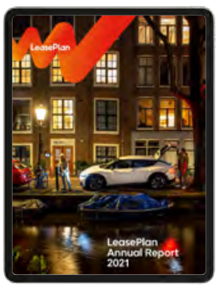
LeasePlan Annual Report 2021

What's next



View Annual Report 2021 at www.leaseplan.com/corporate

02

Overview

1.8m
total serviced fleet

04

Performance highlights

€762.6m Underlying net result

17.7% Underlying return on equity

31.8% of all new deliveries were EVs in Q4 2021

08

CEO statement

"2021 was a record breaking year for LeasePlan thanks to an excellent performance in our Car-as-a-Service business and strong used car prices as customers continued to choose safe and hassle-free car subscriptions over other mobility options."

Tex Gunning, CEO, LeasePlan

Overview

At a glance[1]

Car-as-a-Service

LeasePlan purchases, funds and manages new vehicles for its customers, providing a complete end-to-end service for a typical contract duration of three to four years.

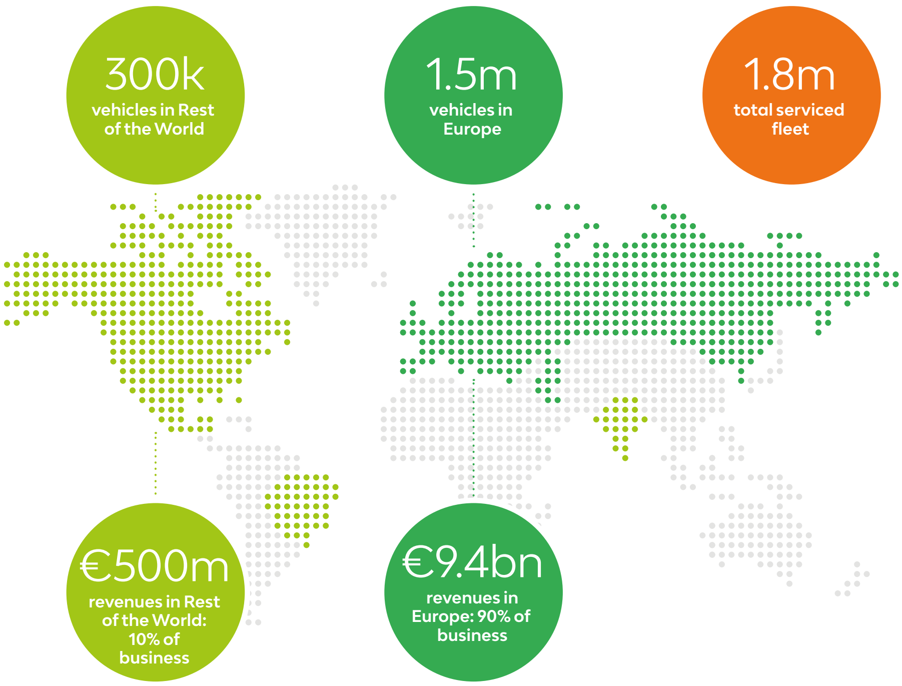
- **1963** founded
- **29** countries served worldwide
- **8,600** employees
- **1.8m** total serviced fleet
- **1.3m** total funded fleet
- **Corporate, SME, Private** Market segments

In detail > page 14

Global reach

Fleet split[2]

Revenue split



Our NextGen Strategy

LeasePlan will compete for the accelerated growth we see in our market by becoming the world's first fully digital Car-as-a-Service company.

In detail > page 25

1. Implement NextGen Digital LeasePlan strategy to accelerate growth
2. Grow Car-as-a-Service
3. Achieve net zero tailpipe emissions from our funded fleet by 2030
4. Drive operational excellence

Sustainability

LeasePlan aims to achieve net zero emissions across all emission scopes, and drive progress across all material ESG issues.

In detail > page 36

1. Protect the planet
2. Contribute to societal wellbeing
3. Be responsible

1. *As at 31 December 2021*
2. *Based on total serviced fleet*

Performance highlights 2021[3]

2021 was a record-breaking year for LeasePlan, thanks to an excellent performance in our Car-as-a-Service business.

Financial

€763m

Underlying net result (EUR)

2021	**763**
2020	406
2019	557
2018	576
2017	532

17.7%

Underlying return on equity[4] *(%)*

2021	**17.7**
2020	10.3
2019	15.2
2018	17.3
2017	16.7

1.8m

Number of vehicles[5] *(millions)*

2021	**1.8**
2020	1.9
2019	1.9
2018	1.8
2017	1.7

Credit ratings[6]

Fitch: BBB+

Moody's: Baa1

S&P: BBB-

Sustainability[7]

25%

New EV activations[8]

2021	**25%**
2020	16%
2019	9%
Target by 2030	100%

121 g/km

Average CO_2 tailpipe g/km per vehicle funded fleet[9]

2021	**121**
2020	126
2019	133
Target by 2030	0 g/km

31%

Diversity[10] *(percentage of females at top three layers)*

2021	**31**
2020	30
2019	30
2018	27
2017	25
Target by 2021	30

Carbon footprint[11]

Scope 1: 6,325 k tonnes

Scope 2: 6,280 k tonnes

Scope 3: 4,155,599 m tonnes

3. *As at 31 December 2021*
4. *Underlying RoE is based on last-twelve-month underlying net result and equity excluding the additional Tier 1 instrument. Including the AT1, RoE is 16.6% for 2021 and 9.9% for 2020.*
5. *Total serviced fleet, adjusted for the divestment of LeasePlan's operations: Australia and New Zealand*
6. *LT senior, Fitch (stable), Moody's (positive), S&P (Watch Positive)*
7. *The three non-financial indicators shown on the right were given limited assurance by our external auditors*
8. *Definition aligned to industry practices from vehicle orders to deliveries, specifically: operational lease deliveries (activations) of Battery Electric Vehicles and Plug-in Hybrid Electric Vehicles (passenger vehicles in EU22 countries, excluding LCVs, scooters and trucks).*
9. *Figures include passenger vehicles (PVs) and light commercial vehicles (LCVs). The figures reported are on the basis of vehicle test (either WLTP or NEDC, dependent on the moment of matriculation). This KPI has received limited assurance from our external auditors.*
10. *KPI for layers A, B and C of the organisation, as defined by the Talent to the Top Charter, to which we are a signatory. This KPI has received limited assurance from our external auditors.*
11. *Also see pages 41 and 45*


E-commerce is driving significant growth in our Car-as-a-Service business, with LCV registrations up by
8%
in 2021
JAN HANZENSTRAAT
OUD-WEST
VRIJLATEN
WESTWING
WESTWING

Value creation at LeasePlan

As a leading Car-as-a-Service company, we create value for a wide range of stakeholders. Our value creation model presents the most relevant areas of impact and highlights the inputs and outputs of our business model, as well as the related outcomes for stakeholders.

Input per capital

Human capital

Our more than 8,600 employees have deep Car-as-a-Service knowledge and experience that differentiates us in our markets. They drive our success and maintain our culture of service. We invest in our people to help them develop the skills they need to thrive in today's disruptive digital environment. Read more about our People on *page 58*.

Social and relationship capital

Our high-quality customer base of Corporates, SMEs and Private individuals look to us to provide solutions that meet their mobility needs. We also work closely with OEMs and other suppliers to deliver better and cleaner propositions to the market, as well as with policymakers and NGOs to promote sustainability. Read more about our customers on *page 63* and about our public advocacy on *page 43*.

Financial capital

Our diversified funding programme enables us to own the car and to provide car financing facilities for our customers. It also allows us to meet our funding and liquidity requirements, and capture the associated full value chain of services in its lifecycle. Global bond investors and banks provide us with funding in the form of secured and unsecured bonds and bank facilities. Retail depositors entrust LeasePlan Bank with their savings in the Netherlands and Germany.

