
	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**
Proceeds from shares issued	242.5	960.9	-	-	-	-	-	-	-	1,203.4	-	1,203.4
Acquisition of treasury shares	-	-	(5.4)	-	-	-	-	-	-	(5.4)	-	(5.4)
Share-Based payments	-	-	-	-	-	-	2.9	-	-	2.9	-	2.9
Issue of treasury shares to employees	-	-	2.4	-	-	-	(2.4)	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	(435.2)	-	(435.2)	(9.9)	(445.1)
Scope changes	-	-	-	-	-	-	-	(0.1)	-	(0.1)	8.9	8.8
Appropriation of Net income	-	-	-	-	-	-	-	873.0	(873.0)	0.0	(0.0)	0.0
Other [(2)]	-	-	-	-	8.7	(0.0)	(8.9)	0.3	-	(0.0)	-	(0.0)
Balance as at 31 December 2022	**848.6**	**1,327.9**	**(16.1)**	**(140.4)**	**30.0**	**1.0**	**5.1**	**3,597.3**	**1,203.2**	**6,856.6**	**36.8**	**6,893.4**

(1) Currency translation reserves have been positively impacted by the application of hyperinflation accounting in the Group's subsidiary in Turkey.(EUR +59.3 million)
(2) Reclassification between equity components.

6

6.1.4 Consolidated statement of cash flows

		For the twelve months period ended	
(in EUR million)	Notes	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax excluding discontinued operations		1,652.5	1,118.7
PROFIT BEFORE TAX		**1,652.5**	**1,118.7**
Adjustments for:			
• Rental Fleet	15	3,573.6	3,708.5
• Other property, equipment and right-of-use assets		73.5	42.8
• Intangible assets		25.5	27.3
• Regulated prov., contingency and expenses provisions		23.0	37.8
• Non current assets held for sale - impairment	8	50.6	-
Depreciation and provision		**3,746.2**	**3,816.4**
(Profit)/loss on disposal of property and equipment		13.3	12.5
(Profit)/loss on disposal of intangible assets		16.0	18.1
Profit and losses on disposal of assets		**29.3**	**30.6**
Fair value of derivative financial instruments		1.8	8.4
Interest Charges	*9a*	*244.1*	*132.7*
Interest Income		*(919.6)*	*(850.5)*
Net interest income		(675.5)	(717.8)
Other		1.2	5.2
Amounts received for disposal of rental fleet	15	3,916.6	3,530.5
Amounts paid for acquisition of rental fleet	15	(9,554.0)	(8,767.8)
Change in working capital		(316.4)	168.8
Interest Paid		*(196.2)*	*(137.5)*
Interest Received		*955.7*	*882.6*
Net interest paid		759.5	745.1
Income taxes paid		(195.5)	(96.5)
Effect of hyperinflation adjustments		(52.4)	-
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES		**(686.7)**	**(158.4)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of other property and equipment		(40.9)	(34.6)
Acquisition of intangible assets		(68.3)	(55.0)
Acquisition of financial assets (non consolidated securities)		(0.0)	(117.9)
Effect of change in Group structure		35.4	1.0
Long term investment		79.1	108.8
Loans and receivables from related parties		(1,017.9)	(206.0)
Other financial investment		28.7	(31.0)
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES		**(983.8)**	**(334.7)**

(in EUR million)	Notes	For the twelve months period ended 2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds of borrowings from financial institutions		7,383.9	9,925.7
Repayment of borrowings from financial institutions		(6,731.3)	(8,823.6)
Proceeds from issued bonds		1,990.8	1,304.6
Repayment of issued bonds		(1,351.4)	(1,579.6)
Payment of lease liabilities	17	(71.1)	(26.9)
Dividends paid to Company's shareholders	34	(435.2)	(253.9)
Dividends paid to minority interest		(9.9)	(5.2)
Increase/decrease in capital	28	1,203.4	0.0
Increase/decrease in treasury shares	28	(5.4)	(3.2)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES		**1,973.8**	**537.9**
Exchange gains/(losses) on cash and cash equivalents		**(11.2)**	**0.4**
Net increase/(decrease) in cash and cash equivalents		**292.1**	**45.3**
CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**25**	**(75.7)**	**(121.0)**
CASH & CASH EQUIVALENTS AT THE END OF THE PERIOD	**25**	**216.4**	**(75.7)**

6

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 1,806,500 vehicles (1,749,000 excluding disposal groups held for sale, see note 8). 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 the Societe Generale (75.9% 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 audited consolidated financial statements as at December 31, 2022 were examined by the Board of Directors on March 23, 2023.

NOTE 2 Major events of the period

2.1 Macroeconomic environment

With the impact of COVID-19 and Russian Federation's invasion of Ukraine in February 2022, the world economy faces a series of significant challenges such as global effects on commodity markets, supply chains, inflation and slowing down of global growth.

Global inflation has risen sharply over the last year with high global demand, supply shortages and soaring food and energy prices, especially since Russia's invasion of Ukraine, and remains elevated whilst monetary policies have been tightened further. Taking account high levels of inflation in its main markets, ALD continues to develop strategies which protect its margins by revising its pricing parameters more frequently, reinforcing customer advisory on more sustainable and innovative products and by maintaining its strict funding policy by hedging its liquidity, interest rates and foreign exchange risks at contract origination.

2.2 The Group's current situation in Ukraine

Despite the war, ALD continues its business operations and servicing its clients in Ukraine where the Group currently has circa 4,500 funded vehicles under leasing contracts. As to date, circa 150 vehicles are either have been or are at risk of being damaged, or located in the occupied territories. The rest of the fleet remains operational.

Although the situation in Ukraine remains critical, current business operations of the subsidiary have resumed and have been assessed as stable. Local management have provided a detailed analysis of the business activities which has resulted in a revised level of the provision. The provision as at 31 December 2022 is EUR 4.9 million. It is aimed to cover expected losses for vehicles damaged or at risk and for potential customer payment defaults. As a reminder, at the end of 30 June 2022 ALD booked a provision charge of EUR 29.2 million in the income statement,of which EUR 24.3 million was reversed at the year end. This provision represented a conservative position and reflected a high level of uncertainty in the initial stages of the war.

ALD continues to review and monitor the situation with the local management.

After booking the provision, total assets of ALD Ukraine as at 31 December amount to EUR 67.6 million (31 December 2021: EUR 70.6 million).

2.3 Used car sales

The used car sector has been positively impacted by the limited production capacity of new cars due to ongoing shortage in the supply of semiconductors as well as shortages of other materials used in car manufacturing as a result of the war in Ukraine. As global demand has increased, these supply-chain issues caused delays in the delivery of new cars, including deliveries by ALD to its customers.

Used car sales continue to remain exceptionally strong in 2022, with a record result of EUR 747.6 million (31 December 2021: EUR 437.7 million).

2.4 Hyperinflation in Turkey

On 16 March 2022, the International Practices Task Force of the Centre for Audit Quality, a standard reference for identifying countries with hyperinflation, published a working paper including Turkey in the list of hyperinflationary economies. Consequently, from 1 January 2022 onwards, the Group has been applying the provisions of the IAS 29 standard ("Financial Reporting in Hyperinflationary Economies") to prepare the separate financial statements in Turkish Lira of the ALD entity located in Turkey (before their conversion into Euros as part of the consolidation process).

Adjustments are made to the non-monetary assets and liabilities (with biggest impacts in Rental Fleet, and the Group Consolidated Reserves pertaining to the subsidiary in Turkey). The carrying amounts of Rental fleet are adjusted to reflect the change in the consumer price index from the date of acquisition to the end of the reporting period. The Turkish consumer price index has been used to calculate the adjustments relating to the inflation.

The development of the CPI index in the current and previous reporting periods is as follows:

	December 2019	December 2020	December 2021	December 2022
Conversion coefficient	386.95	443.34	603.28	990.91
CPI Index (12 months)	11.84	14.60	36.08	64.27

The financial statements of the Turkish subsidiary are based on a historic cost. Non-monetary items in the financial statements are restated for the change in CPI from the date of their acquisition or initial recognition to the end of the reporting period.

On initial application of hyperinflation at 1 January 2022 the total consolidated equity was increased by EUR 41.3 million, including a reduction in consolidated reserves of EUR -4.9 million after tax for the various adjustments and the reclassification of translation differences recorded on that date.

Gains or losses on all subsequent hyperinflation adjustments, such as restatement of non-monetary assets and liabilities, restatement of incomes and expenses at transaction date and the counterpart of restatement all components of equity from the beginning of the period, are recognised in the income statement in "Unrealised gains and losses on financial instruments and other". An impairment loss will be recognised in the income statement if the restated amount of the book value of vehicles exceeds their estimated recoverable amount, although no such loss was identified in the second semester of 2022.

All items in the statement of cash flows which relate to the Turkish subsidiary of ALD are expressed in terms of the consumer price index at the end of the reporting period.

As at December, 31, 2022 gains from all hyperinflation adjustments in the Leasing Contract Margin amount to EUR 59.9 million, including a reclassification of EUR 14.5 million to the Used Car Sales to measure the impact of restatement for the change in CPI of the vehicles sold during the period. The total net gain recorded in the "Net Income" (including impact of deferred taxation) is EUR 37.6 million.

2.5. Proposed acquisition of LeasePlan

On 6 January 2022, the Group announced the signing of a Memorandum of Understanding to acquire 100% of LeasePlan from a consortium of shareholders led by TDR Capital. Total consideration is estimated at EUR 4.7 billion as at the date of this Universal Registration Document, based on the Framework Agreement of 22 April 2022, amended on 28 March 2023. The acquisition would be made through a combination of cash and shares. After closing, Société Générale would own around 53% of the Group and LeasePlan shareholders would hold 30.75%, excluding warrant exercise (see Section 2.1.2.2 "Key strategic initiatives and operational developments" of this Universal Registration Document for more details). This strategic operation would generate significant value for shareholders through scale effects and synergies.

On 20 December 2022 ALD successfully completed its capital increase in order to finance cash component of the acquisition. For further information, see note 2.6 "Rights Issue".

The acquisition of LeasePlan is expected to close on 28 April 2023, subject notably to remaining regulatory approvals and the completion of standard closing conditions (for further information, refer to Section 2.1.2.2 "Key strategic initiatives and operational developments" of this Universal Registration Document).

As at 31 December 2022 the Group has incurred EUR 128 million of preparation costs associated with this transaction recorded in "Total Operating Expenses".

2.6 Rights issue

On 20 December 2022, ALD successfully completed its capital increase with preferential subscription rights for an amount (including issue premium) of approximately EUR 1.2 billion, achieving an important milestone in the proposed strategic acquisition of LeasePlan.

The final gross proceeds of the rights issue, including the issue premium, amount to approximately EUR 1.2 billion, corresponding to the issuance of 161,641,456 new shares with a par value of EUR 1.50 at a subscription price of EUR 7.50 per share.

Following the settlement and delivery of the rights issue, the share capital of ALD will amount to EUR 848,617,644, comprised of 565,745,096 shares with a nominal value of EUR 1.50 each. The share capital is allocated as per the table below:

	As at 31 December 2022		
Shareholders	**Number of shares**	**% of capital**	**% of voting rights (1)**
Societe Generale	429,649,292	75.9%	76.1%
Treasury Shares	1,173,902	0.2%	0.0%
Free Float	134,921,902	23.8%	23.9%
TOTAL	**565,745,096**	**100.0%**	**100.0%**

(1) % of the voting rights = net voting rights, excluding those related to treasury shares.

As a result of Societe Generale's subscription to the transaction being below its pro rata share in ALD and due to the fact that its underwriting was not exercised, ALD free float has increased from 19.9% to 23.8% of its share capital.

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 2022.

Presentation of consolidated income statement and statement of cash flows have been changed in 2022 due to application of hyperinflation accounting (IAS 29) by the Group.

In the income statement, caption “Unrealised gains and losses on financial instruments” has been renamed to “Unrealised gains and losses on financial instruments and other” due to inclusion of hyperinflation adjustments in it.

Statement of cash flows contains a new caption “Effects of hyperinflation adjustments”.

For further information see note 2.4 “Hyperinflation in Turkey”.

3.2 Changes in accounting policies and disclosures

New and amended standards and Interpretations applicable as 1 January 2022

The Group has adopted the following new standards, amendments and interpretations to published standards for the first time for the financial year starting on 1 January 2022:

Accounting standards, amendments or Interpretations	Note	Adoption dates by the European Union
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	3.2.1	1 January 2022
Reference to the Conceptual Framework – Amendments to IFRS 3	3.2.2	1 January 2022
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	3.2.3	1 January 2022
IFRS 9 Financial Instruments – Fees in the ‘10 per cent’ test for derecognition of financial liabilities	3.2.4	1 January 2022

3.2.1 Onerous Contracts – Costs of fulfilling a Contract – Amendments to IAS 37

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). 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. This amendment had no impact on the consolidated financial statements of the Group.

3.2.2 Reference to the Conceptual Framework – Amendments to IFRS 3

The amendments replace a reference to a previous version of the IASB’s Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements. The amendments add an exception to the recognition principle of IFRS 3 Business Combinations 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 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

These amendments had no impact on the consolidated financial statements of the Group as there were no contingent assets, liabilities and contingent liabilities within the scope of these amendments arisen during the period.

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

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of 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.

These amendments had no impact on the consolidated financial statements of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

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

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. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.

These amendments had no impact on the condensed consolidated financial statements of the Group as there were no modifications of the Group's financial instruments during the period.

3.3 Standards and interpretations adopted by IASB but not yet applicable at 31 December 2022

IASB publishes accounting standards, amendments and interpretations, some of which have not been adopted by the European Union as at 31 December 2022. They are required to be applied from annual periods beginning on 1 January 2023 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 2022.

3.3.1 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.

Grouping of Contracts

Under IFRS 17, the measurement of Insurance Contracts issued are required to be aggregated into homogeneous portfolios, where the contracts are subject to similar risks and managed together. Each portfolio is then required to be disaggregated into groups where the groups are segregated according to three levels of profitability:

- onerous contracts;
- profitable with no significant risk of becoming onerous; and
- other profitable contracts.

The groups are determined upon initial recognition of the insurance contracts issued and each group must only contain contracts that are issued within the same 12 month period.

Similar requirements apply for Reinsurance Contracts held in terms of establishing portfolios and groups. However, the key difference is the groups are segregated according to two levels of profitability:

- Reinsurance Contracts held that are in a net gain position; and
- Reinsurance Contracts held that are in a net loss position.

Measurement Model

The General Model provided for the measurement of insurance contracts on the balance sheet will be based on a building-block approach: a discounted best estimate of future cash flows, a risk adjustment and a contractual service margin.

The risk adjustment represents a margin for uncertainties in the estimated future cash flows with respect to non-financial risks. The contractual service margin represents the unearned profit in the insurance contract.

A positive contractual service margin will result in the profit being recognised over the duration of the contract as the insurance service is provided. However, in the case of expected loss-making contracts (Onerous Contracts), the loss will be immediately recognised in the income statement as soon as the insurance contract has been identified as being onerous.

At each valuation date, the liability for insurance contracts on the balance sheet is measured using current assumptions as the sum of two components:

1) liability for Remaining Coverage: relates to insured events that have not yet occurred under existing insurance contracts (*i.e.* unexpired risk or future service); and
2) liability for Incurred Claims: relates to insured events that have already occurred (*i.e.* expired risk or past service).

Premium Allocation Approach

A simplified measurement approach called the Premium Allocation Approach (PAA) is permitted under the IFRS 17 standard where certain eligibility criteria are met:

a) short-term contracts (12 months coverage or less);
b) contracts where the coverage is greater than 12 months but the measurement of the liability for remaining coverage under the PAA would not differ materially to that measured using the General Model.

All contracts with 12 months coverage or less are automatically eligible whereas eligibility testing is required for contracts with coverage or greater than 12 months to support the justification outlined in (b) above.

ALD Re DAC, a reinsurance subsidiary of the ALD Group, intends to apply the PAA at the first adoption of IFRS 17 in 2023 and in subsequent reporting periods. The majority of ALD Re DAC's insurance contracts are for 12 months of coverage.

The PAA provides a simplified approach for measuring the liability for remaining coverage only. The liability for incurred claims will still be measured using the General Model (however, only using the discounted best estimate of future cash flows and the risk adjustment building blocks).

Accounting treatment under the PAA

The following accounting treatments apply under the PAA approach:

- the insurance revenue is recognised on a straight line basis over the duration of the insurance contract (unless the expected release of risk differs materially from a straight line basis);
- losses on groups of insurance contracts that are onerous at initial recognition are recognised immediately in the income statement. The loss is calculated as the difference between the measurement of the liability for remaining coverage under the General Model and the PAA;
- for contracts with a coverage period of one year or less, insurers can choose whether to effectively defer acquisition or recognise immediately as an expense;
- discounting of the liability for remaining coverage is not required under the PAA where there is no significant financing component (*i.e.* the time between providing the coverage and receiving the premium is 12 months or less);
- discounting of the liability for incurred claims is required for all claims (where the time between incurring and settling the claim is expected to be longer than 12 months). The discount rates to be used are not prescribed and instead are derived by the Company;
- no explicit risk adjustment is required for the liability for remaining coverage, however, this is still required for the liability for incurred claims.

Risk adjustment

Under IFRS 17, the risk adjustment is the compensation that the entity requires for bearing uncertainty about the amount and timing of cash flows that arise from non-financial risk. The risk adjustment is an entity specific measurement. The calculation must be explicit (separate from best estimate cash flows and discounting) and disclosure of the confidence level in the financial statements is required. The release of the risk adjustment over time (over the settlement period of claims) results in a recognition of profit.

Presentation of the financial performance

On the consolidated income statement, the profits and losses related to the insurance contracts issued and the reinsurance contracts held are presented under Services margin. The IFRS 17 income statement distinguishes between:

- insurance revenue (income) from the insurance and reinsurance contracts issued;
- insurance service expenses from the insurance and reinsurance contracts issued;
- income and expenses related to the reinsurance contracts held;
- financial income and expenses of the insurance and reinsurance contracts issued; and
- financial income and expenses of the reinsurance contracts held.

The expenses for the services relating to the insurance and reinsurance contracts issued will then include a share of Operating Expenses that are considered directly attributable to the execution of the contracts which will thus be deducted from the Services margin.

Application of the IFRS 17 standard

The initial application of IFRS 17 as at 1 January 2023 will be retrospective and the comparative figures on the 2022 financial year will be restated.

The differences in measurement of the insurance assets and liabilities resulting from the retrospective application of IFRS 17 as at 1 January 2022 will be presented directly under "Equity". The retrospective measurement of these assets and liabilities may be subject to a simplified approach where historical data necessary is not available.

Transition

At this stage of the project aiming at implementing the IFRS 17 standard by the Group's insurance entity, the consequences of its application in terms of amounts in the consolidated financial statements have been reasonably estimated and they do not present material amounts for the Group.

3.3.2 Preparation for the first-time application of IFRS 9 "Financial instruments" to the legal entities operating in the insurance sector

On 1 January 2023, the Group subsidiary ALD Ireland Re DAC operating in the insurance sector will, for the first time, apply the IFRS 9 "Financial instruments" standard the application of which was deferred for this entity according to the possibilities offered by the amendments to the IFRS 17 and IFRS 4 standards published by the IASB on 25 June 2020 and extended by regulations (EU) 2017/1988 and (EU) 2020/2097 of the European Commission.

The initial application of IFRS 9 by the insurance entities of the Group as at 1 January 2023 will be retrospective.

For consistency purpose with the IFRS 17 transition arrangements, and in order to provide more relevant information, the Group intends to restate the comparative figures for the 2022 financial year relating to the financial instruments concerned of its insurance entities.

The application of IFRS 9 in the insurance entity is not expected to have a material impact on the Group financial statements at the time of the first adoption.

3.4 Consolidation

Group entities described in note 38 "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 2022.

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 19 "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 subsidiary in Turkey which operates in a hyperinflationary economy has been translated wholly at the closing rate.

The main exchange rates used in the consolidated financial statements for the years ended 31 December 2022 and 31 December 2021 are based on Paris stock exchange rates and are as follows:

	31 December 2022		31 December 2021	
	Period-end Rate	Average Rate	Period-end Rate	Average Rate
EUR/Russian Ruble	76.8600	73.9748	85.3004	87.2321
EUR/Ukrainian Hryvnia	36.9170	34.4424	30.8765	32.2531
EUR/Brazilian Real	5.6386	5.4432	6.3101	6.3814
EUR/UK Pound	0.8869	0.8526	0.8403	0.8600
EUR/Swedish Krona	11.1218	10.6274	10.2503	10.1449
EUR/Norwegian Krone	10.5138	10.1015	9.9888	10.1634

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.

Various criteria are used to determine the lease classification of which the two most important are:

- whether the lease term is for the major part of the economic life of the asset; and
- whether the present value of minimum lease payments amounts to at least substantially all of the fair value of the 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.

Measurement

Assets under operating lease are measured at cost less accumulated depreciation and impairment losses. 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 3.7.1 – Property and equipment under operating lease and rental fleet.

For the fleet revaluation process, refer to note 5.1 "Fleet revaluation".

For the impairment accounting policy refer to note 5.3 "Impairment of rental fleet". Upon termination of the lease or rental contract the relevant assets are reclassified to the caption 'Inventories' at their carrying amount.

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 23 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 3.23.

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 and vehicles.

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, defined as the non-cancellable period for which the lessee has the right to use an underlying asset including optional periods when an entity is reasonably certain to exercise an option to extend (or not to terminate) a lease. Depreciation expense is recorded in Depreciation and amortisation in the income statement. 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. 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 discounted using an incremental borrowing rate which varies per country within the Group. 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 income statement 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 income statement 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 recognition 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".

Short-term leases and low-value assets

Lessees may choose not to recognise a right-of-use asset and lease liability 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. Generally, 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 17 “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 5.2 “Estimated impairment of goodwill”.

3.9.2 Software 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 15 “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 coordinated 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).

Financial assets measured at amortised cost

Financial assets are initially measured at fair value and subsequent measured at amortised cost using the effective interest method less any impairment losses. Transaction costs (including qualifying fees and commissions) are part of the amortised cost.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

The following financial assets are classified at amortised cost: cash and cash equivalents, receivables from financial institutions, investments in debt securities and other receivables.

Financial assets measured at fair value

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.

Derecognition

A financial asset is derecognised when and only when the contractual rights to receive cash flows expire or when the financial asset, together with all the risks and rewards of ownership, has been transferred.

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 23 "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 3.14 "Derivative financial instruments and hedging activities" and note 20 "Derivative financial instruments".

