EXECUTIVE DIRECTOR COMPENSATION POLICY FOR 2019

EX-ANTE POLICY

ALD BOARD OF DIRECTORS

28 MARCH 2019

EXECUTIVE DIRECTOR COMPENSATION POLICY

The following compensation policy for Executive Directors of ALD SA (hereafter “ALD” or “the Company”) described below, was defined by the Company's Board of Directors on 28 March 2019.

The policy was determined taking into account:

- the competitiveness of the executive directors’ overall compensation relative to a panel of peer
- the link between executive directors’ compensation and performance and ALD’s results.

In accordance with the “Sapin 2” law of 9 December 2016, on transparency, the fight against corruption and the modernisation of the economy, this policy has to be submitted to the General Meeting for approval. In the event shareholders vote against it, the Board of Directors shall meet within a reasonable timeframe and, in the meantime, the principles implemented in 2018 will continue to apply.

The present report sets out the planned compensation policy for 2019.

Pursuant to article L. 225-37-2II of the French Commercial Code, no variable, annual or exceptional compensation shall be paid to executive directors in respect of 2019 without the prior approval of the Company’s shareholders.

Compensation principles

The executive directors’ compensation policy aims to secure the Company's attractiveness and the commitment and loyalty of the Company’s best talents over the long term, while ensuring that risks are properly managed and compliance issues respected. It is also intended as recognition for the implementation of ALD's long-term strategy in the general interest of shareholders, its clients and staff, in keeping with the principles laid out in Societe General Group’s code of ethics.

The policy takes into account the exhaustive nature of the components of compensation and other benefits granted, where applicable, in the overall assessment of executive director remuneration. It ensures the right balance between these components in the general interest of ALD and its shareholders.

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

EU directive CRD4 of 26 June 2013, which requires that lending institutions implement compensation policies and practices that are compatible with efficient risk management, ALD being identified as a Material Business Unit in Societe Generale Group's consolidated accounts. The CRD4 directive was transposed into French law and its compensation principles have been applicable since1 January 2014; to the governance principles applied by large French companies (AFEP/MEDEF code); and the “Sapin 2 law” on transparency, the fight against corruption and the modernisation of the economy.

This executive director compensation policy aims to mirror market practices, particularly in its business sector. Proposals have been made to review fixed and variable compensation from this perspective.

Board Chairman compensation

Didier Hauguel does not receive attendance fees and is not remunerated for his term as Chairman of the Board of ALD. He receives fixed and variable compensation for his role at Societe Generale.

Executive Director compensation

Executive director compensation consists of the following components:

- Fixed Compensation (FC), which recognises experience and responsibilities undertaken, taking into account market practices.

- Variable Compensation (VC), which depends on the Executive Directors' performance over the year and their contribution to **ALD**'s success.

FIXED COMPENSATION

The following changes to executive directors' fixed annual compensation are proposed:

- Chief Executive Officer, Michael Masterson: compensation to be increased from €375,000 to €400,000
- Deputy CEO, Tim Albertsen: compensation to be increased from €280,000 to €300,000
- Deputy CEO Gilles Bellemere: compensation to be increased from €220,000 to €240,000
- Deputy CEO John Saffrett: fixed compensation proposed at €300,000

VARIABLE COMPENSATION

TARGETS FOR 2019

Subject to your approval at the AGM on 22 May 2019, the target bonuses in respect of performance in 2019 are as follows:

- Michael Masterson: €650,000;
- Tim Albertsen: €400,000;
- Gilles Bellemere: €200,000;
- John Saffrett: €400,000.

GENERAL PRINCIPLES

The variable component of compensation would be based on quantitative criteria, accounting for 60%, and qualitative criteria (40%), thereby combining an assessment of ALG Group's financial performance with that of the directors' managerial skills.

In the event performance targets are exceeded, the share of variable compensation determined on the basis of quantitative criteria shall be capped at 130%. In the event performance targets are exceeded, the share of variable compensation determined on the basis of qualitative criteria shall be capped at 100%. In accordance with EU directive CRD4, the variable compensation amount cannot exceed 200% of annual fixed compensation, even when performance targets are exceeded.