Manufactured capital

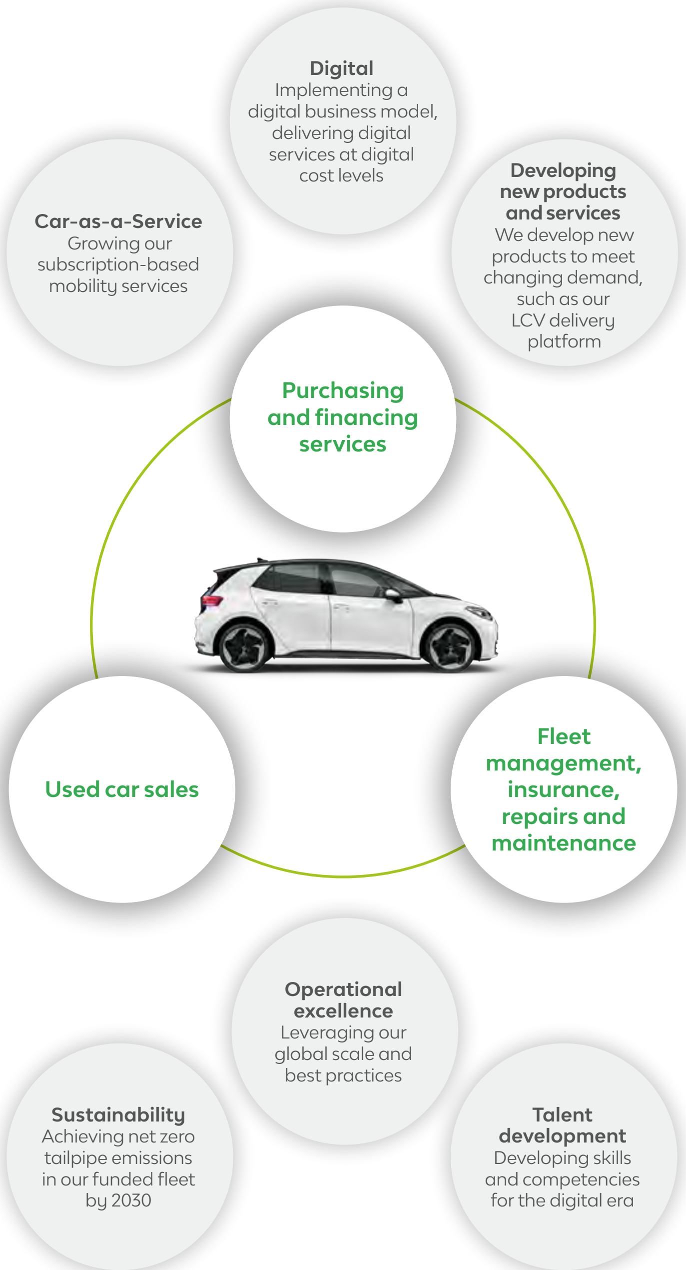
Our funded fleet of approximately 1.3 million vehicles has a diverse mix of models, brands and powertrains in 29 countries worldwide. It has a rapidly growing portion of Battery Electric Vehicles with zero tailpipe emissions; EVs accounted for 25% of all vehicle activations in 2021, compared to 16% in 2020. Read more about our fleet in the 'Business' section on *page 16*.

Intellectual capital

With over 55 years' experience in the Car-as-a-Service market, we apply our institutional memory, leading fleet management capabilities, international scale and investments in our digital business model, to create value for customers as a leading market player.

Value creation process

Our mission is to provide *What's next* in sustainable mobility – so our customers can focus on *What's next* for them.



Output per capital

Human capital

- Competitive remuneration and benefits
- Skilled workforce capable of meeting the challenges of changing markets
- Diversity, Equity & Inclusion (DE&I) strategy to address needs of underrepresented groups, and supported by new dedicated governance structure

Social and relationship capital

- Integrated mobility solutions for drivers and customers
- Low and zero emission mobility solutions for drivers and customers
- Strong partnerships, including our network of 70,000 independent RMT service providers
- Partnerships with global NGOs to accelerate adoption of zero emission mobility

Financial capital

- Gross profit of EUR 1.9 billion generated in 2021
- Retail deposits of EUR 10.2 billion at year-end 2021
- Securitised notes of EUR 1.9 billion at year-end 2021
- Bank lines c. EUR 3.1 billion
- Strong liquidity position and capital ratios
- Investment grade ratings LT senior as at publication date (S&P: BBB-, Fitch: BBB+, Moody's: Baa1)

Manufactured capital

- Highly diversified funded fleet
- Growing EV presence, accounting for 25% of all new vehicle activations in 2021
- Sharply declining orders for diesel passenger vehicles

Intellectual capital

- Continued digital transformation resulting in improved services and enhanced customer experience
- Development of EV expertise to support customers in their transition to zero emission mobility
- Smart data enabling insights leading to additional services for drivers and fleet managers, and improved pricing capabilities
- Best practices shared across the company globally to support operational excellence
- Strong brand and reputation and thought leadership in areas of expertise

Outcomes by stakeholder

Customers

- Hassle-free, digital car subscriptions for fleet managers and drivers
- Full package EV solutions in 15 countries
- SafePlan Zero programme for improved road safety
- Innovative LCV proposition for growing e-commerce segment
- Improving customer satisfaction and Net Promoter Score
- Improved EcoVadis score to 60/100 (Silver) in 2021 (2020: 55/100 – Silver)

Employees

- Job satisfaction (employee engagement score in 2020: 84.3%)
- Diverse and non-discriminatory workplace (31% of females in top three layers)
- Inclusive approach to employee benefits supported via updated Diversity, Equity & Inclusion strategy
- Enhanced digital skills and capabilities in the workforce (over 82,500 learning hours registered in our Learning Management System in 2021, individual 7,200 hours in LinkedIn Learning)

Society

- 100% of suppliers covered by the LeasePlan Supplier Code of Conduct
- New Sustainability Procurement Charter to establish minimum ESG standards in 2022
- Anti-Money Laundering, Counter-Terrorist Financing and Sanctions Policy and Standard in place
- New Community Volunteering Standard to support volunteering and other charitable efforts globally
- Improved Sustainalytics Risk Rating score to 'Low risk' /15.9 in 2021 (2020: 17.9)

Environment

- Commitment to set interim targets for Scope 1, 2 & 3 GHG emissions, to be validated by Science-Based Targets initiative (SBTi)
- Formal integration of climate-related risks that materially impact the business into LeasePlan's strategy, governance, Risk Management Framework and disclosures
- Lower CO_2 emissions from fleet (2021: 4.2 m tonnes of CO_2; 2020: 5 m tonnes of CO_2)
- Lower CO_2 emissions through increased use of renewable energy in LeasePlan buildings (2021: 54%; 2020: 41%)
- Reduced air pollution via growing portion of EVs in funded fleet (2021: 28%, 2020: 13%)
- Improved score by Carbon Disclosure Project ('C' in 2021, compared to 'D' 2020)

Investors

- Net result of EUR 1,017 million in 2021
- Underlying net result of EUR 762.6 million in 2021
- Return on equity of 17.7%*

* *Underlying RoE is based on last-twelve-month underlying net result and equity excluding the additional Tier 1 instrument. Including the AT1, RoE is 16.6% for 2021 and 9.9% for 2020.*

CEO statement

Tex Gunning CEO, LeasePlan Corporation

CEO statement

LeasePlan began 2022 with the big news that we have signed a Memorandum of Understanding to join forces with ALD[12]. We believe the combination will be beneficial for our customers, people and partners as we bring together the best talents in leasing with the investment power needed to drive the growth and transformation of the mobility market.

This is the right deal at the right time. In 2021, LeasePlan returned to pre-pandemic fleet growth and delivered a record-breaking underlying net result of EUR 763 million, supported by an excellent performance in our Car-as-a-Service business and strong used-car prices. Our historic result is proof that today, more than ever, customers want the unbeatable safety and comfort of hassle-free car subscriptions.

Simply put: there has never been a better time to be in the leasing industry, which is about to enter a historic era of growth. The growth we see ahead is being driven by three key market trends: first, the ownership to subscription megatrend, which will accelerate demand for hassle-free car subscriptions, especially in the fast growing SME, Private and LCV segments; second; the shift to electric mobility, which is further accelerating demand for car subscriptions as customers seek to outsource the residual value risk of new technologies to a specialist such as LeasePlan; and third, the digital revolution, which is making it easier and more affordable than ever to deliver Car-as-a-Service at scale to existing and new customer segments.

LeasePlan is capturing this historic opportunity by transforming from an analogue to a fully digital business model that will enable us to deliver all services digitally and at digital cost levels. I am pleased to say that in 2021 we again made excellent progress towards this goal, with the launch of new modules for our Next Generation Digital Architecture, including our electric delivery fleet platform for the fast growing e-commerce market. When fully implemented, our NextGen Architecture will not only reinvent the way drivers and fleet managers experience mobility, but it will also enable LeasePlan to create new online businesses based on our core competencies, and allow us to digitally integrate new services from across the broader Car-as-a-Service ecosystem into one plug and play mobility platform.

Nowhere is our digital approach more important than in our Car-as-a-Service business, where we continued to develop our digital offering in 2021. Key highlights here included enabling clients to order their vehicle completely online, as well as introducing omnichannel support, which offers drivers a seamless service experience, regardless of which platform they use to get in touch with LeasePlan. Within the International/Corporate segment, we also launched a fully digital LCV management platform for the fast-growing e-commerce segment, giving our clients the control and insights they need to effectively manage their logistics networks. Thanks to innovations like these, customer satisfaction increased in 2021, improving further on our 2020 results.

2021 was also the year that CarNext – itself a significant proofpoint of our digital approach – entered its next phase of development as a fully independent business. With CarNext, LeasePlan created a fully online marketplace enabling both B2C and B2B customers to buy or subscribe to a wide range of high-quality used cars both from our European Car-as-a-Service fleet and trusted third-party suppliers. In doing so, we disintermediated the traditional used car market dynamics in order to provide customers with competitively-priced, high-quality cars in an industry characterised by mistrust and a lack of transparency. As an independent business, CarNext is now in an even stronger position to expand its third-party network, boost retail sales and achieve network effects. I am extremely proud of the fully digital business model we built at CarNext, and am delighted that, going forward, LeasePlan will be supported by an industry leading remarketing partner delivering the best prices for our used vehicles. During the year we also divested our Australia and New Zealand operations to SG Fleet, creating a leasing powerhouse in the region. LeasePlan retains a 13% stake in the combined business, enabling us to continue to serve our international clients in the region.