Financial liabilities measured at amortised cost

Financial liabilities are initially recognised at fair value incurred and are subsequently measured at amortised cost. Any difference between the proceeds (transaction costs) and the redemption value is recognised in the statement of profit or loss over the period of the financial liability using the effective interest method. Transaction costs are included in amortised cost using the effective interest method.

Financial liabilities at amortised cost (loans, borrowings and debt securities 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 30 "Borrowings from financial institutions, bonds and notes issued".

Derecognition

Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Offsetting

Financial assets and liabilities are offset and the net amount is presented in the balance sheet when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and liability simultaneously.

Income and expenses are presented on a net basis only when permitted by IFRS.

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 26. 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 2022;

b) **cash flow hedge:** hedges of a particular risk associated with a recognised asset or liability or a highly probable forecasted transaction.

   The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within "unrealised gains/losses on financial instruments".

   Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement.

   When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement;

c) **derivatives:** changes in the fair value of derivatives that are not designated as a hedging instrument are recognised immediately in the income statement in the caption "Unrealised gains/(losses) on financial instruments".

   The types of risks that the Group is exposed to and derivatives used to hedge these risks can be found in section 4.1.2 Treasury Risk and note 20 "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. Valuation allowances on inventories are included in "Cost of cars sold".

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 without recycling to the statement of profit or loss. Past-service costs are recognised immediately in income statement.

Settlements and curtailments invoke immediate recognition in the income statement of the relevant change in the present value of the defined benefit obligations and in the market value of the plan assets. A settlement is an early termination of all or part of the defined benefit obligation. A curtailment occurs when the Company is demonstrably committed to materially reducing the number of employees in the defined benefit plan or the pension benefits for future services.

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 31 "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 “Services Revenues”. Further details are provided in note 9 “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:

- identify the contract with customers. Each contract between the Group and the lessee is clearly identified;

- 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;
- determination of transaction price. Transaction price is easily determined as there the Group has no variable consideration at closing of the contract;
- 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;
- 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 23.

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 29.

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 are reassessed at each reporting date and reflect all reasonable information that is available at the reporting date.

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 in determining loss rates.

In 2022 the main considerations in the forward looking provision calculation, which were used in 2020 and 2021, have been reviewed in the context of the latest economic environment.

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 impacted by current macroeconomic environment. Initial analysis was performed in 2020 and further in 2021 considering COVID-19 impacts. Analysis is now based on consideration of such macroeconomic aspects as country growth prospects, inflation, interest rates, unemployment as well as Russia and Ukraine war impact;
- central uplift factors between 0% to 30% applied to the PD rates defined in the previous model have been removed and replaced by local uplift factors defined by each individual country based on latest available data on customer activity and individual country economic situations.

The forward looking provision has increased to EUR 10.8 million (31 December 2021: EUR 9.2 million).

As in the previous financial year, the Group has not yet seen significant deterioration in the recoverability of customer receivables in 2022. The provision on sound receivables has increased to EUR 28.5 million (31 December 2021: EUR 24.8 million).

The evolution of the Cost of risk (including 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.

	2022		2021	
(in EUR million)	December YTD	June YTD	December YTD	June YTD
Cost of risk	46.1	18.9	24.8	16.6
• *of which forward looking provision charge/(release) in the income statement*	*1.7*	*0.8*	*(6.5)*	*(3.5)*
Average NEA (1)	23,643	23,070	21,657	21,205
Cost of risk as % of Average NEA (bps)	20	16	11	16

(1) The arithmetic average of Earning Assets at the beginning and end of the period including disposal groups held for sale (Note 8)

Management considers the current level of provisions to be adequate. The Group will continue to monitor the provision parameters, including the relevance of the local uplift factors, according to the macroeconomic situation.

Expected credit losses and provision matrix are disclosed in note 23 “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.

Range Movement	NPV sensitivity impact *(in EUR million)* (1) (2)
+100 bps	+38.4
-100 bps	(38.7)

(1) The NPV (Net Present Value) sensitivity aims at measuring the potential deterioration/enhancement of value of the balance sheet in static view (no new production) by considering all discounted cash inflows (e.g. mainly remaining cash flows from rental contracts) and cash outflows over the time (e.g. mainly remaining cash flows from financial debts).

(2) Includes the impact of the capital increase.

Foreign exchange risk

ALD Group is present in 26 countries outside the Euro zone and is therefore exposed to foreign exchange risks related to cash inflows and outflows from daily business activities as well as participations in subsidiaries outside the Euro zone.

Currency risks related to the current business activities are very limited as there are no cross-border leasing activities. ALD Group policy consists of financing the underlying asset in the same currency as the corresponding lease contract.

The residual foreign exchange risk is managed in order to minimise the impact to the Group due to fluctuations in the currencies it operates.

To achieve this goal, ALD quantifies its exposure to structural exchange rate risks for each subsidiary by analysing all assets and liabilities arising from commercial operations and proprietary transactions. The risk sensitivity is measured by quantifying the impact of a variation of 10% of the exchange rate (hard currencies against local currency) and a threshold is defined for each subsidiary. ALD Group Treasury Department is responsible for monitoring structural foreign exchange risk positions and manages the impact on profitability due to foreign exchange rate fluctuations.

Currency risks related to equity invested in foreign currencies are not hedged at a Group level, as the risk exposure has been considered insignificant.

Liquidity risk

ALD Group is exposed to liquidity risk which is the risk of not being able to meet cash flow requirements when they fall due. A structural liquidity position is defined as resulting from the maturities of all balance sheet or off-balance sheet outstanding positions according to their liquidity profile.

ALD Group's exposure to liquidity risk is limited as the Group policy consists of financing the underlying asset over the same duration as the corresponding lease contract. A residual liquidity gap is measured on a monthly basis, under the supervision of ALD Group Treasury Department, by assessing the matching of the run-off of the existing leased assets with the remaining liabilities.

The liquidity position measured is then reviewed and consolidated at a Group level. Any deviation from the sensitivity threshold is corrected under the supervision of the Group central Treasury.

As part of the funding plan the ALD Group raises external funds through both asset-backed securitisation programmes and the EMTN bonds programme described below.

Most of the funding provided by Societe Generale is granted through Societe Generale Luxembourg and Societe Generale Paris. SG Luxembourg and SG Paris funds ALD Group Central Treasury which then grants loans in different currencies to 27 ALD subsidiaries (including funding provided for disposal groups held for sale) as well as to the holding companies. The total amount of loans granted by SG Luxembourg and SG Paris amounted to EUR 12,158 million (EUR 12,165 million including funding provided for disposal groups held for sale) at 31 December 2022 for an average maturity of 2 years.

The remaining SG funding is provided either by local SG branches or subsidiaries. As at 31 December 2022 the total amount of loans granted to the Group by Societe Generale, including local branches and subsidiaries was EUR 13,711 million (EUR 13,718 million including loans granted to disposal groups held for sale).

31% of fiscal year 2022 funding is provided from local external banks or third parties, representing EUR 6,164 million (EUR 6,220 million including loans granted to disposal groups held for sale) at 31 December 2022.

The following funding arrangements concluded by the Group impacted the assessment of liquidity risk:

Securitisation

As at 31 December 2022, 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 30.

Corporate bond

The Group is also engaged in a Euro Medium Term Notes (EMTN) programme. The EMTN programme limit is set at EUR 15 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.

Positive Impact Bond (Green Bond) was issued in July 2022 for an amount of EUR 500 million maturing in July 2027.

The presentation of financial borrowings by maturity and further information on bonds issued by the Group is provided in note 30.

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 2022 and 31 December 2021 is as follows:

	As at 31 December	
(in EUR million)	2022	2021
Total Equity	6,893.4	4,845.6
Total Assets	31,351.0	26,991.4
Leverage ratio	**22.0%**	**18.0%**

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 2022 amounts to EUR 15,869 million.

Further details on the residual value risk management and fleet revaluation are disclosed in note 5.1.

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 27 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.

An independent review of the level of technical reserves held by ALD Re is conducted as an exercise to validate that reserves held are adequate to meet future obligations.

4.2 Fair value estimation

The Group analyses financial assets and liabilities by various valuation methods. The different levels have been defined as follows:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2);
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The fair value of financial assets and liabilities is measured at amortised cost, except for receivables for which fair value is deemed to be the nominal amount.

Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily cash and cash equivalents and long-term investments (please refer to note 21 "Other non-current and current financial assets").

Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- quoted market prices or dealer quotes for similar instruments;
- the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value;
- other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

Refer to note 26 "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 of uncertainty were largely the same as those that were applied to the consolidated financial statements for the year ended 31 December 2021. However, the main assumptions concerning expected credit losses applied during the COVID-19 pandemic have been reviewed to reflect the current economic environment. Further details can be found in note 4 "Financial risk management".

Estimates relating to residual value risk management have also undergone significant revision due to buoyant used car market conditions. Further details can be found in note 5.1 below.

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 process is based on a statistical analysis of the car sales results covering a reference period of 24 months. The local sales force/market analysts also include additional scenarios in the calculation to take into account elements that are not captured by the statistics. These scenarios include assumptions such as possible decreases of diesel vehicles prices, concentration mix of vehicles and local factors.

In 2021 and 2022 the Group also considered 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 in 2022 and 2023; and
- lack of market data on used electric vehicle sales which resulted in management applying a risk buffer on the expected sales proceeds.

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.

In accordance with IAS 8, a residual value is treated as an accounting estimate. Revision of the expected residual values can result in one of three outcomes for the prospective depreciation over the remaining life of the contract:

- All potential car sales losses are recognised as an additional depreciation charge and are booked on a straight-line basis between the date of the revaluation and the end of the contract.
- Where the sales proceeds of the vehicle are forecast to be higher than the previously estimated proceeds but lower than the current net book value, the prospective depreciation is adjusted to the latest expected sales proceeds.
- Where the sale proceeds of the vehicles are forecast to be in excess of their net book value, depreciation of those vehicles is stopped.

"Leasing contract costs – depreciation" is comprised of both regular depreciation costs and movement in the calculation for fleet depreciation which is analysed in each entity during the fleet revaluation process.

Used vehicles prices have continued to drive exceptionally high profit from the used car sales activity throughout 2022. In the first semester fleet revaluation, used car market was anticipated to normalise in 2023. However, in the second semester's fleet revaluation, this normalisation is now expected to take place from 2024 onwards for most countries.

This assessment has now resulted in a reduction in depreciation costs of EUR 422.4 million and represents partial recognition of estimated future used car profits.

Due to decrease in depreciation mentioned above, the used car sales margin has been impacted by the increase in net book value of the vehicles. The impact for the vehicles sold in 2022 was EUR 110.9 million.

Sensitivity analysis on expected sales proceeds

+Increase/-Decrease in expected sales proceeds per vehicle	Income Statement Net Impact *(in EUR million)*
- EUR 1,000	-110.2
+EUR 1,000	90.9

The impact of the sensitivity analysis is not linear.

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 3.9.1 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 5.5% in recoverable value and would not generate any additional impairment.

Further details are provided in note 18 "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 2022, 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 judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. The Group has used discounted cash flow analysis for various available-for-sale financial assets that are not traded in active markets. Such assets do not present material amounts in the financial statements.

5.5 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 1.0 million lower.

Further details are provided in note 31 "Retirement benefit obligations and long term benefits".

5.6 Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

5.7 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 26 ALD entities located in 20 countries. The total loans in place to these entities amounts to EUR 16.1 billion (EUR 15.6 billion excluding balances of disposal groups classified as held for sale).

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.

	Year ended 31 December 2022		Year ended 31 December 2021	
(in EUR million)	Profit before tax	Revenue from external customers	Profit before tax	Revenue from external customers
Western Europe	1,249.2	8,588.2	797.0	8,033.7
Nordic	108.4	1,015.4	104.0	1,050.6
Continental & Eastern Europe	229.6	1,148.4	168.8	1,032.5
LatAm, Africa, Asia & Rest of world	65.3	466.8	49.0	362.7
TOTAL	**1,652.5**	**11,218.8**	**1,118.7**	**10,479.6**

	Year ended 31 December 2022	Year ended 31 December 2021
(in EUR million)	Revenue from external customers	Revenue from external customers
Leasing contract revenues	4,803.9	4,477.6
Service revenues	2,461.3	2,138.3
Proceeds of cars sold	3,953.6	3,863.7
TOTAL	**11,218.8**	**10,479.6**

Other disclosures

(in EUR million)	Year ended 31 December 2022		
	Rental fleet [1]	Total assets	Net financial debt [1] [2]
Western Europe [1]	19,040.2	25,637.4	17,278.7
Nordic [1]	1,863.1	2,080.6	101.6
Continental & Eastern Europe [1]	2,235.8	2,472.7	1,379.7
LatAm, Africa, Asia & Rest of world	940.5	1,160.4	831.8
TOTAL	**24,079.6**	**31,351.0**	**19,591.8**

(in EUR million)	Year ended 31 December 2021		
	Rental fleet	Total assets	Net financial debt [2]
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**

Revenue from external customers and Rental Fleet by countries with Revenues in excess of EUR 500 million are detailed below:

	Year ended 31 December 2022	Year ended 31 December 2021	Year ended 31 December 2022	Year ended 31 December 2021
	Revenue from external customers *(in EUR million)*	Revenue from external customers *(in EUR million)*	Rental Fleet *(in EUR million)* [1]	Rental Fleet *(in EUR million)*
France	2,260.4	2,241.7	5,495.9	4,977.0
Italy	1,257.6	1,374.8	2,532.1	2,224.9
UK	1,116.4	1,074.7	2,326.7	2,238.8
Germany	1,092.4	921.8	2,282.1	2,292.1
Spain	820.1	724.1	1,959.8	1,764.2
Netherlands	686.0	679.4	1,528.4	1,466.8
Belgium	680.6	622.9	1,604.6	1,455.3
Other Countries [1]	3,305.2	2,840.2	6,350.1	5,292.2
	11,218.8	**10,479.6**	**24,079.6**	**21,711.3**

(1) Including balances of disposal groups classified as held for sale (See note 8 for further details).
(2) Net financial debt is defined as the sum of Borrowings from financial institutions (non-current and current), together with any related derivatives and obligations under finance leases, minus cash and cash equivalents, as presented in the Group's consolidated balance sheet.

NOTE 7 Changes in the scope of consolidation in the year ended 31 December 2022

At 31 December 2022, all companies are fully consolidated. Changes in the scope of consolidation compared to December 2021 are as follows:

- on 29 April 2021, ALD signed an agreement to acquire Bansabadell Renting, the rental arm of Banco Sabadell in Spain for EUR 70.6 million. The completion of this acquisition was authorized by the Spanish Competition Authority in November 2021. Bansabadell Renting was not consolidated within the Group financial statements as at 31 December 2021 due to the timing of the acquisition and was presented as an investment in Other Non-current Financial Assets. As at 31 December 2022 Bansabadell Renting has been included in the consolidation scope as a consolidated subsidiary;
- in October 2021, ALD signed an agreement to acquire Fleetpool, a leading German car subscription company for EUR 67.6 million. The completion of this acquisition was authorized by the German Competition Authority in November 2021. Fleetpool was not consolidated within the Group financial statements as at 31 December 2021 due to the timing of the acquisition and was presented as an investment in Other Non-current Financial Assets. As at 31 December 2022 Fleetpool has been included in the consolidation scope as a consolidated subsidiary;
- in the first semester of 2022, ALD Automotive Euro Leasing B.V has been added to the scope, where ALD holds 50.1% of shares and 49.9% are held by external shareholder FCLH Ltd.;
- also in the first semester of 2022, Ford Fleet Management UK Limited has been added to the consolidation scope. This entity is wholly owned by ALD Automotive Euro Leasing B.V.;
- on 1 October 2022, ALD signed an agreement to acquire the remaining shares in Nedderfeld 95 Immobilien Gmbh & Co., such that it became a 100% subsidiary and has been consolidated within the Group financial statements as at 31 December 2022. Nedderfeld 95 Immobilien Gmbh & Co. had previously been a 35% associate of ALD accounted for using equity accounting, details of which can be found in note 19;
- ALD International Participations SAS has been merged with parent company ALD International SA as at 31 December 2022 and no longer exists as a separate consolidated entity under global integration.

The above mentioned changes in the consolidation scope impact mainly Rental Fleet and trade receivables for the amount of EUR 742 million and goodwill for the amount of EUR 71.9 million.

NOTE 8 Assets-held-for-sale (disposal groups)

8.1 Divestments agreed with antitrust authorities in connection with the LeasePlan acquisition

ALD has obtained all merger control clearances conditioning the completion of the acquisition of LeasePlan. The last clearance was obtained from the European Commission on 25 November 2022, it being specified that (i) this clearance is conditional upon the divestiture of the subsidiaries carrying on the full-service leasing and fleet management business of ALD in Portugal, in Ireland and in Norway (with the exception, in the latter country, of NF Fleet Norway, a company jointly owned by ALD and Nordea) and of LeasePlan in the Czech Republic, in Finland and in Luxembourg and (ii) closing of the acquisition is contingent upon receiving from the European Commission a decision agreeing the proposed acquiror and the terms agreed with the latter for the divestiture of these entities. An agreement with Crédit Agricole Consumer Finance has been reached on 22 March 2023 for the sale of these six entities, whose combined fleet represented approximately 100,000 vehicles or 3% of the total combined fleet of ALD and LeasePlan as at 31 December 2022.

The Group considered the three subsidiaries of ALD to meet the criteria to be classified as held for sale for the following reasons:

- all three subsidiaries are available for immediate sale and will be sold to the buyers in their current condition;
- the actions to complete the sale were initiated and are expected to be completed within one year from the date of classification;
- the shareholders approved the plan to sell.

The major classes of assets and liabilities of ALD Automotive AS – Norway, SG ALD Automotive Sociedade Geral de Comercio e Aluguer de Benz SA – Portugal and Merrion Fleet Management Limited are measured at their carrying amount and are as follows:

(in EUR million)	2022
ASSETS	
Rental fleet	688.3
Receivables from clients	31.6
Cash and cash equivalents	2.6
Other	130.0
ASSETS OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE	**852.5**
LIABILITIES	
Borrowings from financial institutions and intragroup debt (1)	542.7
Other	123.7
LIABILITIES OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE	**666.4**
NET ASSETS DIRECTLY ASSOCIATED WITH DISPOSAL GROUP	**186.1**

(1) Including EUR 536 million of intragroup debt with ALD Luxembourg.

The subsidiaries are not classified as a discontinued operation as at 31 December 2022 as they do not meet the criteria of being a major line of business or geographical area of operations.

All disclosures relating to the Group's assets and liabilities exclude assets and liabilities of the disposal Group unless stated otherwise.

8.2 ALD Automotive Russia and Belarus LLC – Disposal group

ALD is engaged in a process to sell its entire stake in ALD Automotive OOO, which operates in Russia and through its branch in Kazakhstan, and ALD Belarus LLC.

These operations together represented a funded fleet of 14,600 vehicles as at 31 December 2022 (1% of ALD Group's total funded fleet).

The disposal, which is subject to the approval of the relevant regulatory authorities, will be conducted in full compliance with applicable legal and regulatory requirements.

These events had the following impacts on the Group financial statements:

- Russia and Belarus met the criteria to be classified as held for sale;
- they did not meet the criteria of a discontinued operation as these subsidiaries do not represent a significant geographic area or a major line of business for the Group;
- purchase price is considered to be the fair value of the disposal group which is below its net book value in the Group's financial statements, therefore an impairment of EUR -50.6 million was booked in 2022 in its income statement under the caption Non-recurring expenses;
- upon classification as held for sale assets of the disposal group have not been depreciated and any subsequent differences between the fair value and net book value of the disposal group will be booked in the income statement in future periods and up until the close of the transaction;
- accumulated translation reserves of the disposal group will be reclassified into the income statement at the closing of the transaction with no impact to the shareholders' equity. As at 31 December 2022 translation reserves attributable to the disposal group are EUR -54.3 million;
- the major classes of assets and liabilities of ALD Automotive Russia and Belarus LLC are as follows:

(in EUR million)	2022
ASSETS	
Rental fleet	164.0
Receivables from clients	10.1
Cash and cash equivalents	90.2
Other [(1)]	(31.8)
ASSETS OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE	**232.5**
LIABILITIES	
Borrowings from financial institutions	57.0
Other	39.4
LIABILITIES OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE	**96.5**
NET ASSETS DIRECTLY ASSOCIATED WITH DISPOSAL GROUP	**136.0**

(1) Including EUR 50.6 million of impairment of disposal group in Russia.

NOTE 9 Revenues and cost of revenues

9a Leasing contract margin

	Year ended 31 December	
(in EUR million)	2022	2021
Leasing contract revenue – operating leases	4,757.2	4,439.2
Interest income from finance lease	36.1	35.7
Other interest income	10.6	2.7
LEASING CONTRACT REVENUES	**4,803.9**	**4,477.6**
Leasing contract costs – depreciation	(3,433.1)	(3,592.3)
Leasing contract costs - financing:		
Interest charges on loans from financial institutions	(177.6)	(119.5)
Interest charges on issued bonds	(38.2)	(16.0)
Other interest charges	(28.3)	2.9
Total interest charges	(244.1)	(132.7)
LEASING CONTRACT COSTS – DEPRECIATION AND FINANCING	**(3,677.2)**	**(3,725.0)**
Trading derivatives	(1.6)	(7.4)
Imperfectness of derivatives at fair value hedges	–	0.3
Imperfectness of derivatives at cash flow hedges	(0.2)	(1.3)
Unrealised gains/losses on derivative financial instruments	(1.8)	(8.4)
Unrealised Foreign Exchange Gains or Losses	(3.7)	(11.3)
Hyperinflation - net monetary gain	59.9	–
TOTAL UNREALISED GAINS/LOSSES ON FINANCIAL INSTRUMENTS AND OTHER	**54.4**	**(19.8)**
LEASING CONTRACT MARGIN	**1,181.1**	**732.8**

“Other interest income” mainly comprises of income received for cash deposits with third party counterparts.

“Other interest charges” mainly comprise of interest charges incurred from asset-backed borrowings, net interest costs on financial instruments, where these instruments are embedded in the same structured funding transaction designed to remove market risk from this transaction, realised gains or losses on translation of financial liabilities and interest expense on lease liabilities.

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 5.1 “Fleet Revaluation”

Used vehicles prices have continued to drive exceptionally high profit from the used car sales activity throughout 2022. In the first semester fleet revaluation, used car market was anticipated to normalise in 2023. However, in the second semester’s fleet revaluation this normalisation is now expected to take place from 2024 onwards.

This assessment has now resulted in a reduction in depreciation costs of EUR 422.4 million and represents partial recognition of estimated future used car profits.

9b Service margin

Revenues and costs are derived from the various service components included within the contractual lease instalments, such as maintenance and tyres, damage risk retention and replacement vehicles.