130% cap on target bonuses based on quantitative criteria, with:

- €507,000 for Michael Masterson (130% of 60% of the target bonus of €650,000),
- €312,000 for Tim Albertsen (130% of 60% if the target bonus of €400,000),
- €156,000 for Gilles Bellemere (130% of 60% if the target bonus of €200,000),
- €312,000 for John Saffrett (130% of 60% if the target bonus of €400,000),

100% cap on target bonuses based on qualitative criteria, with:

- €260,000 awarded to Michael Masterson (40% of target bonus of €650,000),
- €160,000 awarded to Tim Albertsen (40% of target bonus of €400,000),
- €80,000 awarded to Gilles Bellemere (40% of target bonus of €200,000),
- €160,000 awarded to John Saffrett (40% of target bonus of €400,000).

Quantitative share

Variable compensation is to be based on quantitative criteria (60%). In 2019, the quantitative share of CEO and Deputy CEO compensation shall be measured on the basis of four indicators, namely:

Indicators	Weighting
Annual growth in the vehicle fleet (2019 vs. 2018)	10 %
Growth in the service margin and financial margin	10 %
Cost/income ratio, excluding used cars sales	10 %
Net earnings per share (net EPS)	30 %

The targets to be met for each indicator are in line with the 2019 Budget approved by the Board of Directors on 23 January 2019 and with the Guidance issues on 7 March 2019.

Qualitative share:

Variable compensation is to be based on qualitative criteria (40%) Collective and individual targets will be determined using an equivalent weighting.

Qualitative targets shall be fixed for the financial year to come, notably in relation to innovation, customer satisfaction, compliance and internal control, the quality of residual value risk control and of second-hand car management, CSR indicators, potentially including an employee barometer, and any other ALD-specific operating targets.

CAP

Pursuant to EU directive CRD4, and as approved at Societe Generale's AGM in May 2014, the CEO and Deputy CEOs' total variable compensation is capped at 200% of their fixed compensation.

Accommodation allowances included in the fixed compensation component are taken into account in calculations of the regulatory ratio of variable to fixed compensation.

TERMS AND CONDITIONS FOR THE VESTING AND PAYMENT OF VARIABLE COMPENSATION

In accordance with EU directive CRD4, the Board of Directors has established the following terms and conditions for the vesting, and subsequent payment, of total variable compensation:

- a deferred component, subject to conditions of presence and performance, which shall vest by tranches equivalent to one fifth of the amount over a period of five years, with a minimum deferral rate of 40%;

- at least 50% being indexed to the price of ALD shares (or share equivalents) – 50% of the vested share and at least 50% of the non-vested share;

- the variable share not deferred and granted in cash must not exceed 30%.

The deferred share is vested subject to:

- a condition of presence; Exceptions to this rule are as follows: retirement, death, disability leading to inability to perform duties, or the Board of Director's decision according to the departure conditions.

- a penalty stemming from a substantial deterioration in financial performance, or in the case of negligence;

- a profitability condition, as determined by ALD's positive net profit (arithmetic average) over the vesting period.

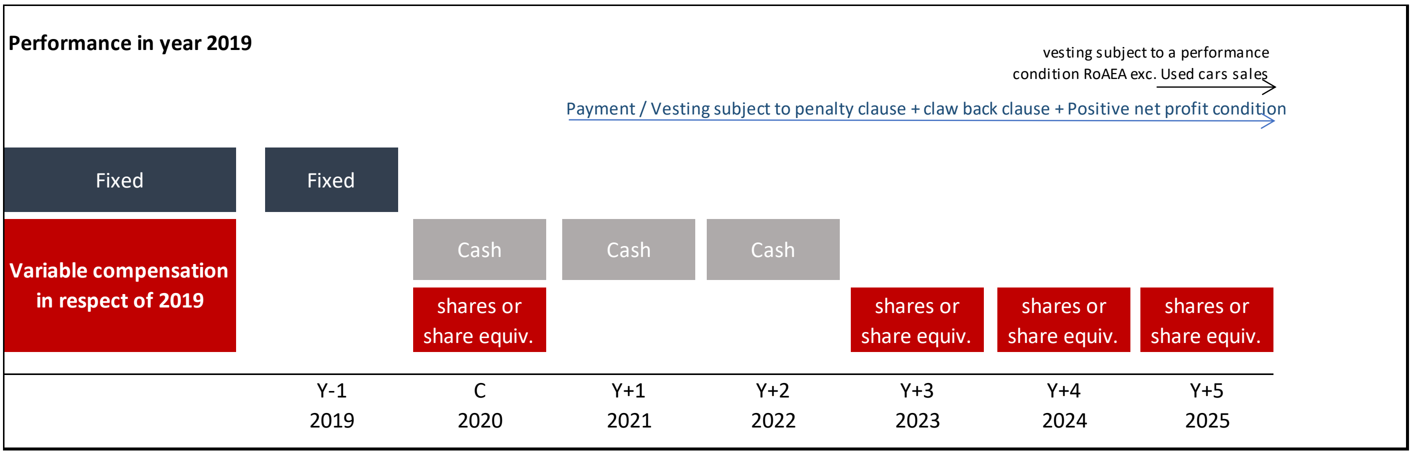
The deferred share is also subject to a claw-back clause, which is valid for five years and which may be activated in the event that the director's actions or behaviour are deemed reckless in terms of risk-taking, in respect of the current legal and regulatory framework.