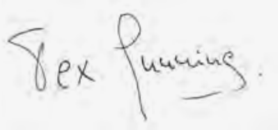
12. Pending Works Council consultations and regulatory approvals

This would of course not be LeasePlan without talking about our efforts to improve the sustainability of our business and contribute to the fight against climate change. Five years ago, we set ourselves the ambitious goal of achieving net zero tailpipe emissions from our funded fleet by 2030. Our progress towards this goal is something every LeasePlanner can be proud of, with EV activations in our new fleet up by more than 800% in the past four years and reaching 25% of all new vehicle activations in 2021. While this is a significant achievement, the ever-worsening climate emergency, combined with deepening social injustice, mean that the time has come to again set a new standard in our industry for doing what is right for the planet and our people. That's why, ahead of COP26 in Glasgow, we launched 'Driving to Zero', our new sustainability strategy. Driving to Zero is a natural evolution of our sustainability ambitions, broadening our focus from sustainable mobility to all of today's important environment, social and governance (ESG) challenges. Key highlights of the new strategy include a commitment to create science-based abatement pathways for all of LeasePlan's GHG emissions (not just those from our fleet), and to formally integrate climate-related and environmental risks into our strategy, Risk Management Framework and disclosures. On the social front, we are enhancing our diversity strategy with new initiatives to achieve gender equality across LeasePlan, as well as launching a range of targeted policies to support LeasePlanners from minority groups, including an inclusive benefits policy for our LGBTQI+ colleagues. We are also introducing a new global procurement policy to help drive up ESG standards, not just at LeasePlan but right across our value chain.

Going forward, I am very excited about the potential of our business and our industry as a whole. By joining forces with ALD, we would be in an even stronger position to build on our legacy of innovation and move the market decisively towards subscription models and zero emission mobility. The transaction is expected to close in Q4 2022, pending various regulatory approvals and Works Council consultations. Until then, our priorities are clear: serving our customers, executing our digital transformation and leading the zero emission revolution.

I would like to finish by saying I am very proud to be part of such a compassionate, committed and innovative company, and I am deeply thankful for the continued trust of our customers, employees and investors – all of whom are key partners in our journey to deliver What's next in our industry.

Sincerely,



Tex Gunning
CEO, LeasePlan Corporation N.V.
Amsterdam, the Netherlands

WATCH THE VIDEO ON OUR DIGITAL STRATEGY

WATCH THE VIDEO ON OUR SUSTAINABILITY STRATEGY

WATCH THE VIDEO ON THE SEMICONDUCTOR SHORTAGE

CASE STUDY: 1

OmniChannel support: making customer service as easy as texting a friend

Our Next-Generation Digital Architecture (NGDA) underpins LeasePlan's vision to become the world's first fully digital Car-as-a-Service business, delivering digital services at digital cost levels.

NextGen OmniChannel, a new NGDA module launched in 2021, is a prime example of how LeasePlan is using digital to reinvent the customer experience and achieve digital cost levels. With OmniChannel, LeasePlan is unifying all its customer contact systems across the business into one seamless platform.

"It began in 2018," explains Michel Alsemgeest, Chief Digital & Information Officer. "Although we were using multiple platforms, they weren't integrated with each other. Now, we're upgrading from a multichannel to an omnichannel approach, which means connecting all the possible touchpoints between us and the customer."

Today, customers benefit from a seamless experience, no matter which journey they take or how many platforms they use. For example, LeasePlan's new global solution means there is no need for customers to start from scratch when moving from self-service to a customer care agent.

"It saves everybody time, avoids confusion or frustration and ensures we can assign the most appropriate agent to the task," says Michel . "But as well as helping build stronger relationships between us and our customers, NextGen OmniChannel also gathers valuable data on customer behaviours in each channel. This allows us to analyse the most and least successful steps of the journey and make improvements accordingly."

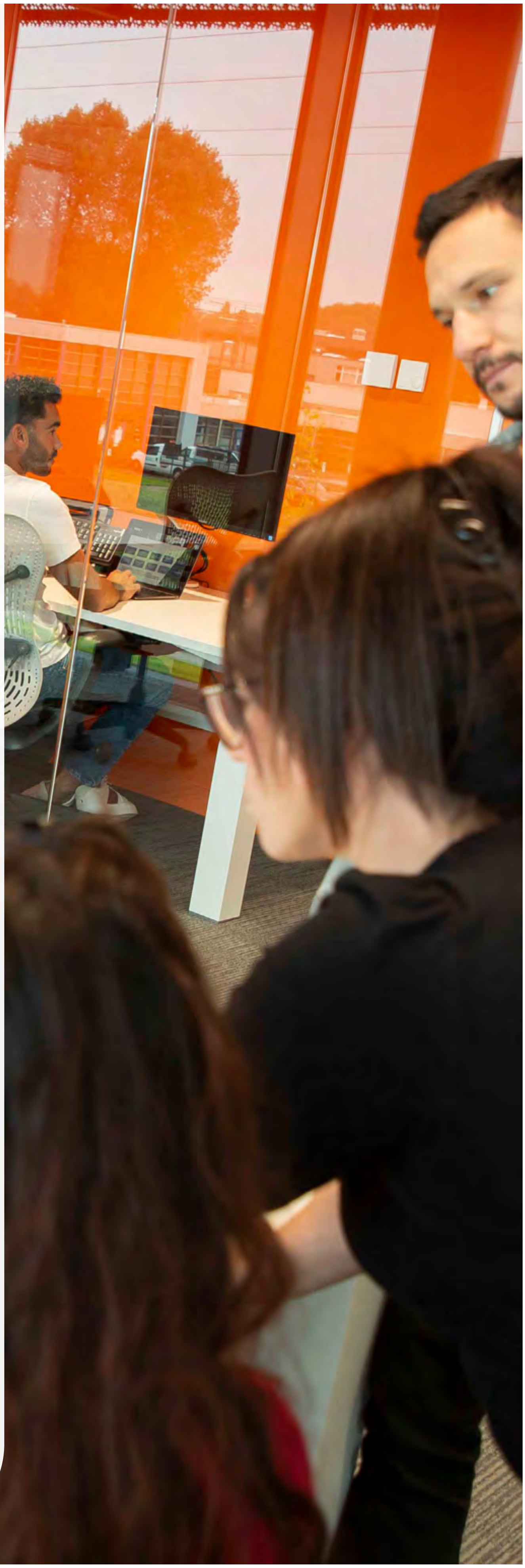
In May, LeasePlan customers in France were the first to benefit from the roll-out of the OmniChannel solution, joined by those in Finland, Norway, the UK and Austria later in the year. Task routing and chat solutions will follow, with all LeasePlan countries set to be onboarded by 2024.

WATCH THE VIDEO ON OUR DIGITAL STRATEGY

"We're upgrading from a multichannel to an omnichannel approach, which means connecting all the possible touchpoints between us and the customer."

Michel Alsemgeest

Chief Digital & Information Officer



Business

Business

With a history of almost 60 years, LeasePlan's mission is to provide *What's next* in sustainable mobility so our customers can focus on *What's next* for them.

LeasePlan is a global leader in Car-as-a-Service, with approximately 1.8 million vehicles under management in 29 countries. LeasePlan purchases, funds and manages new vehicles for its customers, providing a complete end-to-end service for a typical contract duration of three to four years. LeasePlan also has an online retail bank, LeasePlan Bank, which operates in the Netherlands and Germany, and is an important source of funding for its new fleet.

The strategic plan for our business encompasses vision, people and culture.

Vision

Our vision is to become the world's first fully digital Car-as-a-Service company. To achieve this we have developed our NextGen Strategy. Read more about our **NextGen Strategy** on *page 25*.

People

We believe 'you cannot grow a business; you can only grow people who can grow a business'. Our People helps our employees build the skills they need for the future. Read more about our **People Strategy** on *page 58*.

Culture

LeasePlan has a unique culture of service and care towards our customers and each other, which we have continuously strengthened over the past 59 years. We are also committed to promoting progressive values, especially diversity, inclusion and sustainability. Read more about our **culture and ethics** on *page 59*.

On the following pages, we outline our main activities and business model. For a summary of the inputs, outputs and outcomes of these business activities for our key stakeholders, please refer to 'Value creation at LeasePlan' on *page 06*.

Car-as-a-Service

Our resilient and cash-generative Car-as-a-Service business provides subscription-based mobility solutions with integrated services.

We create value by turning vehicles into a service for customers who want the benefit of passenger vehicles or Light Commercial Vehicles (LCVs) without the hassle of owning them. Based on fleet size, we are the global market leader and largest player in the growing Car-as-a-Service market. We manage approximately 1.8 million vehicles, of which we own around 1.3 million, across 29 countries.

Business model

Our resilient and cash-generative Car-as-a-Service business provides subscription-based mobility solutions with integrated services. We offer Corporates, SMEs and Private individuals a complete end-to-end service for a typical contract duration of three to four years. Ownership of the vehicle, which is made possible through our diversified funding programme, is inherent to our business model and allows us to capture the associated value chain of services in the vehicle's lifecycle.

LeasePlan's services include vehicle procurement; vehicle financing; repairs, maintenance & tyre management (RMT); damage handling and insurance; fleet management and consulting; and fuel, accident and rental management. We offer these through an integrated operating model that enables us to leverage our scale and implement best practices across countries, while generating multiple, contractually recurring revenue streams.