(in EUR million)	Year ended 31 December 2022	2021
Services revenue	2,461.3	2,138.3
Cost of services revenues	(1,758.1)	(1,488.3)
Services margin	**703.2**	**650.0**

9c Used Car Sales result

(in EUR million)	Year ended 31 December 2022	2021
Proceeds of cars sold	3,953.6	3,863.7
Cost of cars sold (1)	(3,205.9)	(3,426.0)
Used Car Sales result	**747.6**	**437.7**

(1) Cost of cars sold represents the written down value of the vehicle and any additional disposal costs.

The used car sector has been positively impacted by the limited production capacity of new cars due to ongoing shortage in the supply of semiconductors as well as shortages of other materials used in car manufacturing as a result of the war in Ukraine. As global demand has increased, these supply-chain issues caused delays in the delivery of new cars, including by ALD.

9d Revenues

Revenues that are included within the margins analysed in 9a, 9b and 9c are shown in the following table. They are analysed into Revenues derived from the Rental activity and Proceeds of Cars sold at the end of the leasing period.

(in EUR million)	Year ended 31 December 2022	2021
Services Revenues	**2,461.3**	**2,138.3**
Leasing contract revenue - operating leases	4,757.2	4,439.2
Interest revenue	46.7	38.4
Leasing contract revenues	**4,803.9**	**4,477.6**
SUB-TOTAL - REVENUES FROM RENTAL ACTIVITY	**7,265.2**	**6,615.9**
Proceeds of Cars Sold	3,953.6	3,863.7
TOTAL REVENUES	**11,218.8**	**10,479.6**
TOTAL REVENUES EXCLUDING INTEREST INCOME	**10,299.2**	**9,629.1**

NOTE 10 Impairment charges on receivables

(in EUR million)	Note	Year ended 31 December 2022	2021
Impairment		(125.2)	(104.2)
Reversal of impairment (1)		79.1	79.4
Impairment charges on receivables	**4.1.1, 23**	**(46.1)**	**(24.8)**

(1) Reversal of impairment represents doubtful receivables recovered in the year and the movement in IFRS 9 provision.

NOTE 11 Staff expenses

(in EUR million)	Year ended 31 December 2022	2021
Wages and salaries	(419.6)	(333.6)
Social security charges	(76.0)	(69.7)
Defined benefit post-employment costs	(0.8)	(2.5)
Other staff costs	(22.5)	(27.9)
TOTAL	**(518.9)**	**(433.7)**

The average number of staff employed (including temporary staff) by the Group during the year was 7,154 (2021: 6,748). At year-end, the full time equivalent number of staff employed by the Group was 7,529 (2021: 6,893).

The breakdown of the components of the defined benefit pension cost is identified in note 31.

NOTE 12 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.

As at 31 December 2022 the Group has incurred EUR 128 million of costs related to the preparation of the LeasePlan acquisition, "Total Operating Expenses".

NOTE 13 Depreciation and amortisation

(in EUR million)	Notes	Year ended 31 December 2022	2021
Depreciation of other property and equipment	16	(20.2)	(18.2)
Depreciation of intangible assets	16	(25.5)	(27.3)
Depreciation of right of use asset	17	(21.0)	(19.7)
TOTAL		**(66.7)**	**(65.1)**

NOTE 14 Income tax expense

(in EUR million)	Year ended 31 December 2022	2021
Current tax	(223.9)	(167.6)
Deferred tax	(220.7)	(71.1)
Income tax expense	**(444.6)**	**(238.6)**

EFFECTIVE TAX RATE RECONCILIATION

(in EUR million)	Year ended 31 December 2022	2021
Profit before tax	**1,652.5**	**1,118.7**
Standard tax rate in France	**25.83%**	**28.41%**
Tax expense at standard rate	**(426.8)**	**(317.8)**
Tax calculated at domestic tax rates applicable to profits in the respective countries	46.4	65.5
Tax effects of:		
• Associates' results reported net of tax	0.5	(0.6)
• Income not subject to tax	(11.8)	(7.3)
• Expenses not deductible for tax purposes	(30.2)	5.0
• Utilisation of previously unrecognised tax losses	–	–
• Tax losses for which no deferred income tax asset was recognised	(1.4)	–
• Re-measurement of deferred tax	0.7	19.3
• Adjustment in respect of prior years	(6.9)	7.7
• Other [1]	(15.1)	(10.5)
TOTAL	**(444.6)**	**(238.6)**
Effective rate of income tax	26.91%	21.33%

(1) Mainly regional taxes based on the productive activities.

Effective tax rate has been negatively impacted by increase in Expenses not deductible for tax purposes due to:

- a significant reduction in the positive impact of Italian Stability law in 2022;
- hyperinflation adjustments in profit before tax in Turk aliciaey associated with application of Consumer Price Index to share capital and retained earnings;
- various preparation costs associated with future acquisition of LeasePlan not deductible for tax purposes.

Year on year change in the re-measurement of deferred tax is mainly attributable to a decrease in future tax rate in France in 2021.

Adjustment in respect of prior years in 2021 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 2022, the major contributors are UK, Ireland, Luxembourg, Italy, Turkey, Hungary, Czech Republic and Finland where effective tax rates are lower than in France (with applicable tax rates of 19%, 12.5%, 18.9%, 24%, 23%, 9%, 19% and 20% respectively).

The tax charge/credit relating to components of other comprehensive income is as follows:

(in EUR million)	Year ended 31 December 2022	2021
Deferred tax on cash flow hedges	(14.1)	(6.3)
Deferred tax on debt instruments at fair value through OCI	2.2	–
Deferred tax on actuarial gain/(loss) on retirement benefit	(0.4)	(1.3)
Deferred tax charged to OCI	**(12.4)**	**(7.6)**

NET DEFERRED TAX VARIATION

	As at 31 December	
(in EUR million)	2022	2021
Net deferred tax liabilities at 1 January	**(322.9)**	**(257.6)**
Income statement charge	(220.7)	(71.1)
Tax charged/(credited) directly to equity	(12.4)	(7.5)
Hyperinflation adjustment (FTA) charged directly to equity (1)	(9.4)	–
Exchange differences	2.5	13.3
Scope changes	(8.0)	–
Transfer to assets held for sale	24.6	–
Other	**0.0**	
Net deferred tax liabilities at 31 December	**(546.3)**	**(322.9)**

(1) First time application of IAS 29.

The gross movement on the net deferred tax account is as follows:

DEFERRED INCOME TAX BY NATURE

	As at 31 December	
(in EUR million)	2022	2021
Accelerated tax depreciation	(777.5)	(604.1)
Provisions	130.9	156.9
Tax losses	55.7	67.3
Fair value gains	(8.8)	3.6
Retirement benefit obligation	2.2	3.2
Other timing differences	51.2	50.1
Other	(0.0)	0.1
Net deferred tax asset/(liability)	**(546.3)**	**(322.9)**

Tax losses

The majority of the 2022 tax losses EUR 55.7 million (2021: EUR 67.3 million) are attributable to France EUR 24.6 million (2021: EUR 28.5 million), Chile EUR 10 million (2021 EUR 4.2 million) Belgium EUR 8.7 million (2021: EUR 13.9 million) and Norway EUR 5.7 million (2021: EUR 16.9 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.

The expiration profile of the losses carried forward can be illustrated as follows:

	Year ended 31 December	
(in EUR million)	2022	2021
Expiry within 1 year	10.0	–
Expiry within 1-5 years	1.2	2.1
Expiry < 5 years	–	
Without expiry	44.4	65.2
TOTAL	**55.7**	**67.3**

The total tax value of losses carried forward is presented before offsetting the corresponding deferred tax liabilities (which are reflected in the offset of deferred tax assets and liabilities in the Group balance sheet).

The deferred tax liability relating to operating leases reverses over the remaining term of the operating lease contracts, which ranges from three to five years.

NOTE 15 Rental fleet

(in EUR million)	Rental fleet
At 1 January 2021	
Cost	27,749.3
Accumulated depreciation & impairment	(7,672.3)
Carrying amount as at 1 January 2021	**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)
Transfer to assets qualified as held-for-sale	–
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**
Year ended 31 December 2022	
Opening net book amount	21,711.3
Additions	9,554.0
Disposals	(3,916.6)
Acquisition of a subsidiary	340.8
Depreciation charge	(3,573.6)
Transfer to assets qualified as held-for-sale	(852.3)
Hyperinflation adjustment	121.1
Currency translation differences	(157.4)
Closing net book amount as at 31 December 2022	**23,227.4**
At 31 December 2022	
Cost	31,771.7
Accumulated depreciation & impairment	(8,544.4)
Carrying amount as at 31 December 2022	**23,227.4**

Minimum undiscounted lease payments receivable on operating leases are as follows:

	Year ended 31 December	
(in EUR million)	**2022**	**2021**
Within 1 year	766.1	998.9
Between 1 and 2 years	1,768.3	1,673.1
Between 2 and 3 years	2,557.0	2,599.0
Between 3 and 4 years	2,003.8	1,875.9
Between 4 and 5 years	531.1	496.1
Later than 5 years	27.2	37.5
TOTAL	**7,653.5**	**7,680.3**

Asset-backed securitisation transactions

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 amount to EUR 2,173 million at 31 December 2022 (EUR 2,466 million at 31 December 2021) and present value of transferred lease receivables derived from these assets is EUR 2,313 million (EUR 2,517 million at 31 December 2021). The transferred lease receivables cannot be sold.

For further details on the securitisation transactions and transferred assets reference is made to the note 30.

NOTE 16 Other property and equipment and other intangible assets

OTHER PROPERTY AND EQUIPMENT:

(in EUR million)	Note	Land	Property	Equipment	Total
At 1 January 2021					
Cost		4.5	64.2	90.5	159.2
Accumulated depreciation & impairment			(30.8)	(48.0)	(78.8)
Carrying amount As at 1 January 2021		**4.5**	**33.5**	**42.5**	**80.5**
Year ended 31 December 2021					
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	13	–	(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**
Opening net book amount		4.5	30.2	50.3	85.0
Additions		–	5.9	34.9	40.9
Disposals		(0.0)	(0.9)	(12.4)	(13.3)
Depreciation charge	13	–	(5.8)	(14.4)	(20.2)
Transfer to assets qualified as held-for-sale		(0.0)	(2.6)	(1.5)	(4.1)
Scope changes		7.0	1.5	0.9	9.4
Currency translation differences		–	(0.0)	(0.6)	(0.7)
Closing Net book amount As at 31 December 2022		**11.4**	**28.3**	**57.2**	**96.9**
At 31 December 2022					
Cost		11.4	67.9	114.4	193.7
Accumulated depreciation & impairment			(39.5)	(57.3)	(96.8)
Carrying amount As at 31 December 2022		**11.4**	**28.3**	**57.2**	**96.9**

OTHER INTANGIBLE ASSETS:

(in EUR million)	Note	Software	Other	Total
At 1 January 2021				
Cost		85.3	93.4	178.8
Accumulated amortisation and impairment		(61.2)	(38.8)	(100.0)
Carrying amount As at 31 December 2021		**24.1**	**54.7**	**78.8**
Year ended 31 December 2021				
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	13	(14.7)	(12.6)	(27.3)
Currency translation differences		0.1	0.3	0.4
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**
Year ended 31 December 2021				
Opening net book amount		19.1	69.6	88.7
Additions		12.9	55.4	68.3
Divestments		(4.2)	(11.8)	(16.0)
Amortization	13	(10.2)	(15.3)	(25.5)
Transfer to assets qualified as held-for-sale		(0.2)	(0.4)	(0.6)
Scope changes		0.4	12.0	12.4
Currency translation differences		0.0	(0.8)	(0.8)
Closing net book amount As at 31 December 2022		**17.9**	**108.8**	**126.6**
At 31 December 2022				
Cost		84.6	160.4	245.0
Accumulated amortisation and impairment		(66.7)	(51.7)	(118.4)
Carrying amount As at 31 December 2022		**17.9**	**108.8**	**126.6**

NOTE 17 Right-of-use assets and lease liabilities

(in EUR million)	Right-of-use assets (vehicles)	Right-of-use assets (property leases)	Lease liabilities
As at 1 January 2021		**128.0**	**132.7**
Additions		20.8	20.8
Disposals		(7.6)	(7.6)
Accumulated depreciation		(24.6)	–
Transfer to assets held for sale		–	–
Transfer from trade and other payables		–	–
Interest		-	1.6
Payments		-	(26.9)
Currency translation differences		**0.7**	**0.8**
As at 31 December 2021	**-**	**117.3**	**121.4**
As at 1 January 2022		**117.3**	**121.4**
Additions	40.9	21.3	63.5
Disposals	(1.0)	(11.6)	(12.6)
Accumulated depreciation	(27.6)	(25.7)	
Transfer to assets held for sale	-	(2.8)	(2.8)
Scope changes	17.1	5.2	18.4
Interest	-	–	1.3
Payments	-	–	(71.1)
Currency translation differences		**(0.9)**	**(0.9)**
As at 31 December 2022	**29.4**	**102.8**	**117.2**

The maturity analysis of the discounted lease liabilities is shown below:

	Year ended 31 December	
(in EUR million)	2022	2021
Not later than one year	42.3	23.9
Later than one year	74.9	97.4
TOTAL	**117.2**	**121.4**

NOTE 18 Goodwill

(in EUR million)	**Goodwill**
At 1 January 2021	
Cost	576.0
Accumulated impairment	–
Carrying amount As at 1 January 2021	**576.0**
Year ended 31 December 2021	
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**
Year ended 31 December 2022	
Opening net book amount	576.0
Impairment	(2.7)
Transfer to assets qualified as held-for-sale	(26.6)
Scope changes	71.9
Closing net book amount As at 31 December 2022	**618.6**
At 31 December 2022	
Cost	621.3
Accumulated impairment	(2.7)
Carrying amount As at 31 December 2022	**618.6**

GOODWILL BY CASH-GENERATING UNITS:

(in EUR million)	**As at 1 January 2022**	**Addition**	**Impairment**	**Transfer to assets-held-for-sale**	**As at 31 December 2022**
France	212.0	–	–	–	212.0
Germany	35.2	–	–	–	35.2
Germany (Fleetpool)	–	53.0	–	–	53.0
Italy	50.2	–	–	–	50.2
Spain	109.1	18.9	–	–	128.0
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	–	(2.7)	–	1.4
Central Europe Hub	31.5	–	–	–	31.5
TOTAL	**576.0**	**71.9**	**(2.7)**	**(26.6)**	**618.6**

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.

In 2022 the Group booked an impairment of goodwill in North Eastern Europe Hub which relates to the Russian subsidiary that was classified as a disposal group held for sale. Impairment was identified due to the net book value of the disposal group being higher than its fair value less costs to sell. For further details see note 8 “Assets held for sale”. No other impairment of goodwill was identified during the reporting period.

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 2023-2027;
- 10% reduction in proceeds from used car sales in 2023 and 2024.

Historically, the greatest reduction in the Group’s 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 2022. There was no impairment recognised in 2021.

The key assumptions used for value-in-use calculations in 2022 and 2021 are as follows:

ASSUMPTIONS IN 2022 AND 2021

	Discount Factor 2022	Discount Factor 2021	Perpetuity rate (2022 and 2021)
France	10.0%	9.4%	2.0%
Germany	10.0%	9.4%	2.0%
Italy	12.1%	9.4%	2.0%
Spain	10.6%	9.4%	2.0%
UK	10.0%	9.4%	2.0%
Fleetpool [(1)]	10.0%		2.0%
Benelux	10.0%	9.4%	2.0%
Nordics Hub	13.6%	9.4%	2.0%
South Eastern Europe Hub	21.8%	17.3%	2.0%
North Eastern Europe Hub	10.0%	9.4%	2.0%
Central Europe Hub	19.2%	9.6%	2.0%

(1) Newly consolidated in 2022

Climate-related matters – The Group constantly monitors the latest government legislation in relation to climate related matters. At the current time, no legislation has been passed that will impact the Group. The Group will adjust the key assumptions used in value-in-use calculations and sensitivity to changes in assumptions should a change be required.

NOTE 19 Investments in associates

	Year ended 31 December	
(in EUR million)	2022	2021
Balance as at 1 January	**7.9**	**10.2**
Share of results	1.7	(2.6)
Currency translation differences	(0.4)	0.3
Scope changes	(1.2)	–
Balance as at 31 December	**7.9**	**7.9**

On 1 October 2022, ALD signed an agreement to acquire the remaining shares in Nedderfeld 95 Immobilien Gmbh & Co.KG, such that it became a 100% subsidiary and has been subconsolidated within the Group’s German subsidiary’s financial statements as at 31 December 2022. Nedderfeld 95 Immobilien Gmbh & Co. had previously been a 35% associate of ALD accounted for using equity method.

Name	Country of incorporation	Assets	Liabilities (1)	Revenues	Profit/(Loss)	% interest held
As at 1 January 2021						
ALD Automotive SA Morocco	MOROCCO	53.2	44.3	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)**	
As at 31 December 2022						
ALD Automotive SA Morocco	MOROCCO	49.3	41.4	18.2	1.7	35%
TOTAL		**49.3**	**41.4**	**18.2**	**1.7**	

(1) Excluding net equity.

NOTE 20 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 2022		Year ended 31 December 2021	
(in EUR million)	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Interest rate swaps – cash flow hedge	61.6	0.0	3.9	0.1
Foreign Exchange swaps	20.8	44.5	23.5	4.9
Interest rate swaps (not in hedge)	46.6	44.5	11.2	6.1
TOTAL	**128.9**	**89.0**	**38.6**	**11.2**
Less non-current portion:				
Interest rate swaps – cash flow hedge	61.6	0.0	3.9	0.1
Foreign Exchange swaps	13.1	34.3	12.4	4.7
Interest rate swaps (not in hedge)	44.3	43.8	4.8	5.5
Total non-current portion	**118.9**	**78.1**	**21.1**	**10.3**
CURRENT PORTION	**10.0**	**10.9**	**17.5**	**0.8**

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 2022 were EUR 491.0 million (2021: EUR 361.7 million).

The hedged, highly probable forecast transactions denominated in foreign currency are expected to occur at various dates during the next 12 months. Gains and losses recognised in the hedging reserve in equity on forward foreign exchange contracts as of 31 December 2022 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 – cash flow hedge

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 designated as cash flow hedges at 31 December 2022 were EUR 1,634 million (2021: EUR 1,962 million).

At 31 December 2022, 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 2022 will be continuously released to the income statement within finance charges until the repayment of the financial debt.

NOTE 21 Other non-current and current financial assets

(in EUR million)	Year ended 31 December 2022	2021
Long-term investments (10 years)	200.5	279.9
Other current financial assets	331.6	380.7
Other	5.6	122.6
TOTAL	**537.7**	**783.2**

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 4 years' time and will not be renewed.

In 2021 Bansabadell Renting and Fleetpool subsidiaries were reported as investments under caption "Other" due to the timing of the acquisitions. These subsidiaries are included in the scope of consolidation as at 31 December 2022. See note 7 for further detail.

NOTE 22 Inventories

(in EUR million)	As at 31 December 2022	2021
Inventories - gross value	407.3	304.9
Valuation allowance	(11.9)	(8.5)
Inventories net	**395.3**	**296.4**

Inventories are stated at the lower of cost or net realisable value.

NOTE 23 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 2022	2021
Amounts receivable under finance lease contracts	727.2	790.3
Provision for impairment of Finance lease receivables	(11.6)	(13.0)
Of which		
• provision for doubtful receivables	(6.0)	(8.0)
• provision for sound receivables	(4.3)	(4.0)
• provision for sound receivables (forward looking)	(1.3)	(1.0)
Amounts receivable from credit institutions and related parties [1]	1,256.8	240.7
Trade receivables	1,379.8	1,012.0
Provision for impairment of trade receivables	(174.6)	(171.8)
Of which		
• provision for doubtful receivables	(151.7)	(152.0)
• provision for sound receivables	(13.4)	(11.6)
• provision for sound receivables (forward looking)	(9.5)	(8.2)
Provision for customer disputes	(19.6)	(30.6)
TOTAL RECEIVABLES	**3,157.9**	**1,827.6**

(1) Mainly towards Societe Generale – no impairment provision has been calculated on these receivables due to their inter-group nature. Increase in these receivables represents cash generated from the share rights issue which has been placed on a short-term deposit with Societe Generale.

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 2022			31 December 2021		
(in EUR million)	In scope	Out of scope	Total	In scope	Out of scope	Total
Amounts receivable under finance lease contracts	714.3 (1)	12.8 (2)	727.2	771.9 (1)	18.5 (2)	790.3
Provision for impairment of receivables under finance lease contracts	(4.3)	(6.0)	(10.3)	(4.0)	(8.0)	(12.0)
Provision for impairment of receivables under finance lease contracts – forward looking	(1.3)		(1.3)	(1.0)		(1.0)
Amounts receivable from credit institutions		1,256.8	1,256.8		240.7	240.7
Trade receivables	651.5	728.3 (2)	1,379.8	598.9	413.2 (2)	1,012.0
Provision for impairment of trade receivables	(13.4)	(151.7)	(165.2)	(11.6)	(152.1)	(163.6)
Provision for impairment of trade receivables – forward looking	(9.5)	–	(9.5)	(8.2)	–	(8.2)
Provision for customer disputes		(19.6)	(19.6)		(30.6)	(30.6)
TOTAL RECEIVABLES	**1,337.4**	**1,820.5**	**3,157.9**	**1,346.0**	**481.6**	**1,827.6**

(1) Including remaining capital.
(2) These amounts represent doubtful and non-lease receivables.

Based on the receivables which are in the scope, the loss allowance as at 31 December 2022 and 31 December 2021 was determined as follows for both trade and finance lease receivables:

PROVISION MATRIX 31 DECEMBER 2022

(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%	4%	8%	16%	22%	
Gross carrying amount of receivables in IFRS 9 scope	1,187.7	120.3	30.6	5.6	21.6	1,365.8
Loss Allowance	(16.2)	(4.4)	(2.3)	(0.9)	(4.7)	(28.5)
Net carrying amount of receivables in IFRS 9 scope	**1,171.6**	**115.9**	**28.3**	**4.7**	**16.9**	**1,337.4**

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**

Information on maturity of sound 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 2022					
	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	7.1	385.0	30.9	55.4	170.8	649.2
Amounts including past due between 1 to 30 days	0.3	16.2	13.0	0.1	5.0	34.7
Amounts including past due between 31 to 60 days	0.0	1.3	1.8	0.0	1.5	4.6
Amounts including past due between 61 to 90 days	0.1	0.8	2.1	0.0	0.5	3.5
Amounts including past due between 91 to 180 days	0.3	6.6	1.1	0.1	3.4	11.4
Amounts including past due between 181 days to 1 year	0.1	0.3	0.5	0.0	2.1	3.0
Amounts including past due over 1 year	0.2	5.0	0.7	0.0	2.0	7.9
TOTAL	**8.1**	**415.1**	**50.1**	**55.8**	**185.3**	**714.3**

	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**

The decrease in amounts not past due is related to fleet decrease.