With respect to variable compensation for 2019, payment of the last tranche of the deferred share at the end of the five-year period is conditional upon the Return On Average Earning Assets (RoAEA) excluding second-hand car sales. The full sum shall only be paid if the RoAEA (based on an arithmetic average) is higher than 2.3% during the vesting period. If RoAEA is less than 1.8%, no payment will be made. If the rate falls between 1.8% and 2.3%, the Compensation Committee will propose a percentage for vesting to the Board of Directors.

If neither of the conditions of presence or performance are met, the non-vested portion can be reduced or even cancelled entirely.

In addition, the CEO and deputy CEOs may not hedge their shares/share equivalents during the vesting or share-holding periods.

TOTAL COMPENSATION – TIMELINE FOR PAYMENT/SETTLEMENT



Executive Directors may not hedge or take out insurance coverage for the variable share of compensation paid in financial instruments, either during the vesting periods or during the share-holding periods.

Share ownership obligations

Executive directors are subject to an obligation to hold **ALD** shares, as decided at the Board of Directors meeting following the proposal submitted by the Appointments and Compensation Committee and for which the number of shares assigned is displayed in the registration document.

Post-employment benefits

Supplementary pension scheme

Executive Directors continue to benefit from the supplementary pension allowance for senior executives which applied to them as employees prior to their appointment as executive directors.
This top-up scheme was introduced in 1991, in accordance with article L. 137-11 of the French Social Security Code, entitling “Unclassified” managers appointed from that date to draw an overall pension equal to the sum of the following two amounts (from the date on which they start drawing their French state pension):

- the average (as calculated over the last 10 years of the manager’s career) of the share of fixed compensation in excess of “Tranche B” of the AGIRC supplementary pension plan, plus the variable compensation earned up to a limit of 5% of fixed compensation;
- the rate equal to the ratio of the number of years’ service at Societe Generale to 60, implying the vesting of entitlements equivalent to 1.67% per year, bearing in mind that the number of years of service may not exceed 42.

All entitlements in respect of “Tranche C” of the AGIRC plan, acquired since working for Societe Generale, were deducted from this overall pension. The supplementary allowance paid by Societe Generale was increased for beneficiaries having raised at least three children and for those taking their retirement after the legal age for drawing their French state pension. It could not be less than one third of the full value of service rate of AGRIC “Tranche B” points acquired by the beneficiary since entering Societe Generale’s “Unclassified” category.

This scheme was revised on 17 January 2019 and future entitlements were frozen at 31 December 2018 based on the years’ service and points acquired in AGIRC’s “Tranche B” and “Tranche C” at that date, and on the average (over the past three financial years) of the fixed compensation earned in excess of AGIRC's “Tranche B” plus any variable compensation earned up to a limit of 5% of the fixed compensation. Only minimum entitlements, as previously defined as one third of AGIRC “Tranche B” points acquired since entering Societe

Generale's “Unclassified” category, were preserved from 1 January 2019 in the form of annuity payments equal to 0.4% of the share of the gross annual compensation falling between 1 and 4 annual Social Security caps.

The total amount of entitlements acquired when the beneficiary takes retirement will consist of the rights frozen at 31/12/2018 and the new rights acquired since 1 January 2019. Access to these entitlements is conditional upon the beneficiary ending their career at Societe Generale.

Every year, the annuity payments are calculated according to years of service and projected salary at the time of retirement, based on actuarial principles. Pre-financing of these entitlements has been arranged with an insurance company.

They are contingent upon the employee’s presence in the company on the date they start drawing their pension.