After purchasing, funding and managing vehicles for our customers, our Car-as-a-Service business maximises the value of vehicles coming off contract by selling them or, increasingly, re-leasing them. This means our fleet turns over relatively quickly and, by design, contains only the latest and cleanest vehicle models.

Purchasing services	Financing services	Fleet management services	Maintenance management services (RMT)	Insurance and damage handling services	Fuel, accident and rental management services	High-quality used cars through CarNext
Vehicle purchasing	Financing solutions with or without services attached	Best-in-class fleet management software, consultancy services	Access to large network of third-party service providers for repair, maintenance and tyres	Third-party motor insurance coverage and own damage insurance. Accident management and claims handling services	Fuel management, roadside assistance, replacement of vehicle, access to large network of third-party providers	Used-car sales, largely through CarNext, a pan-European digital platform for high-quality used cars.

In the long term, our aim is to fully digitize our business model, to deliver digital services at digital cost levels, and capture the accelerated growth opportunities we see ahead of us. This is the core aim of our NextGen LeasePlan strategy. To read more about our NextGen Strategy please refer to 'Our NextGen Strategy' on *page 25*.

Competitive advantages

LeasePlan's Car-as-a-Service business benefits from the following competitive advantages:

i. Global scale and local leadership

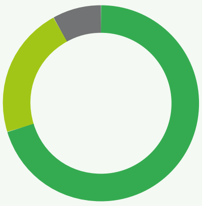
There are approximately 1.8 million vehicles in our serviced fleet across 29 countries. Our scale and broad geographic presence enable us to service local, regional and international customers.

ii. Diversified customer base

Our diversified customer base comprises Corporates with a fleet of more than 25 vehicles (71% of funded fleet); SMEs with a fleet of 25 or fewer vehicles (22% of funded fleet); and Private individuals (7% of funded fleet). Our customer base is also diversified across industries and countries with no industry representing more than 23% of the fleet. Our customers are high quality (i.e. they have low default rates), and by year-end 2021, 58% of our top 100 Corporate customers were rated investment grade by Standard & Poor's.

Customer base by segment

Total funded book value



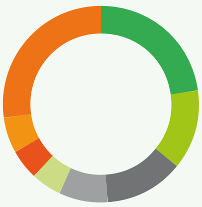
71% Corporates

22% SMEs

8% Private individuals

Corporate customers by industry

Total funded book value



23% Services

13% Consumer durables

13% Capital goods

8% Construction & infrastructure

5% Chemicals

5% Technology

6% Transport & logistics

27% Other

Corporates

The majority of our fleet is with international and domestic corporations leasing more than 25 vehicles. These are mostly large and sophisticated organisations with extensive fleet management needs and a growing interest in zero emission mobility, LCVs for e-commerce deliveries and driver safety.

SMEs

Our SME customers (25 or fewer vehicles) require products that are easy to access and delivered quickly. We provide SMEs with a range of standardised products and services that meet local standards and industry-specific needs. To reach these customers, we have both direct sales and indirect sales through dealers, banks, brokers and affiliates that either generate referrals to LeasePlan or 'white label' our products and services. The SME segment is growing fast and has low penetration rates.

Private individuals

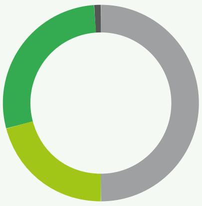
LeasePlan offers standardised products and services to private customers, as well as to individual employees via their employer. We reach these customers through our omnichannel distribution strategy. Private individuals generally look for transparent products, quick access to a vehicle, reliable service offerings and competitive pricing. The private leasing market is relatively new but has become increasingly popular in some countries such as France, Italy, the Netherlands, Spain and the UK.

iii. Diversified fleet across geographies and brands, with a growing portion of EVs

We manage mainly passenger vehicles (75%[13]) and light commercial vehicles (24%[14]). Our fleet is well diversified in terms of types of vehicle, countries of registration, brands and models, with no country representing more than 14% of our total funded fleet.[15] The geographic diversity of our fleets allows us to focus our investments and limit exposure to region-specific risks.

Breakdown of fleet by engine type

(as at 31 Dec 2021) Total funded book value



50% Diesel

21% Petrol

28% EV[16]

1% Other

13. *Of funded book value as of December 31, 2021*
14. *Of funded book value as of December 31, 2021*
15. *Total Funded Fleet Book Value as of December 31, 2021*
16. *Definition aligned to industry practices from vehicle orders to deliveries, specifically: operational lease deliveries (activations) of Battery Electric Vehicles and Plug-in Hybrid Electric Vehicles (passenger vehicles in EU22 countries, excluding LCVs, scooters and trucks).*

Electric vehicles

LeasePlan has set itself the goal of achieving net zero tailpipe emissions from its funded fleet by 2030 in support of the Paris Agreement and UN Sustainable Development Goals. EVs[17] accounted for 25% of all new vehicle activations in 2021, compared to 16% in the previous year. Our transition to EVs is directly supported by our diversified funding strategy, specifically the launch of our highly successful Green Bond and Green Finance Frameworks, through which EUR 3 billion in 5-year fixed rate notes was raised in 2019-2021. To read more about our transition to zero emission mobility, please refer to 'Protecting the planet' on *page 43*.

Diesel

Diesel orders continued to decline sharply in 2021, reflecting a noticeable shift in customer preferences, as demand for Electric Vehicles (EVs) increased across markets, especially in Europe. The total share of all types of diesels in our funded fleet fell from 61% in 2020 to 50% in 2021[18]. LeasePlan only operates the latest and cleanest diesels (almost exclusively Euro VI models) which have lower CO_2 and NOx emissions than most petrol vehicles.

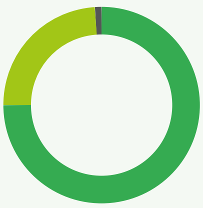
Funded fleet spread across geographies

Total funded book value

14% United Kingdom	14% Netherlands	10% Italy	9% Germany
8% France	6% United States	6% Spain	33% Other

Fleet by split

Total funded book value



75% Passenger vehicles	24% Light commercial vehicles	1% Others

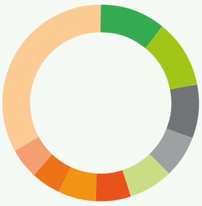
17. *New orders of Battery Electric Vehicles and Plug-in Hybrid Electric Vehicles (Private Vehicles and Light Commercial Vehicles), excluding USA.*
18. *Funded book value as of 31 December 2021*

iv. Independence

LeasePlan is entirely independent from any automotive or financial institution and is therefore able to offer a wide variety of makes and models to its customers at attractive price points. In addition, this approach limits LeasePlan's exposure to potential OEM-specific risks. As of year-end 2021, no single vehicle brand accounted for more than 11% of our total funded fleet book value.

Fleet diversified across a variety of brands

Total funded book value



11% Ford	10% Volkswagen	9% Mercedes	7% Peugeot	7% BMW
6% Audi	6% Renault	5% Skoda	5% Volvo	34% Other

v. Unique funding structure

LeasePlan has a uniquely diversified funding model, with funding streams across various investment grade bond programmes, securitisation programmes, bank lines and retail deposits from LeasePlan Bank. These provide us with access to a diverse and flexible range of funding sources. We have a bank licence and, in 2021, we adhered to the capital requirements set by the European Central Bank (ECB), following LeasePlan's qualification as a significant institution under the relevant European banking regulations.

Market trends

The Car-as-a-Service market is on the verge of rapid acceleration, as it is re-shaped by three long-term trends:

1. Subscription megatrend

LeasePlan pioneered car subscriptions for the corporate segment in the 1960s, when companies first began outsourcing fleet management as a way of focusing on their core businesses and reducing risk by transferring the ownership of the vehicle to a specialist provider. The shift towards car subscriptions is also being accelerated by:

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- Continued growth in full fleet outsourcing among large corporates with an international presence, and attractive opportunities with smaller/domestic corporates and the public sector
- Increased demand for e-commerce-related delivery vehicles (LCVs) in the Corporate and SME segments, accelerated by the impact of the Covid-19 pandemic
- Increasing desire for Car-as-a-Service among SME & Private customers
- Opportunities in 'direct-to-employee' Car-as-a-Service solutions, as an attractive new segment for fleet management companies with a strong corporate segment presence
- Continued conversion of financial lease markets to operational leasing
- Developing opportunities in the mobility provider segment (e.g. ride hailing, car sharing), with many players requiring fleet management capabilities to achieve scale

2. Zero-emission mobility

While accelerated growth and new technologies are transforming LeasePlan's markets, pressure to act against the threat of climate change has intensified. As a result, many companies have begun to decarbonise their businesses and are setting net zero targets, including for their fleets. EV adoption among corporates is therefore rising sharply, and has reached a tipping point in some markets where EV costs have already reached parity with internal combustion engine (ICE) vehicles[19]. Servicing an ever greater part of the corporate market, car leasing companies have become key actors in the adoption of zero emission vehicles by offering 'full package solutions' and enabling customers to mitigate residual value risks associated with new EV technologies. LeasePlan is leading the transition to zero emission mobility and has set itself the goal to achieve net zero tailpipe emissions from its funded fleet by 2030 (read more in 'Sustainability' chapter on *page 37*).