A full description of the impairment policy is contained in the Credit Risk Measurement section of the Note 4.1 Financial risk factors.

The movement in impairment of trade lease receivables is as follows:

		As at 31 December	
(in EUR million)	Note	2022	2021
Balance at 1 January		(171.8)	(178.1)
Net Impairment charges	10	(46.1)	(24.8)
Receivables written off		49.3	33.1
Movement in Finance Lease Provision		(1.4)	(1.2)
Transfer of disposal groups to assets held for sale		5.6	–
Scope changes		(10.6)	–
Other and currency translation differences		0.3	(0.7)
Balance at 31 December		**(174.6)**	**(171.8)**

The maturity analysis is as follows:

(in EUR million)	As at 31 December 2022	2021
Trade receivables not overdue	968.0	670.2
Past due up to 90 days	226.4	144.1
Past due between 90-180 days	27.6	23.9
Past due over 180 days	157.8	173.8
TOTAL	**1,379.8**	**1,012.0**

The improvement in the past due over 180 days maturity profile in 2022 is due to higher focus on collection procedures, outsourcing of payment collections and direct debit payments implemented by Group entities.

NOTE 24 Other receivables and prepayments

(in EUR million)	As at 31 December 2022	2021
VAT and other taxes	388.1	276.8
Prepaid motor vehicle tax and insurance premiums	117.4	95.4
Reclaimable damages	10.1	8.2
Prepaid expenses	424.4	346.6
Other	414.8	307.6
Other receivables and prepayments	**1,354.7**	**1,034.6**

The majority of the other receivables and prepayments have a maturity of less than one year.

The other receivables balance includes EUR 249.8 million (2021: EUR 193.3 million) relating to rebates receivable from dealers and manufacturers.

NOTE 25 Cash and cash equivalents

(in EUR million)	As at 31 December 2022	2021
Cash at bank and on hand	195.9	112.2
Short-term bank deposits	57.3	40.5
Cash at bank and short-term bank deposits attributable to disposal groups held for sale	92.8	–
Cash and cash equivalents excl. bank overdrafts	**346.0**	**152.7**
Bank overdrafts	(129.5)	(228.4)
Cash and cash equivalents, net of bank overdrafts	**216.4**	**(75.7)**

As ALD operates its own re-insurance program the cash balance includes funds required for this business.

NOTE 26 Financial assets and liabilities by category

The Company's financial assets and liabilities are categorised as follows:

The table below summarises the Group's financial assets and financial liabilities, of which the derivatives and corporate bonds are measured at fair value and the other financial assets and other financial liabilities are measured at amortised cost on the balance sheet as at 31 December 2022. For all other financial assets and liabilities, the carrying amount is a reasonable approximation of fair value.

FINANCIAL ASSETS

		Fair Value		
As at 31 December 2022 *(in EUR million)*	**Carrying Value**	**Level 1**	**Level 2**	**Total**
Financial assets measured at fair value				
Derivative financial instruments in hedge	82.3		82.3	82.3
Derivative financial instruments not in hedge	46.6		46.6	46.6
Other current financial assets	237.8	237.8		237.8
Financial assets not measured at fair value				
Receivables from clients and from financial institutions	3,157.9		3,157.9	3,157.9
Investment in associates	7.9			
Other non current and current financial assets	299.9			
Cash and cash equivalents	253.1			
TOTAL	**4,085.5**	**237.8**	**3,286.8**	**3,524.6**

		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**

FINANCIAL LIABILITIES

As at 31 December 2022 *(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	44.5		44.5	44.5
Derivative financial instruments not in hedge	44.5		44.5	44.5
Financial liabilities not measured at fair value				
Bank borrowings	14,571.1		14,571.1	14,571.1
Bonds issued	5,303.4	3,460.9	1,727.1	5,188.0
Trade payables	1,105.9		1,105.9	1,105.9
TOTAL	**21,069.5**	**3,460.9**	**17,493.2**	**20,954.1**

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**

Recognised fair value measurements

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year.

NOTE 27 Changes in liabilities arising from financing activities

Changes in liabilities arising from financing activities are shown in the table below.

(in EUR million)	Balance as at 1 January 2022	Financing cash flows	Foreign exchange adjustment	Scope changes	Other non-cash movements	Balance as at 31 December 2022
Overdraft	228.4	(97.3)	(1.6)	–	–	129.5
Borrowings from financial institutions excl. overdraft	13,620.2	652.6	(65.1)	291.9	(58.0)	14,441.6
Bonds and notes issued	4,668.7	639.4	(25.9)	–	21.2	5,303.4
Lease liabilities	121.4	(71.1)	(0.9)	19.7	48.1	117.2

(in EUR million)	Balance as at 1 January 2021	Financing cash flows	Foreign exchange adjustment	Scope changes	Other non-cash movements	Balance as at 31 December 2021
Overdraft	315.7	(90.8)	3.5	–	–	228.4
Borrowings from financial institutions excl. overdraft	12,418.4	1,102.1	101.8	–	(2.1)	13,620.2
Bonds and notes issued	4,911.6	(275.0)	32.2	–	(0.1)	4,668.7
Lease liabilities	132.7	(26.9)	0.8	–	14.8	121.4

NOTE 28 Shareholders' equity

Share Capital and Share Premium

On 16 December 2022 ALD successfully completed its capital increase in order to finance cash component of the LeasePlan acquisition . For further information, see note 2.6 "Rights Issue".

At 31 December 2022, the authorised capital amounted to EUR 848.6 million (2021: EUR 606.2 million), divided into 565,745,096 ordinary shares with a nominal value of EUR 1.5 each.

At 31 December 2022, share premium amounted to EUR 1,328 million (2021: EUR 367 million).

All shares issued by ALD SA were fully paid. See note 35 for further information.

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 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)**
Opening balance 1 January 2022	**1,001,029**	**(13.2)**
Acquisition of treasury shares employee share schemes	400,705	(5.4)
Employee share scheme issue	(240,996)	2.4
Liquidity contracts	13,164	(0.0)
BALANCE AT 31 DECEMBER 2022	**1,173,902**	**(16.1)**

Retained earnings and other reserves

Movements in retained earnings and other reserves are presented in the Statement of changes in equity.

NOTE 29 Share-based payments

In 2022 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 2022 LONG-TERM INCENTIVES PLANS APPROVED BY ALD BOARD OF DIRECTORS

	Plan 9	Plan 10.A	Plan 10.B
Date of Board Meeting	29 March 2022	29 March 2022	29 March 2022
Total number of shares granted	409,602	12,720	12,723
Vesting date	31 March 2025	31 March 2025	31 March 2026
Holding period end date	no holding period	30 September 2025	30 September 2026
Fair value (in EUR)	9.5	9.5	9.5
Number of employees in the plan	374	6	6

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

Vesting conditions are based on ALD's profitability, as measured by the average Group Net income over the 4, 3 or 2 years of the vesting period. The ALD Group Net income corresponds to the published ALD Group Net income.

At 31 December 2022, 600 employees (524 employees as at 31 December 2021) 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 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**
As at 1 January 2022	**866,973**
Granted during the year	435,045
Vested during the year	(240,996)
Forfeited during the year	(32,255)
As at 31 December 2022	**1,028,767**

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.

EXPENSES RECORDED IN THE INCOME STATEMENT

(in EUR million)	31 December 2022	31 December 2021
NET EXPENSES FROM FREE SHARE ALD PLANS	**(2.9)**	**(2.6)**

NOTE 30 Borrowings from financial institutions, bonds and notes issued

	As at 31 December	
(in EUR million)	2022	2021
Bank borrowings	10,613.1	9,407.1
Non-current borrowings from financial institutions	**10,613.1**	**9,407.1**
Bank overdrafts	129.5	228.4
Bank borrowings	3,828.5	4,213.1
Current borrowings from financial institutions	3,958.0	4,441.5
TOTAL BORROWINGS FROM FINANCIAL INSTITUTIONS	**14,571.1**	**13,848.6**
Bonds and notes-originated from securitisation transactions	1,123.4	1,628.8
Bonds and notes-originated from EMTN programme	2,450.0	1,600.0
Other non-current bonds issued	–	–
Non-current bonds and notes issued	**3,573.4**	**3,228.8**
Bonds and notes-originated from securitisation transactions	603.7	334.8
Bonds and notes-originated from EMTN programme	1,126.3	1,105.1
Other current bonds issued	–	–
Current bonds and notes issued	**1,729.9**	**1,439.9**
TOTAL BONDS AND NOTES ISSUED	**5,303.4**	**4,668.7**
TOTAL BORROWINGS FROM FINANCIAL INSTITUTIONS AND BONDS	**19,874.5**	**18,517.3**

There are no non-cash items from all outstanding sources of borrowings.

MATURITY OF BORROWINGS AND BONDS

(in EUR million)	As at 31 December 2022	2021
Less than 1 year	5,688.0	5,881.4
1-5 years	13,985.5	12,581.1
Over 5 years	201.0	54.8
TOTAL BORROWINGS AND BONDS	**19,874.5**	**18,517.3**

CURRENCIES

The carrying amounts of the Group's borrowings are denominated in the following currencies:

(in EUR million)	As at 31 December 2022	2021
Euro	14,689.2	13,684.7
UK Pound	2,619.7	2,543.3
Danish Krone	455.8	376.9
Swedish Kronor	349.7	388.5
Other currencies	1,760.0	1,523.9
TOTAL BORROWINGS AND BONDS	**19,874.5**	**18,517.3**

External funding

Local external banks and third parties provide 31.0% of total funding, representing EUR 6,164 million (EUR 6,220 million including loans granted to disposal groups held for sale) at 31 December 2022 (29.1% and EUR 5,392 million at 31 December 2021).

An amount of EUR 860 million or 4.3% of total funding (EUR 917 million including loans granted to disposal groups held for sale) is provided by external banks. The residual external funding (EUR 5,303 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. In June 2022, this deal was renewed for 3 additional years and increased by EUR 40 million.

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	400 million
Red & Black Auto Lease Germany SA, compartment 3	ALD	Germany	EUR	108.3 million
FCT Red & Black Auto Lease France 1	ALD	France	EUR	351.3 million

(1) Transaction outstanding amount at 31 December 2022.

The maturity of the asset-backed securitisation programmes is as follows:

(in EUR million)	31 December 2022	31 December 2021
Less than 1 year	603.7	334.8
1-5 years	1,079.2	1,628.8
Over 5 years	44.2	–
TOTAL SECURITISATION PROGRAMME	**1,727.1**	**1,963.6**

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 2022			
Carrying amount of transferred assets	2,182.6	23.3	2,205.9
Carrying amount of associated liabilities (1)			(1,727.1)
Net carrying amount position			**478.8**
Fair value of transferred assets	2,334.3	23.3	2,357.6
Fair value of associated liabilities (1)			(1,727.1)
NET FAIR VALUE POSITION AS AT 31 DECEMBER 2022			**630.5**
At 31 December 2021			
Carrying amount of transferred assets	2,489.6	36.0	2,525.6
Carrying amount of associated liabilities (1)			(1,963.6)
Net carrying amount position			**562.0**
Fair value of transferred assets	2,543.4	36.0	2,579.4
Fair value of associated liabilities (1)			(1,963.6)
NET FAIR VALUE POSITION AS AT 31 DECEMBER 2021			**615.8**

(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 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%;
- a bond in February 2022 for an amount of EUR 700 million maturing in March 2026 at a fixed rate of 1.25%;
- a Positive Impact Bond (Green Bond) in July 2022 for an amount of EUR 500 million maturing in July 2027 at a fixed rate of 4%;
- a bond in October 2022 for an amount of EUR 750 million maturing in October 2025 at a fixed rate of 4.75%.

Societe Generale funding

Following the external funding raised in recent years, the funding raised through Societe Generale has remained stable at 69.0% as at 31 December 2022.

Most of the funding provided by Societe Generale is granted through Societe Generale Luxembourg and Societe Generale Paris. SG Luxembourg and SG Paris funds ALD Group Central Treasury which then grants loans in different currencies to 27 ALD subsidiaries as well as to the holding companies. The total amount of loans granted by SG Luxembourg and SG Paris amounted to EUR 12,158 million at 31 December 2022 (EUR 12,165 million including loans granted to disposal groups held for sale) for an average maturity of 2.01 years.

The remaining SG funding is provided either by local SG branches or subsidiaries. As at 31 December 2022 the total amount of loans granted to the Group by Societe Generale, including local branches and subsidiaries was EUR 13,711 million (EUR 13,718 million including loans granted to disposal groups held for sale).

At 31 December 2022 the Group has undrawn borrowing facilities of EUR 2.6 billion (EUR 2.4 billion at 31 December 2021) of which EUR 506 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 108 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 31 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 2022	31 December 2021
A – Present value of defined benefit obligations	17.3	21.0
B – Fair Value of plan assets	(13.8)	(14.6)
C – Fair value of separate assets	–	–
D – Change in asset ceiling	–	–
A + B - C + D = NET BALANCE RECORDED IN THE BALANCE SHEET	**3.6**	**6.4**

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)	2022	2021
Current service cost including social security contributions	0.6	1.0
Employee contributions	(0.2)	(0.1)
Past service cost/curtailments	–	–
Transfer *via* the expense	–	–
Net interest	0.0	–
Components recognised in income statement	*0.5*	*0.9*
Actuarial gains and losses due to assets [(1)]	1.6	(1.2)
Actuarial gains and losses due to changes in demographic assumptions	–	(0.1)
Actuarial gains and losses due to changes in economical and financial assumptions	(6.3)	(2.5)
Actuarial gains and losses due to experience	1.9	(1.7)
Change in asset ceiling	–	–
Components recognised in unrealised or deferred gains and losses	*(2.7)*	*(5.5)*
TOTAL COMPONENTS OF THE COST OF THE DEFINED BENEFITS	**(2.2)**	**(4.6)**

(1) 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)	2022	2021
Balance at 1 January	**21.0**	**24.7**
Current service cost including social security contributions	0.6	1.0
Employee contributions	–	–
Past service cost/curtailments	–	–
Settlement	–	–
Net interest	0.2	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	(6.3)	(2.5)
Actuarial gains and losses due to experience	1.9	(1.7)
Foreign exchange adjustment	–	0.1
Benefit payments	(0.2)	(1.0)
Acquisition/(Sale) of subsidiaries	–	–
Transfers and others	0.1	0.5
Balance at 31 December	**17.3**	**21.0**

Changes in fair value of plan assets and separate assets:

(in EUR million)	2022	2021
Balance at 1 January	**14.6**	**13.5**
Expected return on plan assets	0.1	0.0
Expected return on separate assets	–	–
Actuarial gains and losses due to assets	(1.6)	1.2
Foreign exchange adjustment	–	0.1
Employee contributions	0.2	0.2
Employer contributions to plan assets	0.6	0.5
Benefit payments	(0.1)	(0.8)
Acquisition/(Sale) of subsidiaries	–	–
Transfers and others	–	–
Balance at 31 December	**13.8**	**14.6**

Information regarding funding assets (for all benefits and future contribution)

The breakdown of the fair value of plan assets is as follows: 34% bonds, 41% equities, 4% money market instruments and 21% others.

Employer contributions to be paid to post-employment defined benefit plans for 2023 are estimated at EUR 0.7 million.

Actual returns on funding assets

The actual returns on plan and separate assets were:

(in EUR million)	2022	2021
Plan assets	(1.5)	1.2
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:

	2022	2021
Discount rate		
Europe	3.5%	0.8%
Long-term inflation		
Europe	2.3%	2.0%
Future salary increase		
Europe	1.5%	1.4%
Average remaining working lifetime of employees (in years)		
Europe	12.3	14.1
Duration (in years)		
Europe	9.5	11.7

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 2022	31 December 2021
Variation of +0.5% in discount rate		
Impact on the present value of defined benefit obligations at 31 December N	-5.7%	-6.7%
Variation of +0.5% in long term inflation		
Impact on the present value of defined benefit obligations at 31 December N	2.3%	3.1%
Variation of +0.5% in future salary increases		
Impact on the present value of defined benefit obligations at 31 December N	9.3%	7.1%

The disclosed sensitivities are averages of the variations weighted by the present value of defined benefit obligations.

Breakdown of future payments

(in EUR million)	2022	2021
N+1	0.4	0.4
N+2	0.5	0.4
N+3	1.2	0.4
N+4	0.8	1.1
N+5	0.9	0.8
N+6 to N+10	8.3	5.8

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 10.3 million. The total amount of charges for other long-term benefits is EUR 1.1 million.

NOTE 32 Provisions

(in EUR million)	Damage risk retention	Other	Total
At 1 January 2021	**207.2**	**36.0**	**243.1**
Additions	38.8	27.2	66.0
Reversal (utilisation)	(25.5)	(3.4)	(29.0)
Transfer to Receivables from Clients and Financial Institutions	–	(0.1)	(0.1)
Currency translation differences	0.1	1.6	1.7
At 31 December 2021	**220.5**	**61.3**	**281.7**
Of which current	**105.2**	**47.0**	**152.2**
As at 1 January 2022	**220.5**	**61.3**	**281.7**
Additions	44.7	4.1	48.8
Reversal (utilisation)	(16.3)	(7.4)	(23.7)
Transfer to liabilities qualified as held-for-sale	(0.8)	(0.1)	(1.0)
Currency translation differences	0.2	(1.4)	(1.2)
Scope changes	3.6	–	3.6
As at 31 December 2022	**251.9**	**56.5**	**308.2**
Of which current	**125.5**	**43.0**	**168.4**

NOTE 33 Trade and other payables

	As at 31 December	
(in EUR million)	2022	2021
Trade payables [(1)]	1,105.9	828.7
Deferred leasing income [(2)]	363.7	389.9
Other accruals and other deferred income	612.5	582.7
Advance lease instalments received	448.3	325.5
Accruals for contract settlements	214.9	191.2
VAT and other taxes	243.6	254.6
Other	0.1	0.5
TRADE AND OTHER PAYABLES	**2,989.8**	**2,573.3**

(1) Increase in trade and other payables is due to a larger amount of vehicle orders as at 31 December 2022 as well as scope changes related to consolidation of new subsidiaries.

(2) 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".

NOTE 34 Dividends

A dividend related to the period ended 31 December 2021 for an amount of EUR 435.2 million (EUR 1.08 per share) was paid to ALD shareholders on 2 June 2022 of which dividend paid to Societe Generale is EUR 348.3 million (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 was EUR 203.2 million).

NOTE 35 Earnings per share

On 16 December 2022, ALD successfully completed its capital increase with preferential subscription rights for an amount (including issue premium) of approximately EUR 1.2 billion.

The final gross proceeds of the rights issue, including the issue premium, amount to approximately EUR 1.2 billion, corresponding to the issuance of 161,641,456 new shares with a par value of EUR 1.50 at a subscription price of EUR 7.50 per share.

Following the settlement and delivery of the rights issue, the share capital of ALD comprised of 565,745,096 shares with a nominal value of EUR 1.50 each.

After the rights issue weighted average number of shares' calculation for the current year includes:

- fair value element which represents the number of shares in the rights issue deemed to be issued at the fair value with reference to the theoretical ex-rights price and included in the earnings per share calculation from the date of the rights issue;
- bonus element which represents number of shares in the rights issued deemed to be issued without consideration.

Weighted average number of shares for the year 2021 has been restated to include effect of the bonus element as though the bonus shares had been issued before the earliest period presented.

BASIC EARNINGS PER SHARE

	As at 31 December		
	2022	2021 restated	2021
Net income attributable to owners of the parent (in EUR million)	1,203.2	873.0	873.0
Weighted average number of ordinary shares with voting rights (in thousands)	452,168	441,872	403,072
TOTAL BASIC EARNINGS PER SHARE (IN EUR)	**2.66**	**1.98**	**2.17**

DILUTED EARNINGS PER SHARE

	As at 31 December		
	2022	2021 restated	2021
Net income attributable to owners of the parent (in EUR million)	1,203.2	873.0	873.0
Weighted average number of ordinary shares (in thousands)	453,169	442,935	404,104
TOTAL DILUTED EARNINGS PER SHARE (IN EUR)	**2.66**	**1.97**	**2.16**

Following the combined General Meetings held in 2021, 2020 and 2019 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 is 565,745,096. As at 31 December 2022, total number of shares to which voting rights are attached, excluding shares without voting rights (treasury shares, etc.) is 564,571,194.

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 36 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)	2022	2021
Salaries and other short-term employment benefits	2.8	2.2
Post employment benefits	0.4	0.6
Attendance fees for the Board members	0.3	0.2
Other long-term benefits	1.1	0.6
TOTAL	**4.6**	**3.7**

Since the listing of the Company in June 2017, ALD SA is supervised by a new Board Committee which has been implemented according to the AFEP-MEDEF rules. The Board is composed of employees and Executive directors of ALD SA and Societe Generale as well as independent Board members who benefit from a compensation.

Sales of goods and services

Societe Generale ("SG") and its subsidiaries are customers of ALD Group. Total fleet leased to SG and its subsidiaries amounts to 7,240 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 19.8 million and EUR 17.2 million in the years ended 31 December 2022 and 31 December 2021, 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 23.01 million in fiscal year 2022 (2021: EUR 21.56 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 0.6 million in fiscal year 2022 (2021: EUR 0.5 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 2022, around 19,000 contracts have been signed through Societe Generale distribution network in 3 different countries. 85% 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 3.3 million for the year ended 31 December 2022 (2021: 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 55.4 million in fiscal year 2022 (2021: EUR 59.2 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 2022 (2021 Actual: EUR 8.5 million (9.5 million disclosed in Financial Statements for the Year Ended 31 December 2021 was estimated)).

In addition, in fiscal year 2022, there were 57 employees coming from SG (51 in 2021) with a temporary detachment contract in ALD Group with duration of 3 to 5 years; they are part of the local management teams and most of them are included in ALD payroll during the detachment period and are therefore not re-billed to SG. Only the employees based in ALD France and ALD SA are still paid by SG and re-billed to ALD; the amount re-billed by SG was EUR 14.9 million in 2022 and 11.7 million in 2021.

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. 69% of the Group's funding was provided through SG in fiscal year 2021, *i.e.* EUR 13,711 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 1,569.5 million as of 31 December 2022 (2021: EUR 1,079.1 million).