In accordance with French law, increases in entitlements are also subject to performance conditions. The entitlements for a given year are only vested if at least 50% of the criteria used to calculate the beneficiary's variable compensation have been met. Below 50%, the entitlements for that year are annulled.

The IP Valmy supplementary pension scheme

Executive directors remain entitled to the supplementary defined contribution pension scheme which applied to them as employees prior to their appointment as executive directors.

This defined contribution plan, which was established in respect of article 83 of the French General Tax Code, was introduced in 1995. All employees with more than one year of service in the company must sign up to the scheme, which enables beneficiaries to build up a deferred life annuity equivalent to 0.1% of compensation, up to a limit of two annual Social Security caps. The company contributes 1.5% to the scheme and beneficiaries 0.5%. It is insured with provident institution IP Valmy.

In accordance with French law, increases in entitlements are also subject to performance conditions. The entitlements for a given year are only vested if at least 50% of the criteria used to calculate the beneficiary's variable compensation have been met. Below 50%, the entitlements for that year are annulled.

Supplementary pension scheme for Societe Generale Group's Management Committee (ART. 82)

Subsequent to the revision of the supplementary pension scheme on 31 December 2018, and notably the removal of the differential share of that scheme above the four annual Social Security caps, a defined contribution supplementary pension plan (Art. 82) was introduced for members of Societe Generale’s Management Committee, of which Michael Masterson is a member, with effect from 1 January 2019. The scheme provides for an annual contribution to be paid by the Company into an individual pension account (Art. 82) in the name of the eligible employee, in respect of the share of the fixed compensation exceeding the first four annual Social Security caps. The entitlements will be paid, at the earliest, from the effective date on which the beneficiary starts to draw their State pension allowance.

The company's contribution for 2019 was set at 8%.

Specific resolutions in respect of this new scheme, which is consistent with regulatory agreements, are to be put to the vote at the next AGM.

In accordance with French law, annual contributions for the year will only be paid in full if at least 50% of the performance conditions for variable compensation for that same year are met.

Severance pay

As the work contracts of Michal Masterson, Tim Albertsen, Gilles Bellemere or John Saffrett have been suspended, it is proposed that they receive a severance payment from the Board of Directors according to the grounds for terminating their respective duties.

Following the update of the AFEP-MEDEF Code in June 2018, the corresponding clauses have been amended to:

- take into account the provisions for denying severance pay to an executive director who is entitled to receive a pension,
- specify the performance conditions upon which the severance payment is contingent; this must have been checked for the three financial years preceding the termination of the mandate or the previous financial years when the mandate was less than three years.

Non-competition clause

As the work contracts of Michael Masterson, Tim Albertsen, Gilles Bellemere or John Saffrett have been suspended, they will be subject to a non-competition clause.

Michael Masterson, Tim Albertsen and Gilles Bellemere are subject to a 24-month non-competition clause starting from the date of termination of their duties as executive directors and the date of their departure from Societe Generale Group. In return, they continue to receive fixed compensation.

Following the update of the AFEP-MEDEF Code in June 2018, the clauses applying to managing directors have been amended to take into account the provisions for non-payment in the event of retirement and past the age of 65 years.

Specific resolutions in respect of these clauses, which are consistent with regulatory agreements, are to be put to the vote at the next AGM.

OTHER EXECUTIVE DIRECTOR BENEFITS

Executive directors are assigned company cars that may be used for personal reasons and a life insurance policy, providing health, death and disability insurance coverage to match those of Company personnel.

Michael Masterson, **Tim Albertsen** and **John Saffrett** also receive accommodation allowances.

APPOINTMENTS OF NEW EXECUTIVE DIRECTORS

Generally speaking, the components and structure of compensation described in this compensation policy also apply to any new executive directors appointed during the period in which the policy is applicable, taking into account the executive's scope of responsibility and professional experience. This principle also applies to the other benefits granted to executive directors (supplementary pension, life insurance contract, etc.).

Accordingly, the Board of Directors will decide the fixed compensation corresponding to these factors, consistent with the fixed compensation paid to current executive directors and the practices of peer financial institutions in Europe.

Finally, if the new executive director comes from a company other than an entity of Societe Generale Group, he/she may be granted a welcome bonus to offset, if necessary, any compensation that he/she was obliged to forgo upon leaving their previous employer. This compensation would be deferred in time and subject to performance conditions similar to those applied to existing executive directors' deferred variable compensation.