WATCH THE VIDEO ON OUR SUSTAINABILITY STRATEGY

3. Digitisation

The digital revolution is accelerating the shift from car ownership to hassle-free car subscription models as digital technologies makes it easier and more affordable to offer subscriptions at scale. In this context, customers expect an enhanced digital customer service experience, delivered at digital cost levels, with a focus on self-service, automation and direct processing. The shift to digital subscriptions also enables LeasePlan to create new online businesses based on its core competencies, and to digitally integrate new services from across the broader Car-as-a-Service ecosystem into a single plug and play mobility platform.

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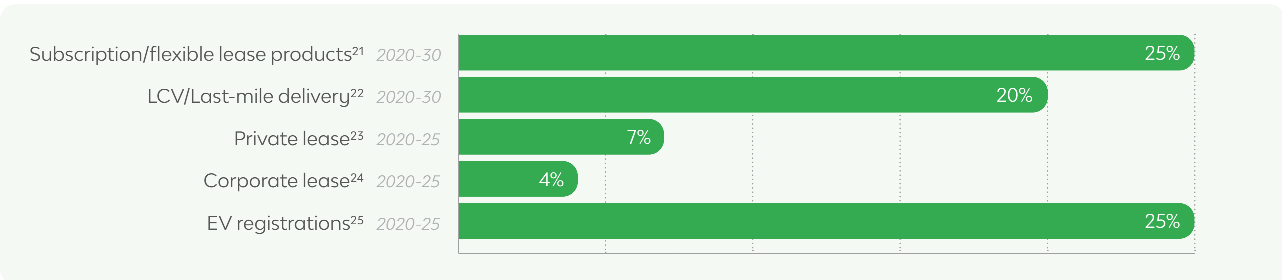
Strong market growth expectations[20]



19. *LeasePlan Car Cost Index https://www.leaseplan.com/corporate/news-and-media/newsroom/2021/14-10-2021*
20. *Expected annual CAGR*
21. *Global subscription market growth; Sources: BCG ('Will Car Subscriptions Revolutionize Auto Sales? Sales?', July 21) and Precedence Research (Nov 21)*
22. *Last mile delivery global market growth; Source: P&S Intelligence*
23. *Private operating leases; Source: Frost & Sullivan (as of July 21), for Top 26 European countries*
24. *Corporate operating leases; Source: Frost & Sullivan (as of July 21), for Top 26 European countries*
25. *Passenger car deliveries of electric vehicles (Battery Electric Vehicle + Plug in Hybrid Electric Vehicle), in line with EU green taxonomy (50g); Source: Frost & Sullivan (as of July 21), for Top 26 European countries*

Our organisation

Operating in 29 countries, LeasePlan is managed as an integrated multi-local business with country operations, supported by a number of corporate functions.

Country managing directors are further supported by five regional cluster leads, who act as a first point of contact and provide strategic guidance and support. The management teams at country level supervise local operations and implement LeasePlan's strategy locally.

LeasePlan identifies Europe and Rest of the World as reportable segments. In Europe, LeasePlan's integrated model enables it to leverage scale and best practices, and achieve operational excellence to achieve optimal service delivery at the lowest possible cost.

Business service functions

Commerce

Commerce focuses on attracting new customers, retaining existing customers, optimising our range of services and increasing the number of products purchased. It delivers customised fleet management advice to our customers on topics such as sustainable fleet management (CO_2 emissions reduction), enhancing driver safety and satisfaction, and reducing total cost of ownership. Commerce also creates partnerships with leading OEMs, including new EV entrants like Arrival, Lightyear and NIO, so that we can offer our customers the latest vehicles on the market.

Procurement

Procurement acquires and distributes products and services across LeasePlan's country operations. This centralised approach offers a competitive advantage through leveraged buying and preferential access to the latest vehicles and related goods and services. LeasePlan's procurement activities are supported by policies and compliance controls that help us ensure sustainable value creation.

Insurance

Insurance offers insurance coverage and damage services. In most cases, insurance cover is an integral part of our fleet management proposition. Drivers are supported by accident management services such as roadside assistance, replacement vehicles, and repairs through our preferential network of independent service providers, as well as claims handling services. As at year-end 2021, LeasePlan insured approximately 954,000 vehicles (2020: 890,000) worldwide, a penetration rate of 49.7% of the serviced fleet.

Repairs, Maintenance & Tyres (RMT)

RMT supports our customers with a full range of services, including repair and maintenance of the vehicle and the replacement of tyres. LeasePlan offers customers access to a large network of more than 70,000 independent service providers at competitive rates. RMT is organised both globally and in regional clusters. Globally, the function is also responsible for monitoring market-specific needs, data analytics and telematics.

Remarketing

Remarketing provides end of contract processes and services towards the sale of used LeasePlan vehicles. Core activities include the transport, inspection and car preparation of end of contract vehicles, the assessment of wear and tear damages; and the sale of vehicles to traders, consumers and drivers, or re-lease via Used Car Lease.

Corporate functions

Group Audit

Group Audit provides audit assurance and advice that adds value to LeasePlan's operations. It helps LeasePlan accomplish its objectives by bringing a systematic and disciplined approach to evaluating and improving the effectiveness of its risk management, control and governance processes. Group Audit is recognised as the third line of defence in LeasePlan's risk management.

Business Excellence

Business Excellence supports central and local entities in optimising processes to improve service levels and achieve sustainable efficiencies that enable LeasePlan to scale effectively. It leads global projects to analyse and improve performance. It also promotes relevant methodologies and tools, provides training, and strives to create a culture of continuous improvement.

Company Secretariat

Corporate Secretariat provides support for meeting logistics for the Managing Board and Supervisory Board. Furthermore, it advises, guides and steers the Managing and Supervisory Boards on corporate law and corporate governance-related matters.

Corporate Affairs & Sustainability

Corporate Affairs & Sustainability aims to enhance LeasePlan's brand and reputation among all key stakeholder groups via a consistent company positioning. It is responsible for media relations, internal communications, social media, and international public affairs partnerships. It is also responsible for formulating and coordinating the roll-out of LeasePlan's 'Driving to Zero' sustainability strategy.

Digital

LeasePlan aims to become the world's first fully digital Car-as-a-Service company. LeasePlan Digital supports this objective by helping to transform our company into a NextGen digitally-enabled business, delivering innovative digital services through digital platforms and leveraging the latest digital intelligence technologies, including the development of our Next Generation Digital Architecture.

Finance

Finance oversees LeasePlan's financial budgeting and planning, reporting, consolidation and administration. It is responsible for consolidating and reviewing financial results for management information and external reporting, including to the central bank authority and other regulators. Finance is also responsible for tax management, financial reporting, financial shared services, and the internal management of non-financial data.

Asset Management

Asset Management centrally supports, monitors and steers the entities with regards to the value of their fleets. In doing so, it enables them to more effectively predict and optimise asset values by implementing best practices from across the Group. In late 2021, Asset Management established a dedicated 'EV Centre of Expertise' to provide specialist guidance and support to the LeasePlan entities in their transitions to zero emission fleets.

People & Performance

LeasePlan believes that an effective, diverse workforce contributes to well-balanced decision-making and the proper functioning of the organisation. People & Performance therefore supports the growth, performance and development of our people, increases digital competencies across the organisation, and promotes diversity, equity and inclusion.

Legal

Legal provides in-house legal advice. It aims to avoid and mitigate legal risks by promoting compliance with applicable laws and regulations, and is in close contact with our country teams and corporate functions. LeasePlan's legal charter provides a clear allocation of roles and responsibilities and reporting lines by the local legal counsels to local management and the General Counsel.

Corporate functions *continued*

Marketing

Marketing develops, governs and strengthens the global LeasePlan brand. It provides the strategic framework for our brand identity and positioning, products and services, and our commercial approach to customers and drivers. Marketing also supervises local marketing activities and identifies best practices for adoption elsewhere in the organisation. In addition, it supports our commercial activities and develops new value propositions.

Privacy & Compliance

Privacy & Compliance safeguards LeasePlan's integrity and reputation and helps protect against financial loss and reputational damage. It does so by integrating privacy and compliance in daily business activities and strategic planning processes, as well as challenging and assisting the business and promoting awareness at all levels.

Regulatory Affairs

Regulatory Affairs focuses on banking supervision and related regulations. It is also responsible for horizon scanning, and monitoring developments, trends and changes in the regulatory environment and translating those into strategic goals and actions. Regulatory Affairs acts in a strategic and tactical manner and maintains close daily contact with departments carrying out operational regulatory work, ensuring a coordinated approach internally and towards our regulators.

Risk Management

Risk Management helps LeasePlan to achieve its strategic objectives and to be in compliance with applicable Capital Requirement Regulation (CRR) and associated EBA guidelines and ECB expectations. LeasePlan is governed by a two-tier board structure comprised of a Supervisory Board and a Managing Board. The core risk management responsibilities are embedded in the Managing Board. All key risks are managed through a risk framework, approved by the Managing Board. The risk framework consists of elements described in the Risk Management Cycle and the Risk Decision Framework. LeasePlan's main risk management activities comprise risk profile identification, risk appetite setting, risk and control assessment, and a feedback link to the overall strategy via measurement, monitoring and reporting.