Societe Generale also provides ALD Group with derivatives instruments which have a nominal amount of EUR 1,336.3 million, and are represented on the balance sheet for a total amount of EUR 45.0 million in assets and EUR 1.5 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 4 years' time from now on and will not be renewed. At 31 December 2022 the total amount of these long term deposits was EUR 269.6 million (2021: EUR 387.4 million).

The proceeds of the rights issue, described in note 2.6, for an amount of EUR 1,205 million, recorded in the Receivables from clients and financial institutions, have been placed on a short-term deposit with SG Paris until the acquisition of LeasePlan which is expected to close on 28 April 2023, subject notably to remaining regulatory approvals and the completion of standard closing conditions.

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 SRL had joined SG tax consolidation group in Italy in 2016. This regime allows the determination of a single IRES taxable base comprised of the taxable income and losses of each of the participating entities;
- ALD Automotive Group PLC (UK) had joined Societe Generale 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 37 Auditors' fees

The total fees of the Company's auditors, as charged to the consolidated income statement for the year ended 31 December 2022, amounted to:

- for Deloitte & Associés: EUR 1.9 million for the certification of the accounts;
- for Ernst & Young & Associés: EUR 2.2 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 et Autres: EUR 0.1 million.

NOTE 38 Scope of consolidation

(in %)	As at 31 December 2022	2021
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 S.A. de C.V. - MEXICO	100.00	100.00

6

(in %)	As at 31 December 2022	2021
ALD International SA	**Parent company**	**Parent company**
ALD Automotive S.A. Lease of Cars - GREECE	100.00	100.00
ALD Automotive SAU - SPAIN *	100.00	100.00
ALD Automotive SRO - CZECH REPUBLIC	100.00	100.00
ALD Automotive Turizm Ticaret Anonim Sirketi - TURKEY	100.00	100.00
ALD Fleet SA de CV SOFOM ENR	100.00	100.00
ALD International SAS & CO KG *	100.00	100.00
ALD Re Designated Activity Company - IRELAND	100.00	100.00
Axus Finland OY	100.00	100.00
ALD Automotive Italia SRL	100.00	100.00
Axus Luxembourg SA	100.00	100.00
Axus Nederland BV *	100.00	100.00
Axus SA NV - BELGIUM *	100.00	100.00
ALD Automotive Ukraine Limited Liability Company	100.00	100.00
SG ALD Automotive Sociedade Geral de Comercio e Aluguer de Benz sa - PORTUGAL	100.00	100.00
TEMSYS - France *	100.00	100.00
ALD Automotive Algerie SPA	99.99	99.99
ALD Automotive SRL - ROMANIA	80.00	80.00
NF Fleet A/S - DENMARK	80.00	80.00
NF Fleet OY - FINLAND	80.00	80.00
NF fleet AB - SWEDEN	80.00	80.00
NF Fleet AS - NORWAY	80.00	80.00
ALD Automotive Eesti AS - ESTONIA	75.01	75.01
ALD Automotive SIA - LATVIA	75.00	75.00
UAB ALD Automotive - LITHUANIA	75.00	75.00
ALD Automotive EOOD - BULGARIA	100.00	100.00
ALD 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	60.00
UK FFM	50.10	–
ALD Automotive LLC (Belarus)	100.00	100.00
ALD Automotive Euro Leasing B.V.	50.10	–
Soluciones De Renting Movilidad S.L.	100.00	–
Fleetpool Holding GmbH	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
ALD International Participations SAS	–	100.00
Consolidated companies under equity method		
ALD Automotive SA Maroc	35.00	35.00
Nedderfeld 95 Immobilien Gmbh & Co. KG	–	35.00

** Including subsidiaries.*

6.3 Statutory auditors' reports on the consolidated financial statements

Statutory auditors' report on the consolidated financial statements

Year ended 31 December 2022

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 2022.

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 2022 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 2022 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014.

Justification of Assessments - Key Audit Matters

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 Group's total balance sheet as at 31 December 2022, with a net value of € 23.2 billion, taking into account an accumulated depreciation of €8.5 billion, as mentioned in Note 15 "Rental Fleet" to the consolidated financial statements. Rental fleet vehicles are depreciated on a straight-line basis according to the terms specified in Note 5.1 " Fleet revaluation" to the consolidated financial statements. The depreciation period used is the estimated contract duration; the residual value corresponds to the estimated resale value of the vehicles at the end of the contract. These residual values are defined for each vehicle at the beginning of the lease agreement and are reviewed at least annually to reflect changes in prices in the used vehicle market. Calculations are based on a statistical approach. Any difference between the re-estimated residual value and the initial residual value constitutes a change in estimate and is depreciated on a straight-line basis over the remaining life of the contract. We considered the revaluation of the residual values to be a key audit matter as: • it is based on a statistical approach, • it integrates assumptions and requires management's judgment, particularly in the current context of used car market and uncertainties related to the price of used electric vehicles, which the proportion in the current fleet continues to grow.	We familiarized ourselves with the process used by the 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 tested the general IT-controls covering the applications used in the fleet revaluation process. Our work also consisted in: • Analyzing the appropriateness of the statistical model and the main assumptions and parameters used as at 31 December 2022; • Testing 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; • Testing, on a sample basis, the accounting treatment of changes in estimates of residual values; • 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 33 to the consolidated financial statements, deferred leasing revenue represents nearly € 364 million in the ALD Group's financial statements as at 31 December 2022. 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 evaluating 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 2022 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 set out in the note to the consolidated financial statements.

Impairment tests on goodwill

Risk identified	Our response
The recognition of external growth transactions leads the Group to record goodwill on the assets side of its consolidated balance sheet. As indicated in Note 5.2 "Estimated impairment of goodwill" to the consolidated financial statements, 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 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 2022, the net value of balance sheet goodwill stood at € 618.6 million, as indicated in Note 18 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, 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 potential decrease of values and the need to impair goodwill. This work also consisted of: • an 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 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 presentation of the consolidated financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the English translation, examined 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 European Delegated Regulation (EU) No. 2019/815 of 17 December 2018. As it relates to consolidated financial statements, our work includes verifying that the tagging of the English translation of the consolidated financial statements complies with the format defined in the above-mentioned delegated regulation.

Based on the work we have performed, we conclude that the presentation of the English translation of the consolidated financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

Due to the technical limitations inherent to the block-tagging of the consolidated financial statements according to the European single electronic format, the content of certain tags of the notes may not be rendered identically to the English translation of the accompanying consolidated financial statements.

Furthermore, 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)* is in agreement with that 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 & ASSOCIES and on 7 November 2001 for ERNST & YOUNG et Autres.

As at 31 December 2022, we were respectively in the tenth year and twenty-second year of total uninterrupted engagement, including ten years since the securities of the Company were admitted to trading on a regulated market.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and 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, 12 April 2023

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

6.4.1 Development of activity in 2022 for ALD SA

On 6 January 2022, a memorandum of understanding was signed between ALD and the shareholders of LeasePlan to acquire 100% of LeasePlan.

The proposed combination of ALD and LeasePlan into a new organization represents a unique opportunity to leverage the complementary capabilities of the two companies and create a leading global player in sustainable mobility, with a total fleet of 3.3 million vehicles.

LeasePlan is one of the world's largest fleet and mobility management companies, with a broad and global offering, and we believe it will be the ideal partner for ALD to shape the transformation of the industry in the future.

The new company will be ideally positioned to take advantage of the global growth in the mobility sector by leveraging highly complementary capabilities and synergies.

In order to complete this combination in 2023, ALD SA has increased its capital by issuing 161,645,456 new shares which translates into a cash increase of EUR 242,462,184.

The Company issued a share premium of EUR 960,890,356.92 during the year.

In the context of its EMTN programme of EUR 15 billion, ALD SA issued a bond for a total of EUR 1,950 million over the 2022 financial year, made a reimbursement of 1,100,000 thousand euros, thus renewing a mature bond, bringing the stock of bonds to EUR 3,550 million at the end of 2022, compared with EUR 2,705 million at the end of 2021, representing an increase of 24%.

6.4.2 Presentation of the annual financial statements of ALD SA

The annual financial statements for the financial year ended 31 December 2022 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 2022.

6.4.3.1 Income statement

Operating expenses for the year amounted to EUR 263,677 thousand compared to EUR 151,266 thousand in 2021. This increase is explained by the costs of acquisitions and integration costs.

Financial income stood at EUR 398,125 thousand compared to EUR 427,788 thousand in 2021. This decrease is due to a smaller increase in dividends from subsidiaries and sub-subsidiaries compared to the previous year.

Income tax for the year amounted to EUR -25,471 thousand compared to EUR 16,027 thousand in 2021. Corporate income tax increased due to TEMSYS' exceptional result

Given these elements, the net profit/loss after tax for the 2022 financial year stood at a profit of EUR 293,833 thousand compared with EUR 407,806 thousand for the previous financial year. This decrease in result is impacted by expenses related to the LeasePlan merger.

6.4.3.2 Assets

At 31 December 2022, the balance sheet total stood at EUR 7,272,315 thousand compared with EUR 5,197,055 thousand at 31 December 2021.

Non-current assets amounted to EUR 7,171,062 thousand compared to EUR 5,128,450 thousand at the end of the previous financial year.

Current assets stood at EUR 101,252 thousand at 31 December 2022 compared to EUR 68,605 thousand at the end of the previous financial year, representing a decrease of EUR 32,647 thousand.

6.4.3.3 Liabilities

The amount of equity rose from EUR 2,031,351 thousand at 31 December 2021 to EUR 3,093,317 thousand at 31 December 2022 due to the capital increase with share premium.

Financial debts stood at EUR 4,030,807 thousand compared to EUR 3,080,289 thousand at the end of 2021, this increase is due to bond issuances.

Operating debts at the end of December 2022 amounted to EUR 126,930 thousand compared to EUR 63,862 thousand in 2021.

6.4.3.4 Off-balance sheet

The ALD Group provided guarantees and counter-guarantees on behalf of its subsidiaries in the event of external financing or property leases of a total amount of EUR 177,347 thousand in 2022.

6.4.4 Payment terms

6.4.4.1 Suppliers

6.4.4.1.1 Invoices due, revied and not settled at the reporting date of the financial year

(in EUR thousand)	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	Total
Number of invoices concerned	62	18	4	12	26
Total amount including VAT of invoices concerned	9,082	83	22	97	1,399
Total amount including VAT of credit notes and advances paid	(90)	(7)	(27)	(15)	(27)
Net total amount including VAT of invoices concerned	8,992	76	-5	82	9,145
Percentage of total number of purchases including VAT for the financial year	0.0%	0.0%	0.0%	0.0%	0.00%

6.4.4.1.2 Invoices excluded relating to debt and disputed receivables not recognised

Number of invoices excluded	None
Total amount including VAT of invoices excluded	None

6.4.4.1.3 Reference payment terms used

Statutory payment delays used for calculating late payment	Date of invoice end of month +45 days/Date of invoice end of month +45 days/60 days date of invoice
Contractual payment delays used for calculating late payment	Upon receipt of invoice/Invoice date +15, 30, 45 end of month/Invoice date +5, 7, 8, 10, 12, 14, 15, 20, 30, 40, 45, 50, 60 days

6.4.4.2 Customers

6.4.4.2.1 Invoices issued and not settled at the reporting date of the financial year

(in EUR thousand)	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	Total
Number of invoices concerned	18	12	12	125	167
Total amount including VAT of invoices concerned	55	5,084	350	1,654	7,143
Total amount including VAT of credit notes and advances paid	(616)	(70)	(295)	(251)	(314)
Net total amount including VAT of invoices concerned	(616)	5,015	55	2,152	6,606
Percentage of total number of purchases including VAT for the financial year	-1%	5%	1%	1%	6%

6.4.4.2.2 Invoices excluded relating to debt and disputed 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 Established in EUR	Exercise 2022	Exercise 2021	Exercise 2020	Exercise 2019	Exercise 2018
Capital at the end of the reporting date					
a) Share capital (in EUR thousand)	848,618	606,155	606,155	606,155	606,155
b) Number of ordinary shares outstanding	565,745	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 tax	120,990	108,430	101,213	96,457	97,456
b) Profit before tax and expenses calculated	280,144	401,297	401,253	461,724	541,056
c) Income tax	25,471	16,027	18,487	13,862	1,447
d) Employee profit-sharing due in respect of the financial year					
e) Depreciation, amortisation and provisions	11,781	9,518	7,100	3,042	3,921
f) Earnings after tax and expenses calculated	293,833	407,806	375,667	444,820	535,689
g) Net income distributed in respect of the financial year	436,432	435,218	253,946	254,960	234,003
III. Earnings per share (in EUR)					
a) Earnings after tax but before expenses calculated	2.02	1.03	1.11	1.11	1.34
b) Earnings after tax and expenses calculated	1.93	1.01	0.93	1.10	1.33
c) Net ordinary dividend assigned to each share	0		0	0	0
IV. Personnel					
a) Average salaried workforce	187	137	124	118	108
b) Payroll expenditure for the financial year	22,212	12,720	11,299	7,528	10,938
c) Amounts paid in respect of social benefits for the financial year (social security, pensions, etc.) (in EUR thousand)	8,355	7,196	5,990	5,600	5,197

6.4.6 Proposed allocation of earnings of ALD SA

At the Shareholders' Meeting of 24 May 2023, the Board of Directors will propose an allocation of earnings for the financial year ended 31 December 2022 of EUR 293,833 thousand as follows:

- a profit balance for the financial year: EUR 293,833 thousand;
- to which is added retained earnings of: EUR 562,255 thousand;
- forming a distributable profit of: EUR 856,088 thousand;
- dividend deducted from the distributable profit: EUR 601,593 thousand (representing EUR 1.06 per share);
- allocation to the legal reserve: EUR14,692 thousand;
- balance of retained earnings: EUR 239,803 thousand;

Total amount of the distribution based on capital of 565,745,096 shares at 31 December 2022: EUR 601,593 thousand.

Regarding taxation, for individual shareholders resident for tax purposes in France, it should be noted that this dividend of EUR 1.06 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 2023 with payment on 2 June 2023.

6.4.7 Sumptuary expenses and non-tax-deductible expenses of ALD SA

In accordance with the provisions of Articles 223 *quater* and 223 *quinquies* of the General Tax Code, we inform you that the accounts for the past financial year include non-deductible sumptuary expenses of EUR 331 thousand relating to the non-deductible depreciation of the fleet held by ALD SA for its employees.

6.5 Annual financial statements

6.5.1 Assets

Assets *(in EUR thousand)*	2022 financial year Gross	Depreciation	Net	2021 financial year Net
Capital subscribed not called (I)				
Start-up expenses				
Development expenses				
Concessions, patents and similar rights	58,651	35,393	23,258	21,597
Goodwill				
Other intangible assets				
Advances on intangible assets				
TOTAL INTANGIBLE ASSETS	**58,651**	**35,393**	**23,258**	**21,597**
Land				
Buildings				
Technical installations, equipment				
Other property and equipment	4,593	2,544	2,049	1,369
Capital assets under construction	31,888		31,888	18,808
Advances and down-payments				
TOTAL PROPERTY, PLANT AND EQUIPMENT	**36,481**	**2,544**	**33,937**	**20,177**
Equity investments using the equity method				
Other equity investments	1,821,594	41	1,821,553	1,732,326
Receivables related to equity investments				
Other capitalised securities				
Loans	5,290,513		5,290,513	3,352,219
Other long-term financial assets	1,802		1,802	2,132
TOTAL NON-CURRENT FINANCIAL ASSETS	**7,113,909**	**41**	**7,113,868**	**5,086,677**
TOTAL NON-CURRENT ASSETS (II)	**7,209,040**	**37,978**	**7,171,062**	**5,128,451**
Raw materials, supplies				
In the course of producing goods				
In the process of producing services				
Intermediate and finished products				
Goods				
TOTAL STOCK				
Advances and down payments made on orders				
Accounts Receivable	37,241		37,241	32,335
Other receivables	30,854		30,854	11,314
Capital subscribed and called, not paid				
TOTAL RECEIVABLES	**68,095**		**68,095**	**43,649**
Investment securities	12,409		12,409	10,715
of which treasury shares:				
Cash at bank and on hand	4,075		4,075	2,045
TOTAL LIQUID ASSETS	**16,484**		**16,484**	**12,760**
Prepaid expenses	16,674		16,674	12,196
TOTAL CURRENT ASSETS (III)	**10,1252**		**10,1252**	**68,605**
Loan issue costs to be spread (IV)				
Bond redemption premium (V)				
Currency translation losses (VI)				
GRAND TOTAL (I TO VI)	**7,310,292**	**37,978**	**7,272,315**	**5,197,082**

6.5.2 Equity and liabilities

Equity and liabilities *(in EUR thousand)*	2022 financial year	2021 financial year
Share or individual capital	848,618	606,155
of which paid: 0		
Share, merger, contribution premiums	1,327,940	367,050
Revaluation differences		
of which equity difference: 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	562,255	589,667
Result of the financial year (profit or loss)	**293,833**	**407,806**
Investment subsidies		
Regulated provisions		
TOTAL EQUITY (I)	**3,093,318**	**2,031,351**
Proceeds from issues of equity securities		
Conditional advances		
TOTAL OTHER EQUITY (II)		
Provisions for risks	552	392
Provisions for liabilities	6,736	5,900
TOTAL PROVISIONS FOR RISKS AND LIABILITIES (III)	**7,288**	**6,293**
Convertible bond loans		
Other bond loans	3,576,297	2,705,106
Loans and debts with lending institutions	454,510	375,183
Miscellaneous financial debts and loans		
of which participating loans: 0		
TOTAL FINANCIAL DEBT	**4,030,807**	**3,080,289**
Advances and down payments received on current orders		
Accounts payable	111,371	51,022
Tax and social-security debts	6,461	11,427
Debts on capital assets and related accounts payable		
Other debts	9,098	1,413
TOTAL OPERATING DEBTS	**126,930**	**63,862**
Prepaid income	13,971	15,261
TOTAL DEBTS (IV)	**4,171,709**	**3,159,412**
Conversion difference Liabilities (V)		
GENERAL TOTAL – LIABILITIES (I TO V)	**7,272,315**	**5,197,055**

6.5.3 Income statement

Income statement *(in EUR thousand)*	2022 financial year France	2022 financial year Expo	2022 financial year Total	2021 financial year
Sales of goods				
Service production sold				
Service production sold	32,848	88,141	120,990	108,430
NET REVENUE	**32,848**	**88,141**	**120,990**	**108,430**
Stocked production				
Capitalized production				
Operating income				
Reversals of impairment and provisions, transfer of expenses			10,417	8,364
Other income			475	39
TOTAL OPERATING INCOME (I)			**131,882**	**116,832**
Purchases of goods (including customs duties)				
Change in inventory (goods)				
Purchases of raw materials and other supplies (including customs duties)			(6,923)	21,118
Change in inventories (raw materials and supplies)				
Other purchases and external expenses			225,174	98,124
Taxes, duties and similar payments			1,827	119
Wages and salaries			22,212	12,720
Social security charges			8,355	7,196
Operating allocations				
Allocations to amortisation			7,567	6,142
Allocations to provisions			4,215	3,376
Other expenses			1,252	2,472
TOTAL OPERATING EXPENSES (II)			**263,677**	**151,266**
Operating result			**(131,795)**	**(34,434)**
Profit allocated or loss transferred (III)				
Loss incurred or profit transferred (IV)				
Financial income from equity investments			398,970	428,303
Income from other securities and receivables from non-current assets			43,297	21,083
Other interest and similar income				0
Reversals of provisions and transfers of expenses				
Positive exchange-rate differences				
Net income on sales of investment securities			1,270	
TOTAL FINANCE INCOME (V)			**443,536**	**449,387**
Financial allocations to impairment and provisions				
Interest and similar expenses			43,875	21,599
Negative exchange-rate differences				
Net expenditure on sales of investment securities			1,535	0
TOTAL FINANCIAL EXPENSES (VI)			**45,410**	**21,599**
Financial profit/loss			**398,126**	**427,788**
Current result before taxes (I-II+III-IV+V-VI)			**266,331**	**393,354**
Exceptional income on management transactions				
Exceptional income on capital transactions			2,815	
Reversals of provisions and transfers of expenses				
TOTAL EXCEPTIONAL INCOME (VII)			**2,815**	

Income statement *(in EUR thousand)*	2022 financial year France	Expo	Total	2021 financial year
Exceptional expenses on management transactions			650	1,531
Exceptional expenses on capital transactions			134	44
Exceptional allocations to impairment and provisions				
TOTAL EXCEPTIONAL EXPENSES			**784**	**1,575**
Extraordinary result (VII -VIII)			**2031**	**(1,575)**
Employee profit sharing (IX)				
Tax on profit (X)			(25,471)	(16,027)
TOTAL INCOME (I + III + V + VII)			**578,233**	**566,220**
TOTAL EXPENSES (II + IV + VI + VIII + IX + X)			**284,400**	**158,414**
PROFIT OR LOSS (TOTAL INCOME – TOTAL EXPENSES)			**293,833**	**407,806**

6.5.4 Appendix

General information

The following information constitutes the notes to the Pre-Allocation Balance Sheet for the year ended 31 December 2022 EUR 7,272,315 thousand and the result amounts to EUR 293,833 thousand.

The financial year has a duration of 12 months covering the period from 1 January to 31 December 2022.

The notes or tables below form an integral part of the annual financial statements.

ALD SA is a French limited company *(société anonyme)*. Its registered office is located at the following address: 1-3, rue Eugène et Armand Peugeot, Le Corosa, 92500 Rueil-Malmaison, France.

The Company is a subsidiary of Societe Generale (75.94% 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 operations;
- permanence of the accounting policies from one financial year to another;
- independence of the exercises.

Additional information

Property equipment

Tangible items are valued at:

- 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	5 years
Installations, fixtures and fittings	Straight-line	5 years
Office and IT equipment	Straight-line	4 years
Office furniture	Straight-line	10 years
Servers	Straight-line	5 years
Software	Straight-line	4 years

Intangible assets

Intangible assets are valued at acquisition cost less discounts and rebates or at their production cost.

Impairment is booked when the current value of an asset is below the net carrying amount.

Impairment is calculated according to the straight-line or diminishing-balance methods, according to their periods of use.

Equity investments and other capitalised securities

Equity securities and other capitalised securities were valued at the price for which they were acquired, excluding acquisition costs.

In the event of a sale of a set of securities of the same type conferring the same rights, the value of the securities sold is estimated using the weighted average unit cost.

Impairment is constituted when the inventory value is below the acquisition value.

Investment securities

The investment securities were valued at their acquisition cost, excluding acquisition expenses.

In the case of a transfer involving a set of securities of the same kind 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 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 consider the difficulties of collection which they are likely to give rise to.

Treasury shares

As at 31 March 2023, the Company directly holds 797,981 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	2020	2021	2022
Type of plan	Total number of shares granted	Total number of shares granted	Total number of shares granted
Total number of shares granted	387,916	387,916	435,045
Fair value (in EUR)	7.25	10.72	9.50
Conditions of shares	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 2022 financial year was EUR 331 thousand.

The compensation paid in 2022 to the management bodies (Chief Executive Officer and the Deputy CEOs) amounted to EUR 3.7 million.

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 2022 was 38.8. No retirement occurred during the financial year. The provision for pension commitments at 31 December 2022 stood at EUR 0.22 million, including 47.8% of employer contributions.

Significant events of the year

Capital increase :

In order to finalise the combination of ALD SA and LeasePlan in 2023, ALD SA has increased its capital by issuing 161,645,456 new shares, which translates into a share capital increase of EUR 242,462,184.

The company issued a share premium of EUR 960,890,356.92.

Subsidiaries and equity interests

In order to continue its establishment and development ALD SA has increased its shareholding in the following subsidiaries:

- ALD FFM BV from EUR 5,010 thousand;
- Fleetpool of EUR 10,550 million;
- ALD MALAYSIA of EUR 1,330 million;
- ALD BRAZIL of EUR 53,756 million.

For the sake of simplification, it has made a universal transfer of assets to ALD PARTICIPATIONS SAS.

Dividends

All dividends received pursuant to the 2022 financial year came to EUR 398,970 thousand. The dividend paid to the shareholders in respect of the result for the 2021 financial year was EUR 428,303 thousand.

Change of methodology

During the financial year, there were no changes in methodology. Consequently, the financial years are comparable without any restatement.

6.5.5 Information on balance sheet and profit/loss

Capital assets

A-frame	Gross value at the beginning of the financial year	Increases: Revaluation	Increases: Acquisitions and contributions
Start-up and development expenses			
Other intangible asset items	49,898		8,753
Land			
Buildings			
Technical installations, equipment and industrial tools			
Other property and equipment			
• general installations, fixtures, miscellaneous fittings	1,961		679
• transport equipment			
• office equipment, IT and movables	1,477		475
• recoverable packaging and miscellaneous			
Capital assets under construction	18,808		13,080
Advances and down-payments			
TOTAL (III)	**22,246**		**14,235**
Equity investments valued by the equity method			
Other equity investments	1,732,367		202,413
Other capitalised securities			
Loans and other long-term financial assets	3,354,351		1,937,964
TOTAL (IV)	**5,086,718**		**2,140,377**
GRAND TOTAL (I + II + III + IV)	**5,158,862**		**2,163,364**

Frame B	Reductions: Transfer	Reductions: Original value	Gross value at the beginning of the financial year	Revaluation: Original value
Start-up and development expenses (I)				
Other intangible asset items (II)			58,651	
Land				
Buildings				
• On clean soil				
• On other people's land				
• General installations, fixtures and fittings of buildings				
Technical installations, equipment and industrial tools				
Other property and equipment				
• general installations, fixtures, miscellaneous fittings			2,640	
• transport equipment				
• Office and IT equipment			1,952	
• recoverable packaging and miscellaneous				
Capital assets under construction			31,888	
Advances and down-payments				
TOTAL (III)			**36,481**	
Equity investments valued by the equity method				
Other equity investments			1,821,594	
Other capitalised securities				
Loans and other long-term financial assets			5,292,315	
TOTAL (IV)			**7,113,909**	
GRAND TOTAL (I + II + III + IV)			**7,209,040**	

Depreciation charge

Situation and movements concerning impairment for the financial year

Capital assets subject to impairment A-frame	Start of financial year	Allocations	Reversal	End of financial year
Start-up and development expenses (I)				
Other intangible asset items (II)	28,300	7,092		35,393
Land				
Buildings				
• On clean soil				
• On other people's land				
• General installations, fixtures				
Technical installations, equipment and tools				
Other tangible assets				
• general installations, miscellaneous fixtures				
• transport equipment	929	224		1,153
• office equipment, IT and movables	1,140	251		1,391
• recoverable packaging and miscellaneous				
TOTAL PROPERTY, PLANT AND EQUIPMENT (III)	**2,069**	**474**		**2,544**
GRAND TOTAL (I + II + III)	**30,370**	**7,567**		**37,936**

Frame B	Breakdown of movements affecting the provision for accelerated depreciation						
	Allocations			Reversal			
Immos	Duration differential	Degressive mode	Exceptional tax depreciation	Duration differential	Degressive mode	Exceptional tax depreciation	End of financial year
Established costs							
Other							
Land							
Buildings							
clean soil							
other soil							
installed.							
Other fixed assets:							
Technical Inst.							
General Inst.							
Mr Transport							
Mat office.							
Packaging							
CORPO.							
Acquired securities							
TOTAL		**0**	**0**	**0**	**0**	**0**	**0**

Frame C	Start of financial year	Increase	Reductions	End of financial year
Loan issue costs to be spread				
Bond redemption premium				

Provisions and depreciation

Category of provisions	Start of financial year	Allocations	Reversal	End of financial year
Provisions for mining and oil deposits				
Investment provisions				
Provisions for price increases				
Accelerated tax depreciation				
• Of which exceptional increases of 30%				
Provisions foreign establishment before 01/01/92				
Provisions foreign establishment after 01/01/92				
Provisions for installation loans				
Other regulated provisions				
TOTAL (I)				
Provisions for litigation	392	400	240	552
Development expenses				
Provisions for losses on forward markets				
Provisions for fines and penalties				
Provisions for foreign exchange losses				
Provisions for pensions	307	23		330
Provisions for tax				
Provisions for renewal of capital assets				
Provisions for major maintenance				
Provisions for social-security and tax expenses on leave to be paid	5,593	3,791	2,979	6,406
Other provisions for risks and liabilities				
TOTAL (II)	**6,293**	**4,215**	**3,219**	**7,288**
Provisions on intangible assets				
Provisions on property and equipment				
Provisions on securities by the equity method				
Provisions on equity investment securities	41			41
Provisions on other long-term financial assets				
Inventory provisions				
Provisions on accounts receivable				
Other provisions for depreciation				
TOTAL (III)	**41**			**41**
GRAND TOTAL (I + II + III)	**6,334**	**4,215**	**3,219**	**7,329**
Of which operational allocations and reversals		4,215		
Of which financial allocations and reversals				
Of which exceptional allocations and reversals				
Impairment of investments in associates				

Statements of due dates of receivables and debts

A – Statement of receivables

A-frame	Gross amount	At a maximum of one year	At more than one year
Receivables related to equity investments			
Loans	5,290,513	2,591,203	2,699,310
Other long-term financial assets	1,802		1,802
TOTAL RECEIVABLES RELATED TO FIXED ASSETS	**5,292,315**	**2,591,203**	**2,701,112**
Doubtful or disputed accounts receivable			
Other receivables	37,241	37,241	
Receivables representative of loaned securities			
Personnel and related accounts	28	28	
Social security and other social organisations	26	26	
State and other public authorities			
• Tax on profit	5,538	5,538	
• value added tax	16,201	16,201	
• other taxes			
• State - miscellaneous	739	739	
Groups and associates	8,763	8,763	
Miscellaneous debtors	159	159	
TOTAL RECEIVABLES RELATED TO CURRENT ASSETS	**68,695**	**68,695**	
Prepaid expenses	16,674	9,645	7,029
TOTAL RECEIVABLES	**5,377,683**	**2,669,542**	**2,708,141**
Loans granted during the financial year			
Repayments obtained during the financial year			
Loans and advances granted to associates			

B – Statement of debts

Frame B Statement of debts	Gross amount	At a maximum of one year	At more than one year and less than five years	At more than five years
Convertible bond loans				
Other bond loans	3,576,297	26,297	3,550,000	
Loans with lending institutions originally less than 1 year				
Loans with lending institutions originally more than 1 year	454,510	310	367,000	87,200
Miscellaneous financial debts and loans				
Accounts payable	111,371	111,371		
Personnel and related accounts	2,039	2,039		
Social security and other social organisations	1,226	1,226		
State and other public authorities				
• Tax on profit				
• value added tax	2,996	2,996		
• guaranteed bonds				
• other taxes	59	59		
Debts on capital assets and related accounts payable				
Groups and associates				
Other debts	1,357	1,357		
Debt representative of borrowed securities				
Prepaid income	13,971	3,488	10,483	
TOTAL DEBTS	**4,163,828**	**149,145**	**3,927,483**	**87,200**
Loans subscribed during the financial year		Loans from natural person partners		
Loans repaid during the financial year				

Detail of expenses to be paid

Accrued expenses	Amount
Convertible bond loans	26,297
Other bond loans	
Loans and debts with lending institutions	310
Miscellaneous financial debts and loans	
Advances and down payments received on current orders	
Accounts payable	80,628
Tax and social-security debts	21,933
Debts on capital assets and related accounts payable	
Other debts	1,342
TOTAL	**130,510**

Details of accrued income

	Amount
Receivables related to equity investments	
Other long-term financial assets	30,001
Accounts receivable	28,414
Personnel and related accounts	
Social security and other social organisations	7,802
State and other public authorities	21,765
Other receivables	
Cash at bank and on hand	
TOTAL	**87,982**

Proposed allocation of earnings

Proposed allocation of earnings	As of 31/12/22
Retained earnings shown on the balance sheet for the financial year	562,255
Profit/loss for the financial year	293,833
Deductions from reserves	
TOTAL DISTRIBUTABLE AMOUNTS	**856,088**
Assignment to reserves:	
• legal	14,692
• other	
Dividends	601,593
Other distributions	
Retained earnings	239,803
TOTAL ALLOCATIONS	**856,088**

Prepaid expenses

Prepaid expenses	Operations	Financial	Exceptional
IT rental	175		
Software license fees	483		
Financial data	1,857		
IT maintenance	3,375		
Rental expenses	343		
Maintenance of premises	65		
Professional fees	238		
Personnel other expenditure	21		
Events	84		
Discount on customer volume		2,290	
Interest on bond loans			
Interest on bond loans		7,742	
TOTAL	**6,641**	**10,032**	

Prepaid income

Prepaid income	Operations	Financial	Exceptional
PCA 2019	749		
BCP 2020	2,738		
BCP 2021	5,341		
BCP 2022	5,143		
TOTAL	**13,971**		

Number and nominal value of components of the share capital

	Number at the start of the financial year	Created during the financial year	Redeemed during the financial year	Number as at 31 December 2022	Par value
Ordinary shares	404,099,640	161,645,456		565,745,096	1.50
Amortised shares					
Priority dividend shares (without voting rights)					
Preferential shares					
Share capital					
Investment certificates					
TOTAL	**404,099,640**	**161,645,456**		**565,745,096**	

6

Changes in equity

Equity	Opening	Increase	Reduct.	Distribut. Dividends	Appropriation of Net income	Contributions and mergers	Closing
Share or individual capital	606,155	242,462					848,618
Share, merger, contribution premiums	367,050	960,890					1,327,940
Revaluation differences							
Legal reserve	60,616						60,616
Statutory or contractual reserves							
Regulated reserves							
Other reserves	56						56
Retained earnings	589,667			435,218	407,806		562,255
Profit/loss for the financial year	407,806	293,833	407,806				293,833
Investment subsidies							
Regulated provisions							
TOTAL EQUITY	**2,031,351**	**1,497,185**	**407,806**	**435,218**	**407,806**		**3,093,318**

Subsidiaries and equity interests

Identification		Capital held		Address			
Company name	**SIREN**	**Holding**	**Number**	**Address**	**Postcode**	**City**	**Country**
ALD International		100	95	Nedderfeld	22529	Hamburg	Germany
Fleetpool		100	3	Schanzenstraße	51063	Köln	Germany
ALD Automotive		100		Announcers' Plateau	16050	Alger	Algeria
Temsys	351867692	100	15	Allees de l'Europe	92588	Clichy CEDEX	France
Axus Finance Belgium		48	120	Rue du Colonel Bourg	1140	Evere	France
ALD Automotive Belarus		99	504	70 Mysnikova STR	117105	Minsk	Belarus
ALD Mitsubishi UFJ Leasing Malaysia		60	5	Khoo Kay Kim, Seksyen 13	46200	Selangor	Malaysia
Skipr		17	18	Eugène Flagey		Bruxelle	Belgium
BanSabadell		100	2	Carrer del Sena		Barcelona	Spain
ALD Russia OOO		100		Varshavskoe shosse 25A, build.	117500	Moscow	Russia
ALD Automotive euro leasing BV		50	60	Hoeksteen 60 Hoofddorp	2132MS	Amsterdam	Netherlands
ALD Automotive DOO		99	48	Bulevar Zorana Đindica	11070	Beograd	Serbia
ALD Brazil		50	222	Rua Apeninos		São Paulo	Brazil

6.6 Statutory auditors' report on the annual account

Year ended 31 December 2022

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 2022.

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 2022 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 2022 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

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 2022, equity investments are recorded in the balance sheet for a net value amounting to M€ 1,822, representing 25% of total assets. As mentioned in the "Equity investments and other capitalised securities" note to the financial statements, equity investments are recognized at their acquisition cost at the date of entry. An impairment loss is recognized if the carrying 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 carrying 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 Board of Directors' 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*).

Report on Corporate Governance

We attest that the section of the management report on corporate governance sets out the information required by Articles L. 225374, 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 purchase of investments and controlling interests and 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 presentation of the financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the English translation, examined by the board of directors, of the financial statements 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 Chief Executive Officer's responsibility, complies with the single electronic format defined in the European Delegated Regulation (EU) No. 2019/815 of 17 December 2018.

Based on the work we have performed, we conclude that the presentation of the English translation of the 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 financial statements that will ultimately be included by your Company in the annual financial report filed with the AMF (*Autorité des marchés financiers)* is in agreement with that 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 & ASSOCIES and on 7 November 2001 for ERNST & YOUNG et Autres.

As at 31 December 2022, we were respectively in the tenth year and twenty-second of total uninterrupted engagement, including ten years since the securities of the Company were admitted to trading on a regulated market.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and 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 Committeewith 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, 12 April 2023

The Statutory Auditors

French original signed by

DELOITTE & ASSOCIES	ERNST & YOUNG et Autres
Pascal Colin	Vincent Roty

6.7 Unaudited *pro forma* consolidated financial information

The unaudited *pro forma* consolidated financial information for the financial year ended 31 December 2022 presented below (the **"unaudited** *pro forma* **consolidated financial information"**) was prepared in accordance with Annex 20 of Delegated Regulation 2019/980 supplementing European Regulation 2017/1129 and by applying the guidelines issued by ESMA (ESMA32-382-1138 of 4 March 2021) and the provisions of AMF Position-Recommendation 2021-02 on *pro forma* financial information.

The unaudited *pro forma* consolidated financial information is part of this Universal Registration Document and shall be read in conjunction with the information contained in this Universal Registration Document.

Terms used in this unaudited *pro forma* consolidated financial information have the meanings given to them in the Universal Registration Document unless otherwise defined.

6.7.1 Introduction

The unaudited *pro forma* consolidated financial information for the combination of the ALD Group and LP Group B.V., including its subsidiaries (**"LeasePlan"**), hereinafter the **"Combined Group"**, consists of a balance sheet, an income statement, and a basis of preparation.

The following unaudited *pro forma* consolidated financial information was prepared to illustrate the effects of the envisaged acquisition of 100% of the share capital of LeasePlan by ALD (the **"Acquisition"**), which is expected to close on 28 April 2023, notably subject to receiving the remaining regulatory approvals and the performance of other standard conditions precedent, as if it had taken place:

- on 1 January 2022 for the unaudited *pro forma* consolidated income statement for the year ended 31 December 2022; and
- on 31 December 2022 for the unaudited *pro forma* consolidated balance sheet as at 31 December 2022.

The unaudited *pro forma* consolidated financial information was prepared using assumptions presented in notes 1 and 2 below.

The unaudited *pro forma* consolidated financial information was prepared for illustrative purposes only. The unaudited *pro forma* consolidated financial information should not be considered as representative of the results that the Combined Group would have achieved, had the Acquisition been completed on the aforementioned dates, nor of future results. Actual results may differ significantly from those reflected in the unaudited *pro forma* consolidated financial information for several reasons, including, but not limited to, differences in actual conditions compared to the assumptions used to prepare the unaudited *pro forma* consolidated financial information.

The unaudited *pro forma* consolidated financial information presented below does not reflect the impacts of synergies that could result from the Acquisition, nor the costs related to integration and restructuring that could occur following the Acquisition. In accordance with the AMF recommendations, even though synergies and economies of scale are usually one of the key arguments to justify certain transactions, issuers shall not include them under *pro forma* consolidated financial information. Such effects directly result from future changes and, as such, they are considered as forward-looking data.

The unaudited *pro forma* consolidated financial information is not necessarily indicative of the results of operations or of the balance sheet of the Combined Group in future periods and there is no assurance that the trends presented by the unaudited *pro forma* consolidated financial information are representative of the future results or performance of the Combined Group. As a result, the Combined Group's future results and balance sheet may differ significantly from those presented in the unaudited *pro forma* consolidated financial information.

The unaudited *pro forma* consolidated financial information is based on available information and certain assumptions that the Group considers to be reasonable in connection with the events directly related to the Acquisition as described in the Universal Registration Document. All *pro forma* adjustments are directly attributable to the business combination and only factually supportable adjustments have been taken into account. Neither the assumptions underlying the *pro forma* adjustments, nor the resulting financial information have been audited or reviewed according to audit standards.

The financial information relating to LeasePlan included in this unaudited *pro forma* consolidated financial information has been extracted or derived from publicly available information about LeasePlan, or specifically disclosed by LeasePlan to ALD when possible. More information is provided in note 1.

The unaudited *pro forma* consolidated financial information should be read in conjunction with the information contained in this Universal Registration Document and in the documents incorporated by reference in this Universal Registration Document.

6.7.2 Context of the publication

A framework agreement has been entered into by Lincoln Financing Holdings PTE. Limited, LP Group B.V., LeasePlan Corporation N.V., and ALD S.A. on 22 April 2022 relating to the combination of LP Group B.V. and ALD S.A., and amended on 28 March 2023, referred to as the "Framework Agreement". Under this Framework Agreement, ALD would acquire 100% of the share capital of LeasePlan through a combination of cash, shares and warrants, based on a LeasePlan's net asset value of EUR 3,502 million at closing, subject to a contingent consideration of an amount up to EUR 235 million in cash. Excluding warrants and contingent consideration, the Acquisition value would amount to EUR 4.6 billion as per information available as at 31 March 2023:

- cash component: approximately EUR 1.8 billion to be financed *via* a capital increase of EUR 1.2 billion, already completed in December 2022 [1], and EUR 0.6 billion of subordinated debt (Tier 2) fully subscribed by Societe Generale;
- share component: 251,215,332 newly created ALD shares, representing 30.75% of the total Combined Group's shares after the completion of the Acquisition, and before the exercise of warrants. As required under IFRS 3, the share component will be measured based on the fair value of ALD's shares at the Completion Date. For the purpose of this unaudited *pro forma* consolidated financial information, the fair value was estimated using ALD's share price as at 31 March 2023, *i.e.*, EUR 10.80. Based on this, the share component of the Acquisition amounts to EUR 2.7 billion;
- ALD has undertaken to issue warrants for the benefit of LeasePlan's selling shareholders, so that their total shareholding would reach 32.9% in case of full exercise of warrants, assuming that LeasePlan's selling shareholders have not sold the shares received at closing and representing 30.75% of the shares of the Combined Group. 26,310,039 warrants will be issued for the benefit of LeasePlan's selling shareholders. For the purpose of this unaudited *pro forma* consolidated financial information, warrants were valued at EUR 108 million, as at 31 March 2023. Main warrant characteristics are as follows:
  - EUR 2.00 strike price,
  - 1 ALD share for 1 warrant,
  - exercise: between 1 to 3 years after closing, warrants would become exercisable based on a formula set out in the Framework Agreement based on the theoretical ex-rights price of the combined entity's share price.
- contingent consideration: the contingent consideration was estimated by the Group at EUR 35 million, as at the date of establishment of this unaudited *pro forma* consolidated financial information. In accordance with IFRS 3, this contingent consideration will be estimated at the fair value as at the date of the Acquisition, which could differ from the above-mentioned estimated amount and therefore could affect the amount of preliminary goodwill. The earn-out mechanism will last until 31 December 2024, subject to an additional 6-month period in certain limited circumstances, with potential payments every quarter. For the purpose of this unaudited *pro forma* consolidated financial information, the contingent consideration is recorded as current payables in the *pro forma* balance sheet as at 31 December 2022.

Upon completion of the Acquisition, ALD's parent, Societe Generale, will hold approximately 53% of the share capital of the Combined Group (approximately 51% in case of full exercise of the warrants to be issued by ALD to the benefit of LeasePlan's selling shareholders).

Details of the Acquisition value are set out in the table below, in EUR million, to be consistent with the Basis of Preparation:

(in EUR million)	
Cash component	2,000
Adjustment for sale of LeasePlan USA (see note 2.3) (1)	(156)
NET CASH COMPONENT	**1,844**
Of which capital increase (2)	1,212
Of which Tier 2 debt	632
SHARE COMPONENT (2)	**2,713**
Contingent consideration (3)	**35**
Warrants	**108**
IMPLIED PRICE (EXCLUDING WARRANTS AND CONTINGENT CONSIDERATION)	**4,557**
CONSIDERATION TRANSFERRED (INCLUDING WARRANTS AND CONTINGENT CONSIDERATION)	**4,700**

(1) According to the Framework Agreement, subject to additional customary closing adjustments and with ALD's ability to increase such adjustments to EUR 225 million under certain circumstances before the closing date (thus reducing the total amount of the cash component).

(2) Gross from equity transaction costs amounting to, respectively, EUR 10.7 million for the capital increase and EUR 3.1 million for the share component, and the corresponding tax effects (see note 2.5.2).

(3) ALD estimate.

1) The proceeds of the capital increase were placed on a short-term deposit with SG Paris until the closing of the Acquisition. They are accounted for as Receivables from clients and financial institutions in the balance sheet.

The total consideration of EUR 4,700 million (including warrants and contingent consideration) could vary:

- according to the fluctuations of the ALD share price, up until the Acquisition closing date. ALD's share price is a readily and reliably observable data, since it corresponds to a quoted price in an active regulated market, *i.e.*, Euronext Paris. The share price of ALD used to determine the Acquisition value of LeasePlan, in the context of this unaudited *pro forma* consolidated financial information, is EUR 10.80, corresponding to ALD's closing price on 31 March 2023. Both the values of the share component and of the warrants are dependent on the share price of ALD. A sensitivity analysis on the preliminary consideration price is provided in note 2.6 of this unaudited *pro forma* consolidated financial information.
- according to the contingent consideration, which was estimated by the Group at EUR 35 million, as at the date of establishment of this unaudited *pro forma* consolidated financial information. In accordance with IFRS 3, this contingent consideration will be estimated at fair value as at the date of the Acquisition.