Service & Quality

Customer and driver satisfaction is central to our ongoing transformation to become a fully digital Car-as-a-Service company. Our Service & Quality teams provide ongoing support during the entire customer lifecycle, ensuring the needs of our customers and drivers are met, and that we continuously improve our service delivery.

Strategic Finance & Treasury

The Strategic Finance & Treasury departments operate in unison to develop and execute a funding strategy for the Group. Operationally, this involves the mobilisation of a highly diversified funding base which includes unsecured debt capital markets funding, securitisations, bank funding and a non-market dependent deposit platform for retail depositors through LeasePlan Bank. As such, this allows LeasePlan to meet the funding needs of its worldwide subsidiaries while making sure that all regulatory obligations in relation to liquidity are also met.

Strategy & Transformation

Strategy & Transformation establishes and continually develops LeasePlan's business strategy, and is responsible for the execution of major, business-wide transformation programmes to help implement the strategy in conjunction with other departments. Strategy & Transformation also leads selected large business development initiatives.

LeasePlan Bank

Our internet savings bank creates value by offering straightforward and transparent savings products to help customers achieve their goals.

LeasePlan Corporation operates LeasePlan Bank as part of its unique independent funding platform. It has a banking licence and is supervised by the European Central Bank (ECB)[26] following LeasePlan's qualification as a significant institution under the relevant European banking regulations.

Business model and market

LeasePlan Bank is an online-only savings bank founded in 2010 that offers flexible savings accounts and term deposits to retail customers in the Netherlands and Germany. With only one office and no expensive network of branches, it can keep our costs low and offer customers attractive interest rates on their savings.

Our Flexible Saving product offers flexible interest rates with no fixed term, so the accumulated savings are always available and no minimum balance is required. The Deposit Saving product is a fixed-rate deposit for a fixed period that requires a minimum balance of EUR 1,000.

Our core banking platform operates via a cloud-based Software-as-a-Service solution which enables us to reduce our IT complexity, while improving the flexibility, reliability and efficiency of LeasePlan Bank's services.

2021 was another successful year for LeasePlan Bank and services remained unchanged. This resulted in EUR 10.2 billion in total managed savings at year-end 2021.

As of 31 December 2021, LeasePlan Bank had approximately 139,000 retail accounts in the Netherlands (2020: 138,000) and 72,000 in Germany (2020: 64,000), with total savings deposits of EUR 6.85 billion (2020: EUR 6.18 billion) and EUR 3.39 billion (2020: EUR 2.93 billion) respectively.

€23bn

Unique independent funding platform

Funding mix by December 2021

33% Unsecured DCM

44% Retail deposits

8% Secured funding

15% Bank lines / Other

26. *As of 1 January 2021, LeasePlan supervision was transferred from the DNB to the European Central Bank (ECB) following its qualification as a significant institution.*

CASE STUDY: 2

At LeasePlan UK, the atmosphere is electric

New marketing campaign drives transition to EVs

"We've found that despite the growing interest in EVs, many people don't know what the advantages are – for the planet or for their back pocket," explains Neill Emmett, Head of Marketing. "We saw drivers and fleet managers often had a sort of 'lightbulb moment' when they realised the benefits, and that's how our Electric Moments campaign was born. The aim is to tackle misconceptions and concerns around EVs, from range anxiety to charging in the rain."

Based on in-depth research, the marketing campaign was launched in August 2021. Electric Moments includes five tools to help people determine if they are ready to switch: an EV assessment for drivers, a fleet-readiness assessment for fleet managers, an eLCV assessment, a charging costs calculator and a charging point suitability assessment.

"The campaign has led to an exciting collaboration with the world's top EV YouTube channel, Fully Charged," continues Neill. "We've launched a video series where people discuss their experiences of making the transition to electric driving. It's vital to keep growing the momentum behind EVs, and we want to help everyone make the right decision, whether they're a private lease customer or the manager of a thousand-vehicle fleet."

Electric Moments joins many other EV initiatives at LeasePlan UK, from free consultancy to an EV salary sacrifice scheme. There is also a dedicated EV helpdesk as well as an online thought-leadership hub, Insights, providing guidance and support. But this campaign is something of a standout: Electric Moments was also a key factor in LeasePlan UK's commendation in the Leasing Company of the Year category at the Green Fleet Awards 2021.

"The aim is to tackle misconceptions and concerns around EVs, from range anxiety to charging in the rain."

Neill Emmett

Head of Marketing, LeasePlan UK

Our NextGen Strategy

The Car-as-a-Service market presents an incredible opportunity for value creation. This is because of the digital revolution, which is not only turbocharging subscription megatrend-driven growth in all market segments, but also presenting a once-in-a-generation opportunity to efficiently unlock this growth through the implementation of a fully digital business model. In this exciting market, our strategy is to transform to a digital business model – becoming the world's first fully digital Car-as-a-Service company – delivering all services digitally and at lower cost than our competitors.

Our strategy is being delivered through four pillars areas, each of which is supported by a detailed implementation roadmap.

For more information on the market trends driving growth in our industry, please see *page 19*.

01. Continue implementation of Digital LeasePlan to enable accelerated profitable growth

LeasePlan's digital business model

Key features of our digital business model are:

- Ability to scale rapidly, without adding significant cost, through a fully digitised, standardised and global product, service and process architecture (NGDA)
- Enhanced digital customer service experience, delivered at digital cost levels, with a focus on self-service, automation and direct processing
- Broad product and service offering, with LeasePlan's core offering greatly expanded through innovative partnerships across the expanding Car-as-a-Service ecosystem
- High-quality data available for real-time decision-making, product and process optimization

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LeasePlan's ability to capture the growth we see ahead of us is inextricably linked to our ability to deliver better digital services at lower cost than our competitors. Achieving this requires nothing less than the complete digitisation of our business model powered by a new product, service and process IT architecture – our Next Generation Digital Architecture (NGDA). Starting with three front runner countries, the NGDA is being deployed in a phased approach, with each entity going through a rigorous cycle of preparation, migration and benefits realisation. When complete, LeasePlan will not only be able to create new online businesses based on our core competencies (as we have already achieved with CarNext), but will also be able to digitally integrate new services from across the broader Car-as-a-Service ecosystem. LeasePlan has already made significant progress in its NDGA implementation – for example, with its industry leading My Fleet and LCV Fleet Manager platforms, which enable customers to proactively monitor and manage their fleet via real-time insights. Beyond these individual proofpoints, work is underway to harmonise all products and services, and to standardize our processes across LeasePlan entities using a 'customer journey' approach.

Next Generation Digital Architecture

Our new process, product and service landscape is based on a harmonised global data, application and systems infrastructure: our Next Generation Digital Architecture. This new IT architecture will be:

- Modular
- API-driven for integration capability
- Cloud-based
- Scalable
- Resilient by design, enabling continuous development

Through this versatile, dynamic and modular system, we will be able to:

- Digitise every aspect of our customers' journeys in a frictionless way and at digital cost levels
- Create and scale new internet-based businesses that leverage our existing core competencies, and integrate third-party platforms into our digital Car-as-a-Service ecosystem
- Realise an entirely new generation of smart fleet products and services by leveraging data from our 1.8 million vehicles

NGDA modules will be developed using a combination of best-in-class off-the-shelf platforms and custom solutions where such platforms are unavailable. We are rapidly folding countries into our NextGen modules according to a detailed global roadmap.

02. Accelerate growth in Car-as-a-Service

We aim to achieve accelerated growth in Car-as-a-Service by delivering digital services at digital cost levels, leveraging our industry leading NGDA approach.

For example, within the International/Corporate segment, a key focus is on developing strategic fleet partnerships with some of the world's largest corporations, supported by digital platforms that provide customers with maximum control and significant efficiency benefits. Other key actions in the International/Corporate segment include:

- Enhancing our global LCV approach to capitalise on the growth in e-commerce related fleets
- Continuing to roll out our popular 'full package' EV solution, which includes home and office charging
- Introducing new products and services in our Insurance & Damage Handling and Repairs, Maintenance & Tyres (RMT) businesses

Our digital strategy is also fundamental to growing our SME and Private businesses, where market penetration rates are extremely low. Here we will use a direct digital sales and service approach via online platforms, as well as strategic partnerships with OEMs, financial institutions, mobility providers and dealer networks. Flexibility is an increasingly important part of our offer towards these segments – for example, via our FlexiPlan and NoStressPlan products – further stimulating adoption of Car-as-a-Service among these underserved and growing target groups.

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03. Deliver our 'Driving to Zero' strategy and achieve net zero tailpipe emissions from our funded fleet by 2030

In 2021, LeasePlan launched its ambitious new 'Driving to Zero' sustainability strategy to achieve net zero Greenhouse Gas (GHG) emissions across its global operations (Scopes 1, 2 & 3), and act decisively to address the most important ESG issues facing business today: climate change, diversity & inclusion and ethical supply chains. The new strategy builds on LeasePlan's industry-leading commitment to achieve net zero emissions from its funded fleet by 2030, announced at the launch of the EV100 organisation in 2017.

As part of 'Driving to Zero', LeasePlan has developed an understanding of the climate-related risks and opportunities it is facing through a comprehensive group-wide risk assessment, based on scenario analysis and financial modelling. The impact of material climate-related risks and opportunities is now being integrated into LeasePlan's strategy, governance, risk management and disclosures.