Closing conditions

The Acquisition is expected to close on 28 April 2023, notably subject to receiving the remaining regulatory approvals and the performance of other standard conditions precedent, as detailed in Section 2.1.2.2 "*Key strategic initiatives and operational developments*" of this Universal Registration Document.

Accounting treatment

Considering the guidance under IFRS 3 "Business Combinations" (**"IFRS 3"**) and the aforementioned Framework Agreement relating to the combination of LP Group B.V. and ALD S.A., ALD's management has determined that LeasePlan is the acquired company and ALD is the acquirer.

By applying the principles under IFRS 3, as LeasePlan is the acquiree, its identifiable assets acquired and liabilities assumed will be initially recognized at their fair values, at the date of completion of the proposed Acquisition, *i.e.*, the Acquisition date as defined in accordance with IFRS 3 (the **"Completion Date"**). The measurement of the acquirer's assets and liabilities is not affected by the Acquisition.

Basis of preparation

- The unaudited *pro forma* consolidated financial information has been prepared in accordance with the (EU) Prospectus Delegated Regulation 2019/980, the ESMA guidelines on disclosure requirements under the Prospectus Regulation of March 2021 (ESMA32-382-1138) and the provisions of AMF Position-Recommendation 2021-02 on *pro forma* financial information, last updated in January 2022.
- Amounts are presented in millions of euros, unless indicated otherwise.
- The *pro forma* adjustments of the unaudited *pro forma* consolidated financial information are limited to impacts:
  - directly attributable to the Acquisition; and
  - that can be factually supportable on the basis of the available information.
- The tax-related adjustments are based on a 26.91% tax rate, corresponding to ALD's effective tax rate during the financial year ended 31 December 2022.
- LeasePlan currently has a banking license, allowing it to raise deposits under the Dutch deposit guarantee scheme, and is regulated by the European Central Bank (ECB). The Combined Group would maintain this access to deposits and ALD has obtained from ECB the regulated status as a Financial Holding Company (**"FHC"**), which will apply from the Acquisition date. ALD being considered a Financial Holding Company under the article 517-1 of the French *Code monétaire et financier*, the recommendation n° 2017-02 issued by the *Autorité des normes comptables*, which relates to the reporting format for credit institutions and financing companies, would not apply. Instead, the Combined Group would be subject to recommendation n° 2020-01 issued by the *Autorité des normes comptables*, which is the one currently applied to ALD. Therefore, the unaudited *pro forma* consolidated financial information is presented in accordance with the classification of transactions used to prepare ALD's annual consolidated financial statements, except for specific line items that have been added to ALD's presentation in relation to LeasePlan's items with no direct equivalent, *i.e.*, funds entrusted.

6.7.3 *Pro forma* income statement for financial year ended 31 December 2022

(in EUR million)	ALD 31/12/22	LeasePlan 31/12/22 *	Adjustments to LeasePlan's net asset value		Corrected LeasePlan 31/12/22	Business Combination		Other adjustments		Combined Group *pro forma* 31/12/22
Consolidated income statement										
Leasing contract revenues	4,804	4,079	0		4,079	0		0		8,883
Leasing contract costs - depreciation	(3,433)	(2,611)	0		(2,611)	0		0		(6,044)
Leasing contract costs - financing	(244)	(295)	(117)	2.3.2	(413)	(42)	2.4.1	11	2.5.1	(687)
Unrealised gains/losses on financial instruments	54	236	0		236	0		0		290
Leasing contract margin	**1,181**	**1,408**	**(117)**		**1,291**	**(42)**		**11**		**2,441**
Services revenues	2,461	2,343	0		2,343	0		0		4,804
Cost of services revenues	(1,758)	(1,521)	0		(1,521)	0		0		(3,279)
Services margin	**703**	**821**	**0**		**821**	**0**		**0**		**1,525**
Proceeds of cars sold	3,954	3,314	0		3,314	0		0		7,268
Cost of cars sold	(3,206)	(2,712)	0		(2,712)	0		0		(5,918)
Used Car Sales result	**748**	**602**	**0**		**602**	**0**		**0**		**1,350**
GROSS OPERATING INCOME	**2,632**	**2,832**	**(117)**		**2,714**	**(42)**		**11**		**5,316**
Total Operating Expenses	**(884)**	**(970)**	**0**		**(970)**	**0**		**(16)**	**2.5.2**	**(1,870)**
Impairment charges on receivables	(46)	(14)	0		(14)	0		0		(60)
Non-recurring income/(expense)	**(51)**	**0**	**0**		**0**	**0**		**0**		**(51)**
OPERATING RESULT	**1,651**	**1,848**	**(117)**		**1,731**	**(42)**		**(5)**		**3,335**
Share of profit of associates and jointly controlled entities	2	(44)	0		(44)	0		0		(43)
Profit before tax	**1,653**	**1,804**	**(117)**		**1,686**	**(42)**		**(5)**		**3,292**
Income tax expense	(445)	(425)	32	2.3.2	(394)	11	2.4.1	1	2.5.1 2.5.2	(826)
Profit for the period from continuing operations	**1,208**	**1,378**	**(86)**		**1,292**	**(31)**		**(4)**		**2,466**
Profit after tax for the period from discontinued operations	0	544	(491)	2.3.1	54	0		0		54
NET INCOME	**1,208**	**1,923**	**(576)**		**1,346**	**(31)**		**(4)**		**2,520**
Non-controlling interests	5	0	0		0	0		0		5
NET INCOME, GROUP SHARE	**1,203**	**1,923**	**(576)**		**1,346**	**(31)**		**(4)**		**2,515**

** Including reclassification according to ALD presentation.*

6.7.4 *Pro forma* balance sheet as at 31 December 2022

(in EUR million)	ALD 31/12/22	LeasePlan 31/12/22 *	Adjustments to LeasePlan's net asset value		Corrected LeasePlan 31/12/22	Business Combination		Other adjustments		Combined Group *pro forma* 31/12/22
ASSETS										
Rental Fleet	23,227	20,150	0		20,150	0		0		43,378
Other property and equipment	97	88	0		88	0		0		185
Right-of-use assets	132	153	0		153	0		0		285
Goodwill	619	266	(266)	2.4.2	0	1,464	2.4.2	0		2,083
Other intangible assets	127	506	0		506	0		0		633
Investments in associates and jointly controlled entities	8	34	0		34	0		0		42
Derivative financial instruments	119	428	0		428	0		0		547
Deferred tax assets	120	138	0		138	0		0		257
Other non-current financial assets	206	163	0		163	0	2.4.1 2.4.2	0		369
NON-CURRENT ASSETS	**24,654**	**21,926**	**(266)**		**21,660**	**1,464**		**0**		**47,779**
Inventories	395	265	0		265	0		0		660
Receivables from clients and financial institutions	3,158	3,304	0		3,304	(1,212)	2.4.1	0		5,250
Current income tax receivable	109	27	0		27	0		5	2.5.2	142
Other receivables and prepayments	1,355	1,257	0		1,257	0		0		2,612
Derivative financial instruments	10	117	0		117	0		0		127
Other current financial assets	332	71	0		71	0		0		403
Cash and cash equivalents	253	7,117	(3,916)	2.3.2	3,201	0		0		3,454
CURRENT ASSETS	**5,612**	**12,159**	**(3,916)**		**8,243**	**(1,212)**		**5**		**12,648**
Assets of disposal group classified as held-for-sale	1,085	1,125	0		1,125	0		0		2,210
TOTAL ASSETS	**31,351**	**35,211**	**(4,183)**		**31,028**	**252**		**5**		**62,636**
EQUITY AND LIABILITIES										
Equity attributable to owners of the parent	6,857	7,418	(4,183)	2.3.2 2.4.2	3,236	(415)	2.4.1 2.4.2	736	2.5.1 2.5.2	10,413
Non-controlling interests	37	0	0		0	0		0		37
TOTAL EQUITY	**6,893**	**7,418**	**(4,183)**		**3,236**	**(415)**		**736**		**10,450**
Borrowings from financial institutions	10,613	2,154	0		2,154	632	2.4.1	(750)	2.5.1	12,649
Bonds and notes issued	3,573	6,297	0		6,297	0		0		9,870
Funds entrusted		960	0		960	0		0		960
Derivative financial instruments	78	477	0		477	0		0		555
Deferred tax liabilities	666	509	0		509	0		0		1,175
Lease liabilities	75	135	0		135	0		0		210
Retirement benefit obligations and long term benefits	14	0	0		0	0		0		14
Provisions	140	268	0		268	0		0		408
NON-CURRENT LIABILITIES	**15,159**	**10,800**	**0**		**10,800**	**632**		**(750)**		**25,841**

(in EUR million)	ALD 31/12/22	LeasePlan 31/12/22 *	Adjustments to LeasePlan's net asset value	Corrected LeasePlan 31/12/22	Business Combination		Other adjustments		Combined Group *pro forma* 31/12/22
Borrowings from financial institutions	3,958	878	0	878	0		0		4,836
Bonds and notes issued	1,730	2,759	0	2,759	0		0		4,488
Funds entrusted	0	9,892	0	9,892	0		0		9,892
Trade and other payables	2,990	2,447	0	2,447	35	2.4.1	20	2.5.2	5,491
Lease liabilities	42	33	0	33	0		0		76
Derivative financial instruments	11	73	0	73	0		0		84
Current income tax liabilities	172	45	0	45	0		0		217
Provisions	169	354	0	354	0		0		523
CURRENT LIABILITIES	**9,072**	**16,482**	**0**	**16,482**	**35**		**20**		**25,608**
LIABILITIES OF DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE	**227**	**511**	**0**	**511**	**0**		**0**		**738**
TOTAL LIABILITIES	**24,458**	**27,793**	**0**	**27,793**	**667**		**(730)**		**52,187**
TOTAL EQUITY AND LIABILITIES	**31,351**	**35,211**	**(4,183)**	**31,028**	**252**		**5**		**62,636**

** Including reclassification according to ALD presentation.*

6.7.5 Notes to the *pro forma* financial information

NOTE 1 Financial statements used for the preparation of the unaudited *pro forma* consolidated financial information

The unaudited *pro forma* consolidated financial information has been prepared and should be read in conjunction with the financial statements described below:

ALD

- Consolidated financial statements for the financial year ended 31 December 2022, prepared in accordance with International Financial Reporting Standards (**"IFRS"**) as adopted by the European Union. These consolidated financial statements were audited by Deloitte & Associés and Ernst & Young et Autres and are presented in Sections 6.1, 6.2 and 6.3 of this Universal Registration Document.

LeasePlan

- Consolidated financial statements of LeasePlan for the financial year ended 31 December 2022, prepared in accordance with IFRS as adopted by the European Union. These consolidated financial statements were audited by KPMG Accountants N.V.

NOTE 2 Available LeasePlan information and main adjustments made

2.1 Available information

- Due to the nature and date of completion of the Acquisition, *i.e.*, the acquisition of a company with debt securities listed on a regulated market involving regulatory and anti-trust review processes, ALD only had access to the published financial information of LeasePlan.

  This did not allow for a detailed comparison of the accounting procedures between LeasePlan and ALD, and the identification and/or calculation of *pro forma* restatements in view of the harmonization of the accounting policies or the estimates in applying the accounting policies.

  As a consequence, LeasePlan's financial statements have not been restated for *pro forma* purposes for existing differences in accounting policies or in accounting estimates. The detailed analysis of the differences in accounting policies and in making estimates between ALD and LeasePlan will be initiated following the closing of the Acquisition. Therefore, the following potential adjustments could not be measured and may be subject to subsequent adjustments or modifications:

  - harmonization of accounting policies and measurement methods (namely, on the fleet valuation and revenue recognition related to services income); and
  - historical book value used for assets acquired and liabilities assumed instead of fair value.

- The notes to LeasePlan's consolidated financial statements do not provide all the information required in connection with the preparation of the unaudited *pro forma* consolidated financial information, such as the breakdown of derivatives, lease liabilities and provisions within the balance sheet between current and non-current and the net result from discontinued operations between the contribution of LeasePlan USA and the contribution of entities to be divested as agreed with antitrust authorities. Therefore, information specifically disclosed by LeasePlan to ALD was used. Details are given in notes 2.2, 2.3.1 and 2.5.5.

2.2 Mapping and reclassifications performed at the level of LeasePlan's consolidated financial statements

LeasePlan's consolidated income statement and consolidated statement of financial position have a structure that is different from the one of ALD.

Therefore, line items of LeasePlan's consolidated income statement and consolidated statement of financial position have been mapped to fit in ALD's structure of financial statements consistently with ALD's classification of similar transactions and items.

Once the presentation of LeasePlan's consolidated financial statements has been aligned with ALD's, reclassifications were performed on the basis of the notes to the consolidated financial statements of LeasePlan or information specifically disclosed by LeasePlan to ALD management. These reclassifications concern the breakdown of assets and liabilities between current and non-current, as well as the breakdown of intangible assets between goodwill and other intangible assets and the breakdown of other property and equipment between right-of-use assets and other property and equipment. They are presented below, respectively for assets, equity and liabilities.

(in EUR million)	LeasePlan historical *	Reclassifications		LeasePlan under ALD presentation
ASSETS				
Rental Fleet	20,150	0		20,150
Other property and equipment	241	(153)	a)	88
Right-of-use assets	0	153	a)	153
Goodwill	0	266	b)	266
Other intangible assets	772	(266)	b)	506
Investments in associates and jointly controlled entities	34	0		34
Derivative financial instruments	545	(117)	c)	428
Deferred tax assets	138	0		138
Other non-current financial assets	234	(71)	d)	163
NON-CURRENT ASSETS	**22,114**	**(188)**		**21,926**
Inventories	265	0		265
Receivables from clients and financial institutions	3,304	0		3,304
Current income tax receivable	27	0		27
Other receivables and prepayments	1,257	0		1,257
Derivative financial instruments	0	117	c)	117
Other current financial assets	0	71	d)	71
Cash and cash equivalents	7,117	0		7,117
CURRENT ASSETS	**11,971**	**188**		**12,159**
Assets of disposal group classified as held-for-sale	1,125	0		1,125
TOTAL ASSETS	**35,211**	**0**		**35,211**

** Mapped consistently with ALD's presentation.*

6

(in EUR million)	LeasePlan historical *	Reclassifications		LeasePlan under ALD presentation
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent	7,418	0		7,418
Non-controlling interests	0	0		0
TOTAL EQUITY	**7,418**	**0**		**7,418**
Borrowings from financial institutions	3,032	(878)	e)	2,154
Bonds and notes issued	9,055	(2,759)	f)	6,297
Funds Entrusted	10,852	(9,892)	g)	960
Derivative financial instruments	550	(73)	h)	477
Deferred tax liabilities	509	0		509
Lease liabilities	169	(33)	i)	135
Retirement benefit obligations and long term benefits	0	0		0
Provisions	622	(354)	j)	268
NON-CURRENT LIABILITIES	**24,790**	**(13,989)**		**10,800**
Borrowings from financial institutions	0	878	e)	878
Bonds and notes issued	0	2,759	f)	2,759
Funds Entrusted	0	9,892	g)	9,892
Trade and other payables	2,447	0		2,447
Lease liabilities	0	33	i)	33
Derivative financial instruments	0	73	h)	73
Current income tax liabilities	45	0		45
Provisions	0	354	j)	354
CURRENT LIABILITIES	**2,492**	**13,989**		**16,482**
Assets of disposal group classified as held-for-sale	511	0		511
TOTAL EQUITY AND LIABILITIES	**35,211**	**0**		**35,211**

** Mapped consistently with ALD's presentation.*

Reclassifications:

a) other property and equipment for a total amount of EUR 241 million is broken down into (i) an amount of EUR 153 million of right-of-use assets and (ii) an amount of EUR 88 million of other property and equipment;

b) intangible assets for a total amount of EUR 772 million are broken down into (i) an amount of EUR 266 million of goodwill and (ii) an amount of EUR 506 million of other intangible assets, mainly software, assets under construction and customer relationships;

c) derivative financial instruments for a total amount of EUR 545 million are broken down into (i) a current portion for an amount of EUR 117 million and (ii) a non-current portion for an amount of EUR 428 million;

d) loans to investments accounted for using the equity method for a total amount of EUR 111 million, included in the other non-current financial assets, are broken down into (i) a current portion for an amount of EUR 71 million and (ii) a non-current portion for an amount of EUR 40 million;

e) borrowings from financial institutions for a total amount of EUR 3,032 million are broken down into (i) a current portion for an amount of EUR 878 million and (ii) a non-current portion for an amount of EUR 2,154 million;

f) bonds and notes issued for a total amount of EUR 9,055 million are broken down into (i) a current portion for an amount of EUR 2,759 million and (ii) a non-current portion for an amount of EUR 6,297 million;

g) funds entrusted for a total amount of EUR 10,852 million are broken down into (i) a current portion for an amount of EUR 9,892 million and (ii) a non-current portion for an amount of EUR 960 million. Funds entrusted include non-subordinated loans from banks and saving deposits;

h) derivative financial instruments for a total amount of EUR 550 million are broken down into (i) a current portion for an amount of EUR 73 million and (ii) a non-current portion for an amount of EUR 477 million;

i) lease liabilities for a total amount of EUR 169 million are broken down into (i) a current portion for an amount of EUR 33 million and (ii) a non-current portion for an amount of EUR 135 million;

j) provisions for a total amount of EUR 622 million are broken down into (i) a current portion for an amount of EUR 354 million and (ii) a non-current portion for an amount of EUR 268 million.

2.3 *Pro forma* adjustments related to the correction of LeasePlan's net asset value

The following *pro forma* adjustments have been performed to correct LeasePlan's net asset value:

- sale of LeasePlan USA to the parent company of Wheels Donlen, completed on 1 December 2022;
- distribution by LeasePlan to its selling shareholders of a pre-closing dividend, as defined by the Framework Agreement, to reach a EUR 3,502 million net asset value at LeasePlan level;
- elimination of pre-existing goodwill (see note 2.4.2).

2.3.1 Sale of LeasePlan USA

For the purpose of this unaudited *pro forma* consolidated financial information, the sale of LeasePlan USA is considered to have occurred prior to the completion of the Acquisition, as it is assumed that the Acquisition would have taken place on 1 January 2022 for the *pro forma* income statement.

The contribution of LeasePlan USA to LeasePlan's consolidated income statement has been removed, including the gain on sale, for an amount of EUR 491 million for the year ended 31 December 2022. The amount is presented in a separate line item for discontinued operations in LeasePlan's consolidated income statement.

In the context of the sale of LeasePlan USA by LeasePlan to Wheels Donlen, a deferred payment, reflected in the calculation of the gain on sale, was recorded in "Other receivables" in LeasePlan's consolidated financial statements. ALD would classify this deferred payment in the same line item of its balance sheet than LeasePlan.

2.3.2 Distribution of pre-closing dividend

The net asset value of LeasePlan delivered at closing used for the calculation of the pre-closing dividend paid to LeasePlan's selling shareholders is set by the Framework Agreement and amounts to EUR 3,502 million.

For the purpose of this unaudited *pro forma* consolidated financial information, the amount of the pre-closing dividend has been calculated based on the difference between the equity of LeasePlan as at 31 December 2022 and the target net asset value of LeasePlan to be delivered to ALD at closing. The pre-closing dividend includes results not yet distributed to LeasePlan's selling shareholders by LeasePlan. Based on these assumptions, the pre-closing dividend is computed at approximately EUR 3.9 billion.

It is assumed that this pre-closing dividend would be paid using cash held at Central bank. As a consequence of the lower cash balance, interest income in the *pro forma* income statements as at 31 December 2022 would decrease by EUR 86 million after tax. This estimated amount is based on placement rate of 3.00%, corresponding to the ECB rate on the deposit facility, that the European banks may use to make overnight deposits as at 31 March 2023.

2.4 *Pro forma* adjustments related to the business combination

Pro forma adjustments related to the business combination are those that correspond to the financing of the Acquisition and the calculation of the preliminary goodwill.

2.4.1 Impacts of the financing

As indicated in section 6.7.2 "*Context of the publication of the unaudited pro forma consolidated financial information*", taking into account ALD's share price of EUR 10.80 as at 31 March 2023, the total Acquisition value for LeasePlan would amount to EUR 4,700 million. Consequently, the following *pro forma* adjustments have been made to the balance sheet:

- cash component:
  - subordinated debt (Tier 2) of EUR 632 million, so that the cash component will reach an amount of EUR 1,844 million (subject to additional customary closing adjustments and with ALD's ability to reduce the cash component by EUR 69 million under certain circumstances before the closing date), taking into consideration the gross amount of EUR 1,212 million capital increase already completed in December 2022;
- share component:
  - increase in equity of EUR 2,713 million resulting from the issuance of 251,215,332 new ALD shares in remuneration of the contribution in-kind;
- warrants:
  - increase in equity of EUR 108 million resulting from the issuance of 26,310,039 warrants for the benefit of LeasePlan's selling shareholders. These warrants, due to their characteristics, have been determined to be equity instruments.
- contingent consideration: the contingent consideration was estimated by the Group at EUR 35 million, as at the date of establishment of this unaudited *pro forma* consolidated financial information. For the purpose of this unaudited *pro forma* consolidated financial information, the contingent consideration is recorded as current payables in the pro forma balance sheet as at 31 December 2022.

The following table summarizes these components of the financing:

(in EUR million)

Capital increase *	1,212
Tier 2	632
Cash **	**1,844**
Payment in shares of the consideration transferred *	2,713
Equity financing	**2,713**
Warrants	108
Contingent consideration	35
Preliminary estimate of the fair value of the consideration transferred	**4,700**

* *Gross from equity transaction costs amounting to, respectively, EUR 10.7 million for the capital increase and EUR 3.1 million for the share component, and the corresponding tax effects (see note 2.5.2).*

** *Subject to additional customary closing adjustments and with ALD's ability to reduce the cash component by EUR 69 million under certain circumstances before the closing date*

As a result of the issuance of Tier 2 debt, an interest expense of EUR 31 million after tax was recorded as adjustment to the unaudited *pro forma* consolidated income statement for the year ended 31 December 2022, to reflect this additional financing of EUR 632 million.

The interest expense amount was calculated using a 6.62% interest rate, corresponding to the interest rate which would actually be paid by ALD, if the Group were to borrow such Tier 2 debt with a maturity of 10 years and reset date at 5 years from its parent Societe Generale on 31 March 2023. There is no transaction cost associated with this borrowing.

2.4.2 Goodwill

The Acquisition is recognized in the *pro forma* consolidated balance sheet as having been completed at the closing date of the *pro forma* financial statements, *i.e.*, 31 December 2022.

Preliminary goodwill was calculated on this basis as the difference between (i) the consideration transferred, estimated at EUR 4,700 million, as shown in section 6.7.2 "*Context of the publication*" of this unaudited *pro forma* consolidated financial information; and (ii) the fair value of acquired net assets.

No adjustment has been made to LeasePlan's net assets as at 31 December 2022, except for those described in section 2.3 of this unaudited *pro forma* consolidated financial information. In particular, no fair value adjustment has been made to the assets and liabilities acquired, as will be required by IFRS 3 in the Combined Group's future consolidated financial statements. As explained in section 2.1 of this unaudited *pro forma* consolidated financial information, the relevant information necessary to perform such restatements was not available to ALD management at the date the unaudited *pro forma* consolidated financial information was prepared.

(in EUR million)	
LeasePlan net asset value before acquisition	7,418
Pro forma adjustments impacting LeasePlan's net asset value	(3,916)
Target net asset value of LeasePlan	**3,502**
Elimination of LeasePlan's pre-existing goodwill	(266)
Acquired net asset value	**3,236**
Estimated preliminary consideration transferred	4,700
Estimated preliminary goodwill	**1,464**

The estimated preliminary goodwill generated by the Acquisition amounts to EUR 1,464 million.

Upon completion of the Acquisition, ALD management expects that, amongst others, fair value adjustments will be made on the fleet and financial debt, and that the purchase price will also be allocated to newly identified intangible assets including customer relationships.

As stated in the paragraph *"Introduction"*, the final valuation of LeasePlan's identifiable assets acquired and liabilities assumed at the date of the Acquisition could cause material differences between this unaudited *pro forma* consolidated financial information and actual financial statements.

The following table presents the adjustment to Equity resulting from the business combination:

(in EUR million)	
Reversal of LeasePlan's acquired net asset value	(3,236)
Consideration transferred financed through equity	2,821
Share component	*2,713*
Warrants	*108*
Equity preliminary impact	**(415)**

2.5 Other *pro forma* adjustments

Other *pro forma* adjustments mainly include regulatory capital structure and transaction costs related to the Acquisition.

2.5.1 Regulatory capital requirements

At Acquisition closing, ALD would become a Financial Holding Company, a regulated status under the supervision of the European Central Bank (ECB). As a result, ALD would be subject to new regulatory requirements, of which solvency requirements. ALD targets to have a robust capital position from closing.

For the purpose of this unaudited *pro forma* consolidated financial information, the achievement of this target is reflected in the column "Other adjustments" of the *pro forma*, as follows:

- borrowing of EUR 750 million Additional Tier 1 capital (AT1), accounted for as "Other equity";
- borrowing of EUR 868 million Tier 2 debt, accounted for as "Borrowing from financial institutions", in addition to EUR 632 million Tier 2 described in note 2.4.1 of this unaudited *pro forma* consolidated financial information;
- repayment of EUR 1,618 million of ALD's existing senior unsecured debt, accounted for as "Borrowing from financial institutions", using the proceeds of these two borrowings.

The following impacts are assumed in the income statement:

- an additional interest expense in relation with the Tier 2 debt, under the conditions presented in note 2.4.1 of this unaudited *pro forma* consolidated financial information;
- a saving on interest expense in relation to the repayment of senior unsecured debt, assuming a 4.25% annual interest rate, corresponding to the characteristics of ALD's most recent debt issuance (4-year senior unsecured notes issued on 18 January 2023).

AT1 would be classified as an equity instrument and therefore no remuneration in connection with this financial instrument has been recorded for the purpose of this unaudited *pro forma* consolidated financial information.

2.5.2 Transactions costs

Transaction costs related to the closing of the Acquisition mainly correspond to the costs of legal, financial and advisory services, either already incurred or expected to be incurred until closing. They also include the costs associated to ALD's transition to the Financial Holding Company status. Conversely, integration costs and restructuring costs are excluded, as previously indicated in this unaudited *pro forma* consolidated financial information. By their nature, transaction costs are not expected to have a recurring impact on the performance of the Combined Group going forward.

For the purpose of the unaudited *pro forma* consolidated financial information, a preliminary analysis has been performed to allocate the transaction costs between those related to the business combination and those related to its financing, whether *via* equity or debt.

ALD's transaction costs related to the business combination to be incurred after 31 December 2022 have been added in the *pro forma* income statement as at 31 December 2022 for an amount of EUR 12 million after tax. This adjustment is reflected in the balance sheet as at 31 December 2022 as an increase in "Trade and other payables", a decrease in equity and an increase in "Current tax income receivable" for the difference.

Additionally, ALD's transaction costs related to the financing and to be incurred prior to the completion of the Acquisition have been estimated at a total of EUR 3 million after tax, split between EUR 3 million for the Share component and nil for the new borrowings. Those incremental costs that are directly attributable to the capital increase are deducted from equity, consistently with IAS 32, with a corresponding increase in "Trade and other payables".

Transaction costs related to the business combination and to the financing were not previously accrued in ALD's actual financial statements.

The amount of LeasePlan's transaction costs is not deducted from the *pro forma* income statement as at 31 December 2022 because this information has not been disclosed by LeasePlan to ALD.

2.5.3 Impacts of change of control clauses

In its ordinary course of business, LeasePlan is a party to joint ventures, supply contracts and other instruments some of which contain change of control clauses or similar provisions. Although LeasePlan has undertaken in the Framework Agreement to use its reasonable endeavours to obtain as soon as practicable, and in any event prior to the completion of the Acquisition, an unconditional waiver to any change of control provision or other similar provisions granting a counterparty termination rights that may be triggered by the completion of the Acquisition with respect to 6 material financing, licensing or partnership/commercial agreements identified in the Framework Agreement, and to comply with any notification obligation under certain other agreements listed therein, the completion in full of such actions prior to the closing of the Acquisition does not constitute a condition precedent under the Framework Agreement.

Notwithstanding, the Group expects that waivers will be granted by LeasePlan's creditors as the latter's situation would be improved thanks to the Acquisition. Following the announcement of the contemplated acquisition of LeasePlan in January 2022, S&P and Fitch placed the long-term debt ratings of LeasePlan and ALD, both of which are rated by S&P BBB and by Fitch BBB+, on CreditWatch positive, while Moody's upgraded the outlook on the long-term debt of LeasePlan to positive, from stable.

2.5.4 Reciprocal transactions

LeasePlan and ALD have not had reciprocal transactions during the period covered by the unaudited *pro forma* consolidated financial information that would have needed to be eliminated for the purpose of the unaudited *pro forma* consolidated financial information.

2.5.5 Impacts of remedies agreed with antitrust authorities

ALD has obtained all merger control clearances conditioning the completion of the Acquisition. The last clearance was obtained from the European Commission on 25 November 2022, it being specified that (i) this clearance is conditional upon the divestiture of the subsidiaries carrying on the full-service leasing and fleet management business of ALD in Portugal, in Ireland and in Norway (with the exception, in the latter country, of NF Fleet Norway, a company jointly owned by ALD and Nordea) and of LeasePlan in the Czech Republic, in Finland and in Luxembourg and (ii) closing of the Acquisition is contingent upon receiving from the European Commission a decision agreeing the proposed acquiror and the terms agreed with the latter for the divestiture of these entities. An agreement with Credit Agricole Consumer Finance has been reached on 22 March 2023 for the sale of these six entities, whose combined fleet represented approximately 100,000 vehicles or 3% of the total combined fleet of ALD and LeasePlan as at 31 December 2022.

- ALD entities: as these entities are not material to ALD, they were not classified as discontinued operations in its income statement while they were classified as “held for sale” in its balance sheet as at 31 December 2022. No restatement in connection with this has been performed in this unaudited *pro forma* consolidated financial information.
- LeasePlan entities: LeasePlan presents these subsidiaries as held for sale in its balance sheet and as discontinued operations in its income statement. For the purpose of this unaudited *pro forma* consolidated financial information, these subsidiaries are maintained as discontinued operations in the *pro forma* income statement and as held for sale in the *pro forma* balance sheet, according to IFRS 5, because ALD is acquiring these subsidiaries exclusively with a view to resale.

2.6 Sensitivity analysis

As indicated in “C*ontext of the publication*", for the purpose of this unaudited *pro forma* consolidated financial information, the Acquisition price is estimated using ALD's share price as at 31 March 2023. Nevertheless, the actual Acquisition price will be determined based on ALD's share price as at the date of closing, expected on 28 April 2023, subject notably to remaining regulatory approvals and the completion of usual closing conditions.

A sensitivity analysis is conducted on the share component of the Acquisition price as well as the warrants (respectively valued at EUR 2,713 million and EUR 108 million, based on ALD's EUR 10.80 closing share price as at 31 March 2023).

The following table indicates the sensitivity to changes in the ALD share price and the impact on both the preliminary consideration transferred and the preliminary goodwill:

	ALD share price *(in EUR)*	**Preliminary consideration transferred** *(in EUR million)*	**Preliminary goodwill** *(in EUR million)*
ALD share price as at 31/03/2023	10.80	4,700	1,464
Increase in ALD share price by 10%	11.88	5,012	1,777
Increase in ALD share price by 20%	12.96	5,326	2,090
Decrease in ALD share price by 10%	9.72	4,394	1,158
Decrease in ALD share price by 20%	8.64	4,093	857

6.8 Statutory auditors' report on the unaudited *pro forma* consolidated financial information

Statutory auditors' report on the pro forma financial information for the year ended 31 December 2022

To the Chief Executive Officer,

In our capacity as statutory auditors of your company and in accordance with Regulation (EU) 2017/1129 supplemented by the Commission Delegated Regulation (EU) 2019/980, we hereby report to you on the pro forma financial information of ALD (the "Company") for the year ended December 31, 2022 set out in section 6.7 of the 2022 universal registration document (the "Unaudited Pro Forma Consolidated Financial Information").

The Unaudited Pro Forma Consolidated Financial Information has been prepared for the sole purpose of illustrating the impact that the acquisition of LeasePlan might have had on the consolidated balance sheet at December 31, 2022 and the consolidated income statement of the Company for the year ended December 31, 2022 had it taken place with effect on January 1, 2022 for the consolidated income statement and on December 31, 2022 for the consolidated balance sheet. By its very nature, this information is based on a hypothetical situation and does not represent the financial position or performance that would have been reported, had the acquisition taken place at an earlier date than the actual or contemplated date.

It is your responsibility to prepare the Unaudited Pro Forma Consolidated Financial Information in accordance with the provisions of Regulation (EU) 2017/1129 and ESMA's guidelines on pro forma financial information.

It is our responsibility to express a conclusion, based on our work, with Annex 20, section 3 of Commission Delegated Regulation (EU) 2019/980, as to the proper compilation of the Unaudited Pro Forma Consolidated Financial Information on the basis stated.

We performed those procedures that we deemed necessary in accordance with the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagement. These procedures, which did not include an audit or a review of the financial information used as a basis to prepare the Unaudited Pro Forma Consolidated Financial Information, mainly consisted in ensuring that the information used to prepare the Unaudited Pro Forma Consolidated Financial Information was consistent with the underlying financial information, as described in the notes to the Unaudited Pro Forma Consolidated Financial Information, reviewing the evidence supporting the pro forma adjustments and conducting interviews with the Company's management to obtain the information and explanations that we deemed necessary.

In our opinion:

a) the Unaudited Pro Forma Consolidated Financial Information has been properly compiled on the basis stated; and

b) that basis is consistent with the accounting policies of the Company.

This report has been issued solely for the purposes of the filing of the 2022 universal registration document with the French financial markets authority (Autorité des marchés financiers – "AMF") and cannot be used for any other purpose.

This report shall be governed by, and construed in accordance with, French law and professional standards applicable in France. The Courts of France shall have exclusive jurisdiction in relation to any claim, difference or dispute which may arise out of or in connection with our engagement letter or this report

Paris-La Défense, 12 April 2023

The Statutory Auditors

DELOITTE & ASSOCIES

Pascal Colin

ERNST & YOUNG et Autres

Vincent Roty


19:25
Current Balance
$298,080.50
FEB
MAR
APR
MAY
JUN
Transactions
View all
BCOIN
22 July | 15:25
0.4875 BCN
$30,538.45
DLTA
22 July | 13:27
200.85 DEL
$15,538.50
ZKCO
22 July | 10:32
3.285 ZKC
$5,505.95

7

Share capital and legal information

7.1 Share capital

7.1.1 Share capital amount

As of the date of this Universal Registration Document, the Company's share capital amounts to EUR 848 617 644 divided into 565.745.096 fully subscribed and paid-up shares with a par value of EUR 1.5 each.

The table below presents the financial resolutions for share capital increases, approved by the Combined shareholders' Meetings on 19 May 2021 and 18 May 2022.

Shareholders' Meeting (resolution number)	Purpose of the Resolution	Maximum amount *(in EUR)*	Duration of authorisation	Use of existing authorisations during financial year ended 31/12/2022
	Authorisations and Delegations			
18 May, 2022 (Resolution fifteen)	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.	900,000,000	26 months	Use by the Board of Directors on November 27, 2022 - Capital increase completed on 20 December, 2022
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
19 May, 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 31/12/2022**
	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
19 May, 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.	0.4% of the share capital	38 months	None
	Share buyback authorisations			
18 May, 2022 (Resolution thirteen)	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 filing date of this Universal Registration Document, the Company has not issued any non-equity securities other than bonds in connection with three public bond issues for 1,950 million euros in 2022 and another public bond issue for 750 million euros in January 2023.

7.1.3 Other securities giving access to the 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.

Section 2.7.6 "Impact of the LeasePlan acquisition on the capital structure" of this Universal Registration Document sets forth the potential impact on the shareholding of the exercise of the warrants granted to the current LeasePlan shareholders as consideration for the contribution in kind upon closing of the LeasePlan acquisition, which is expected on 28 April 2023, subject to the remaining regulatory approvals and the satisfaction of customary closing conditions.

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

Please refer to paragraph "Acquisition price and structure of the financing" of Section 2.1.2.2 "Key strategic initiatives and operational developments" of this Universal Registration Document for a description of the anticipated sources of funds needed to fulfil the contemplated acquisitions of LeasePlan which expected to close on 28 April 2023, subject notably to remaining regulatory approvals and the completion of usual closing conditions.

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

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, defering or preventing a change of control of the Company.

7.5 Other legal points

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.

Please refer to paragraph "Shareholders' agreement between Societe Generale and LeasePlan's shareholders" of Section 2.7.6 "Impact of the LeasePlan acquisition on the capital structure" for information regarding the shareholders' agreement to be entered into between Societe Generale and certain selling shareholders of LeasePlan (TDR, ATP and Lincoln) upon completion of the acquisition.

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 the operation of which may at a subsequent date result in a change in control of the Company.

7.5.4 Items likely to have an impact in the event of a public offering (Article L. 22-10-11 of the French Commercial Code [Code de commerce])

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. 22-10-11 of the French Commercial Code	The structure of the Company's capital.	2.7.5 "shareholders"
	Restrictions in the Bylaws on the exercise of voting rights and transfers of shares, or clauses in agreements brought to the attention of the Company pursuant to Article L. 233-11 of the French Commercial Code.	2.7.5 "shareholders" 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 "shareholders"
	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.	7.4.2 "Board of Directors and Board members". 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 "Share capital amount"
	The agreements concluded by the Company that would be amended or terminated in the event of a change of control of the Company, unless this disclosure would, except in cases where disclosure is a legal obligation, seriously undermine its interests.	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.
	Agreements providing for compensation for members of the Board of Directors or employees if they resign or are dismissed without real and serious grounds, or if their employment is terminated due to a public tender or exchange offer.	3.7 "Compensation and benefits". 3.7.2 "Employment contracts, supplementary pension schemes and severance pay of 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

Immeuble "Corosa", 1-3 Rue Eugène et Armand Peugeot, 92500 Rueil-Malmaison, France

8.1.2 Certification of the person responsible for the Universal Registration Document

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 Universal Registration Document about the financial position and accounts contained herein, and that they have read this Universal Registration Document in its entirety.

12 April 2023

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 Certification of the 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 Universal Registration Document about the financial position and accounts contained herein, and that they have read this Registration Document in its entirety.

12 April 2023

Mr Gilles MOMPER

Chief Financial Officer of ALD

8.2 Persons responsible for auditing the financial statements

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 and thereafter again on 18 May 2022, to end at the shareholders' Meeting to be convened to approve the financial statements for the year ending 31 December 2027.

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.

8.3 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 Universal Registration Document; and
- the historical financial information included in this Universal 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.

	Universal Registration Document	Page numbers
10.	**Trend information**	
10.1.	Most significant recent trends in production, sales and inventory, and costs and selling prices since the end of the last financial year. Any significant change in the financial performance of the Group or provide an appropriate negative statement.	35 - 42
10.2.	Trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer's prospects for at least the current financial year	42 - 43
11.	**Profit forecasts or estimates**	**NA**
12.	**Administrative, management and supervisory bodies and general management**	
12.1.	Board of Directors and General Management	58 , 60 - 82
12.2.	Administrative, management and supervisory bodies and General Management conflicts of interests	78
13.	**Remuneration and benefits**	
13.1.	Amount of remuneration paid and benefits in kind	84 - 105
13.2.	Total amounts set aside or accrued by the issuer or its subsidiaries to provide for pension, retirement or similar benefits	103 - 104 , 247 - 249
14.	**Board and general management practices**	
14.1.	Date of expiration of the current term of office	79
14.2.	Members of the administrative bodies' service contracts with the issuer	79
14.3.	Information about the issuer's Audit Committee and Remuneration Committee	81 - 82
14.4.	Statement as to whether or not the issuer complies with the corporate governance regime	79
14.5.	Potential material impacts on the corporate governance, including future changes in the Board and committees composition	79 , 106 - 107
15.	**Employees**	
15.1.	Number of employees	153 - 156
15.2.	Shareholdings and stock options of Company officers	100 - 104
16.	**Major shareholders**	
16.1.	Shareholders holding more than 5% of capital or voting rights	50 - 51
16.2.	Different voting rights held by the major shareholders	52 - 54
16.3.	Control of the issuer	50
16.4.	Arrangements, known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer	52 - 54
17.	**Related party transactions**	**106 - 107**
18.	**Financial information concerning the issuer's assets and liabilities, financial position and profits and losses**	
18.1.	Historical financial information	190 - 254 , 263 - 274
18.2.	Interim and other financial information	NA
18.3.	Auditing of historical annual financial information	255 - 259 , 275 - 278
18.4.	*Pro forma* financial information	279 - 290
18.5.	Dividend policy	50 , 250 , 262
18.6.	Legal and arbitration proceedings	NA
18.7.	Significant change in the issuer's financial position	NA
19.	**Additional information**	
19.1.	Share capital	49 , 294 - 295
19.2.	Memorandum and Articles of Association	297 - 299 , 300 - 302
20.	**Material contracts**	**119**
21.	**Documents available**	**305 - 306**

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 2020, the related Statutory Auditors' reports and the Group Management Report are 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 parent company and consolidated accounts for the year ended 31 December 2021, the related Statutory Auditors' reports and the Group Management Report are presented respectively on pages 225-238, 158-219, 239-242, 220-224 and 27-49, of the Universal Registration Document D.22-0340 filed with the AMF on 22 April 2022.

The chapters of the Universal Registration Documents D.21-0358 and D.22-0340 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 (French Financial 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:

	Annual financial report	Chapters	Page Numbers
1.	Consolidated annual financial statements	Chapter 6 (6.1-6.2)	190 - 254
2.	Auditors' report on the consolidated accounts	Chapter 6 (6.3)	255 - 259
3.	Annual corporate financial statements	Chapter 6 (6.4-6.5)	260 - 274
4.	Auditors' report on the corporate financial statements	Chapter 6 (6.6)	275 - 278
5.	Management report	Chapter 2	31 - 56
6.	Report on corporate governance	Chapter 3	57 - 108
7.	Declaration of extra-financial performance	Chapter 5	129 - 188
8.	Auditors' report on the extra-financial performance declaration	Chapter 5 .9	184 - 186
9.	Statement by person responsible for annual financial report	Chapter 8.1	304

9.3 Cross-reference table for the management report

Management report		Chapters	Pages number
1.	**Information on the ALD Group and on consolidated accounts**		
1.1.	Key figures	Chapter 2 (2.1.1)	35 - 36
1.2.	Activity	Chapter 2 (2.1.2)	36 - 39
1.3.	Results	Chapter 2 (2.1.3)	39 - 41
1.4.	Segment Information	Chapter 1 (1.2), Chapter 6 (6.2 note 6)	7 , 220 - 221
1.5.	Equity investments	Chapter 2 (2.1.4)	41 - 42
2.	**Trends and Prospects**	**Chapter 2 (2.2)**	**42 - 43**
3.	**Events after the reporting period**	**Chapter 2 (2.3)**	**43**
4.	**Research and development**	**Chapter 2 (2.4)**	**44**
5.	**Cash and debt flows**	**Chapter 2 (2.5)**	**45 - 48**
6.	**Risks and control**	**Chapter 4**	**109 - 128**
7.	**Share capital and shareholders**		
7.1.	Changes in share capital	Chapter 2 (2.7.1)	49
7.2.	Treasury shares	Chapter 2 (2.7.2)	49 - 50
7.3.	Operations carried out by directors and corporate officers on the Company's shares	Chapter 2 (2.7.3)	50
7.4.	Allocations of free shares and stock options	Chapter 5 (5.3.2.2) Chapter 6 (6.2, note 28)	143 - 144 , 242 - 243
7.5.	Dividends distributed for the 3 previous years	Chapter 2 (2.7.4)	50
7.6.	Participation in capital of the Company		
7.6.1.	Holdings of shareholders representing over 5% of the capital or voting rights	Chapter 2 (2.7.5.1)	50 - 51
7.6.2.	Stake in the Company held by employees	Chapter 5 (5.3.2.2)	143 - 144
7.6.3.	Crossing of legal and regulatory thresholds	Chapter 2 (2.7.5.2)	51
7.7.	Statutory restrictions on the exercise of voting rights	Chapter 2 (2.7.7)	54 - 56
8.	**Profit (loss) of ALD company (non-consolidated)**	**Chapter 6 (6.4-6.5)**	**260 - 262 , 263 - 274**
Appendix	**Report on Corporate governance**	**Chapter 3**	**57 - 108**
Appendix	**Declaration of extra-financial performance**	**Chapter 5**	**129 - 188**

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