Our full 'Driving to Zero' sustainability strategy has three key focus areas: Protect the planet, Contribute to societal wellbeing, and Be responsible. For more information, please see *page 37*.

WATCH THE VIDEO ON OUR SUSTAINABILITY STRATEGY

04. Drive operational excellence

LeasePlan is committed to achieving operational excellence through the implementation of an integrated operating model that leverages our scale and best practices across countries, allowing us to effectively compete on both service and cost. To achieve this, our global Business Excellence function translates overall company targets into specific KPIs for individual employees, creating a culture of ownership, accountability and performance across the company. In 2020, the function also introduced an extensive global Lean training & coaching programme to further embed a culture of continuous improvement within LeasePlan, equipping employees with the practical skills to improve their daily activities. Since the start of this programme, hundreds of incremental improvement projects were initiated by LeasePlan entities, delivering significant cost savings and increases in customer satisfaction. To further drive operational excellence across the company, the Business Excellence team also introduced a global platform in 2021 to share the latest best practices from across the company, such as the optimization of our car return process.

Financial and business review

FY 2021 financial highlights

- **Net result** of EUR 1.0 billion (+302.8%) including a EUR 228 million book gain from the divestment of LeasePlan Australia and New Zealand and the carve-out of CarNext
- **Underlying net result from continued operations** of EUR 787 million (+76.1%) representing a record-breaking year in LeasePlan's history driven by a strong Car-as-a-Service performance and favourable used-car pricing
- **Serviced fleet** of 1.8 million vehicles (+3.3%) with LeasePlan's Q4 2021 order book reaching a historic high
- **Underlying Lease and Additional Services gross profit** of EUR 1,477 million (+12.8%) with strong performance across all services
- **PLDV and End of Contract Fees gross profit** of EUR 429 million (+832.1%) whereby a lower number of vehicles sold was offset by continued strong used-car pricing
- **Operating expenses of EUR 909 million (+7.9%)** due to continued investments in our digital platforms and relatively low expenses in 2020 given Covid-19-related cost measures
- Year-end **liquidity buffer** of EUR 7.3 billion
- On 6 January 2022 LeasePlan's shareholders and LeasePlan signed a **Memorandum of Understanding** with ALD and Société Générale to create a leading global player in mobility. The current shareholders of LeasePlan will retain a 30.75% stake in the combined business as of closing of the proposed transaction[27]

Key numbers[28 29 30]

	2021	2020	% YoY Growth
Volume			
Serviced fleet (thousands), as at 31 December	1,805.1	1,747.7	3.3%
Number of vehicles sold (thousands)	257.1	261.7	-1.8%
Profitability			
– Underlying net result from continued operations	787.0	446.9	76.1%
– Underlying net result from discontinued operations[28]	-24.5	-41.2	-40.6%
Underlying (EUR million)	762.6	405.7	87.9%
Net result (EUR million)[29]	1,017.2	252.5	302.8%
Underlying return on equity[30]	17.7%	10.3%	

27. *Press release 6 January 2022 on LeasePlan website: ALD proposed acquisition of LeasePlan – Creation of a leading global player in mobility. Closing of the proposed transaction is subject to information and consultation of relevant works councils and customary closing conditions (e.g. regulatory and anti-trust approvals). Closing is expected to occur by end of 2022.*
28. *Financial statements including historical periods are adjusted for the divestment of LeasePlan Australia and New Zealand to SG Fleet (transaction closed as per 1 September 2021) and the carve-out of CarNext operations in seven countries (representing approximately 70% of CarNext's 2020 full-year revenues) into a newly independent CarNext (as per 1 July 2021) which subsequently was combined with Constellation Automotive Group in October 2021. The results of LeasePlan Australia and New Zealand are included in the financial statements – Underlying net result from discontinued operations up to August 2021. The results of the carved out entities of CarNext are included in the financial statements – Underlying net result from discontinued operations up to June 2021.*
29. *FY2021 Net result included a EUR 228 million book gain from the divestment of LeasePlan Australia and New Zealand and the carve-out of CarNext.*
30. *Underlying RoE is based on last-twelve-month underlying net result and equity excluding the additional Tier 1 instrument. Including the AT1, RoE is 16.6% for 2021 and 9.9% for 2020.*

Financial performance[31]

In millions of euros, unless otherwise stated	2021	2020	% YoY Growth
Lease & Additional Services income	6,380.6	6,401.8	-0.3%
Vehicle Sales and End of contract fees	3,536.0	3,043.0	16.2%
Revenues	**9,916.6**	**9,444.9**	**5.0%**
Underlying cost of revenues	**8,011.5**	**8,089.8**	**-1.0%**
Lease Services	635.5	520.7	22.1%
Fleet Management & other Services	203.3	182.8	11.2%
Repair & Maintenance Services	287.0	272.5	5.4%
Damage Services and Insurance	350.7	333.1	5.3%
Underlying Lease and Additional Services	**1,476.6**	**1,309.1**	**12.8%**
End of contract fees	122.0	131.8	-7.4%
Profit/Loss on disposal of vehicles	306.6	-85.8	n.m.
Profit/Loss on disposal of vehicles and End of contract fees	**428.6**	**46.0**	**832.1%**
Underlying gross profit	**1,905.2**	**1,355.0**	**40.6%**
Underlying operating expenses	908.8	842.3	7.9%
Share of profit of investments accounted for using the equity method	-5.5	3.6	n.m.
Underlying profit before tax	**990.9**	**516.5**	**91.9%**
Underlying tax	203.9	69.5	193.1%
Underlying net result from continuing operations	787.0	446.9	76.1%
Underlying net result from discontinued operations	-24.5	-41.2	-40.6%
Underlying net result	**762.6**	**405.7**	**87.9%**
Underlying adjustments	254.6	-153.2	n.m.
Reported net result	**1,017.2**	**252.5**	**302.8%**
Staff (FTE's at period end)	8,102	7,404	9.4%

31. Financial statements including historical periods are adjusted for the divestment of LeasePlan Australia and New Zealand to SG Fleet (transaction closed as per 1 September 2021) and the carve-out of CarNext operations in seven countries (representing approximately 70% of CarNext's 2020 full-year revenues) into a newly independent CarNext (as per 1 July 2021) which subsequently was combined with Constellation Automotive Group in October 2021. The results of LeasePlan Australia and New Zealand are included in the financial statements – Underlying net result from discontinued operations up to August 2021. The results of the carved out entities of CarNext are included in the financial statements – Underlying net result from discontinued operations up to June 2021.

Serviced fleet of 1.8 million vehicles (+3.3%) with LeasePlan's Q4 2021 order book reaching a new record high, partially driven by the semiconductor shortage which has delayed new car deliveries.

Revenues increased by 5.0% to EUR 9,917 million. **Lease and Additional Services income** was flat at EUR 6,381 million with fleet growth and additional services from fleet mix offset by lower income from repair and maintenance services related to mileage variations due to Covid-19 lockdowns. **Vehicle Sales and End of contract fees** were up 16.2% to EUR 3,536 million driven by strong used-car pricing despite -1.8% less vehicles sold in 2021.

Underlying Lease and Additional Services gross profit was up 12.8% to EUR 1,477 million, mainly driven by an increased lease margin, strong insurance results and a reduced provision for expected credit losses.

PLDV and EOCF gross profit was up 832.1% to EUR 429 million primarily driven by strong used-car pricing despite a lower number of vehicles sold.

Underlying operating expenses were up 7.9% to EUR 909 million due to continued investments in our digital platforms and relatively low expenses in 2020 given Covid-19-related cost measures.

The underlying tax rate was up 7.1 percentage points to 20.6% for 2021 mainly driven by a true-up in Q4 2020 related to deductibility of AT1 capital interest, the phasing out of the favourable impact of the Italian super-depreciation facility and the blend of statutory tax rates.

Underlying net result from continued operations was up 76.1% to EUR 787 million driven by strong results in our core leasing business and a higher PLDV and EOCF gross profit.

Underlying net result from discontinued operations[32] was EUR –24 million for the full year including operational results of CarNext up to carve-out (1 July 2021) and operational results of LeasePlan Australia and New Zealand, which were divested to SG Fleet (transaction closed per 1 September 2021).

Underlying net result was up +87.9% to EUR 763 million due to strong performance across all services and strong used-car pricing.

Reported net result was up +302.8% to EUR 1,017 million. Underlying adjustments of EUR 255 million primarily driven by a EUR 228 million book gain from the divestment of LeasePlan Australia and New Zealand and the carve-out of CarNext, a EUR 96 million positive mark-to-market result on derivatives, partially offset by costs from the CarNext carve-out, costs related to the ECB transition and negative share price movement of SG Fleet.

Operational highlights 2021

LeasePlan delivered an exceptional performance in its Car-as-a-Service business in 2021. Despite the ongoing semiconductor shortage, which has delayed delivery of some new orders, LeasePlan continued to meet customer demand throughout the year thanks to its strong relationships with OEMs, as well as contract extensions and used-car leasing. Never standing still, LeasePlan also made great progress expanding its product offering, including signing partnerships with NIO (with its flagship Battery-as-a-Service technology already available to customers in Norway) and Lightyear (which will see LeasePlan offer the world's first solar car subscription). Amid the e-commerce boom, LeasePlan saw strong demand for its unique light commercial vehicle (LCV) proposition, with registrations up 8% versus 2020. Going forward, LeasePlan's LCV offering will be strengthened by its new partnership with EV manufacturer Arrival, enabling delivery of an entire new range of innovative and fully customizable eLCVs to customers across Europe.

On the sustainability front, deliveries of electric cars and plug-in hybrids reached a record 25% in 2021[33] supported by LeasePlan's leading electric vehicle proposition. LeasePlan also launched its ambitious new 'Driving to Zero' sustainability strategy to achieve net zero Greenhouse Gas (GHG) emissions across its global operations (Scopes 1, 2 & 3), and act decisively to address the most important ESG issues facing business today: climate change, diversity & inclusion and ethical supply chains. The new strategy builds on LeasePlan's industry-leading commitment to achieve net zero emissions from its funded fleet by 2030, announced at the launch of the EV100 organisation in 2017.

32. *Financial statements including historical periods are adjusted for the divestment of LeasePlan Australia and New Zealand to SG Fleet (transaction closed as per 1 September 2021) and the carve-out of CarNext operations in seven countries (representing approximately 70% of CarNext's 2020 full-year revenues) into a newly independent CarNext (as per 1 July 2021) which subsequently was combined with Constellation Automotive Group in October 2021. The results of LeasePlan Australia and New Zealand are included in the financial statements – Underlying net result from discontinued operations up to August 2021. The results of the carved out entities of CarNext are included in the financial statements – Underlying net result from discontinued operations up to June 2021.*

33. *Definition aligned to industry practices from vehicle orders to deliveries, specifically: operational lease deliveries (activations) of Battery Electric Vehicles and Plug-in Hybrid Electric Vehicles (passenger vehicles in EU22 countries, excluding LCVs, scooters and trucks).*

In 2021, LeasePlan continued to make strides in the implementation of its Next Generation Digital Architecture, which will enable the company to transform from an analogue to a fully digital business model and capture the accelerated growth opportunity ahead. Highlights from the year include the deployment of LeasePlan's omnichannel customer service solution for the fast-growing SME and Private segments, the folding in of additional countries to its MyFleet vehicle management tool for fleet managers, and the launch of its electric delivery fleet platform for the fast growing e-commerce market.

In terms of M&A, in September 2021 LeasePlan announced the successful completion of the divestment of 100% of its shares in LeasePlan Australia Ltd and LeasePlan New Zealand Ltd to SG Fleet for a cash consideration of AUD $273 million and a 13% equity interest in SG Fleet (Consideration Shares)[34]. By joining forces with one of the region's leading Car-as-a-Service companies, LeasePlan's Australian and New Zealand operations will be best positioned to serve their growing international customer base, as well as compete for local market growth opportunities. In July, LeasePlan announced the launch of CarNext as a fully independent business, creating an industry leading remarketing partner with Constellation that will deliver the best prices for LeasePlan's used cars. In January 2022, LeasePlan's shareholders and LeasePlan signed a Memorandum of Understanding with ALD and Société Générale to create a leading global player in mobility. The transaction is expected to close by the end of 2022.[35]

Funding

2021 was a year where LeasePlan continued to demonstrate the strength and depth of its diversified funding franchise. This was evidenced by EUR 4.1 billion raised during the year across Retail, Asset Backed Securitisation as well as Senior Unsecured funding in Green Bond format. In addition LeasePlan was able to extend the duration of its Revolving Credit Facility (RCF) by two years from its original maturity date of November 2022 until November 2024.

Specifically, 2021 saw LeasePlan issue a further EUR 2 billion in Green Bonds, with two separate five-year fixed rate bonds of EUR 1 billion issued in February and August, both paying a coupon of 0.25%. This issuance takes the total amount of LeasePlan's outstanding Green Bonds to EUR 3 billion and highlights the continued support for the Group's Green Finance Framework and its ambition to transition to zero-emission mobility

In secured funding format, EUR 1 billion (equivalent) was raised in the public markets courtesy of LeasePlan's well established BUMPER ABS programme. The first of these was in February with LeasePlan successfully placing GBP 400 million of Class A notes via its fifth UK transaction (BUMPER-UK-2021-1). The second transaction from the BUMPER franchise came in September where LeasePlan priced its inaugural public transaction in Belgium raising EUR 533 million in secured funding for the Group.

LeasePlan's Retail Bank raised EUR 1.1 billion during the year with outstanding deposits across the platform in Netherlands and Germany increasing from a total of EUR 9.1 billion at year end 2020 to EUR 10.2 billion in 2021.

The ongoing appetite for exposure to the LeasePlan credit allowed the Group to maintain a robust liquidity buffer of EUR 7.3 billion (EUR 7.1 billion as per 31 December 2020). The buffer itself is made up of EUR 5.9 billion in cash as well as access to an undrawn EUR 1.375 billion Revolving Credit Facility (RCF) now maturing in November 2024. The reduction in the size of the RCF from its previous size of EUR 1.5 billion to EUR 1.375 billion came about following the divestment of LeasePlan Australia and New Zealand, meaning that our core banking partner in the region stepped out of the facility.

34. *This figure excludes the pre-completion profits and surplus cash on LeasePlan ANZ balance sheet and the amounts released to LeasePlan Corporation by refinancing capital invested in the LeasePlan lease portfolio through a new securitisation warehouse after completion of the Acquisition (which have a floor value of AUD $207 million).*
35. *Closing of the proposed transaction is subject to information and consultation of relevant works councils and customary closing conditions (e.g. regulatory and anti-trust approvals).*

Capital

Common Equity Tier 1 (CET1) ratio as per 31 December 2021 was 14.60% calculated at the regulatory sub-consolidated level (LeasePlan Corporation N.V. consolidated). At this sub-consolidated level, the Total Capital ratio was 16.80% which is equal to the Tier 1 capital ratio.[36]

Following the completion of the 2021 Supervisory Review and Evaluation Process (SREP) the ECB has set the capital requirement for LeasePlan. These levels are unchanged from the 2020 SREP. LeasePlan's minimum capital requirements were set at 6.7% for the CET1 capital ratio (excluding any shortfalls in the AT1 and Tier 2 buckets allowed under Pillar 1 and Pillar 2 as at 31 December 2021 at the regulatory sub-consolidated level). The Total SREP Capital Requirement (TSCR) is set at 11.9%, which includes a Pillar 2 Requirement (P2R) of 3.9% to be held in the form of 56.25% of Common Equity and 75% of Tier 1 Capital, as a minimum. The CET1 and total SREP Capital Requirements exclude the combined buffer requirement (i.e. capital conservation buffer of 2.5% and counter-cyclical buffer of 0.05% as at 31 December 2021).

These minimum capital requirements apply to both the regulatory sub-consolidated (LeasePlan Corporation N.V. consolidated) and Consolidated (LP Group B.V. consolidated) levels.

Dividends

LeasePlan followed the ECB's recommendations (in July 2021) on Dividend Distribution to exercise prudence and refrain from making any dividend distribution before 30 September 2021. On that basis no dividend was paid out during 2021.

In December 2021, an (interim) dividend was declared equal to the net results for Q4 2020 and H1 2021. This dividend, in the amount of EUR 372.4 million, was paid in January 2022 by LeasePlan Corporation N.V. to its shareholder LP Group B.V. Furthermore, EUR 35.0 million of the 2021 net result has been added to the CET1 capital per 31 December 2021 to further strengthen the management buffer.

The Managing Board proposed to the general meeting of shareholders to declare a final dividend of the remainder of the 2021 net result, amounting to EUR 608.9 million.

Ratings

Following the signing of the Memorandum of Understanding on 6 January 2022 with ALD and Société Générale, there were a number of actions from the Rating Agencies

- On 10 January Fitch affirmed LeasePlan's Long-Term IDR at BBB+ with a Stable Outlook
- On 10 January S&P placed on CreditWatch positive, LeasePlan's BBB-/A-3 long and short term issuer credit ratings
- On 18 January Moody's affirmed LeasePlan's Baa1 long-term deposit, issuer and senior unsecured ratings and changed the outlook to positive

Recent developments

Given the continuing war in Ukraine, LeasePlan has taken the decision to wind down its operations in Russia for the time being, and is committed to taking care of its colleagues and customers in the region throughout this process.[37]

From day one of the crisis, LeasePlan has been active in providing humanitarian assistance to those impacted and displaced by the war, including our colleagues and business partners in the region. This included launching a global campaign to raise funds for the Red Cross, as well as supporting dedicated teams of LeasePlanners who have gone to the Ukrainian border to deliver aid and provide refugees with transport to safe zones within the EU.

36. *Please note that the CET1 ratio has increased from 14.4% to 14.6% and the Total Capital ratio from 16.6% to 16.8% compared to the ratios included in the Q4/FY 2021 press release of 11 February 2022. This increase is a reflection of EUR 35 million of the 2021 net result that has been added to the CET1 capital to further strengthen the management buffer.*
37. *Currently it is too early to identify any impact on the business of LeasePlan. At the end of 2021, LeasePlan's exposure amounts to EUR 46 million (equity and loans). Based on the actual FX rate as of date of publication, this is close to EUR 35 million.*

CASE STUDY: 3

Supporting our customers in a challenging environment

Amid the global chip shortage, LeasePlan goes the extra mile to keep customers moving.

The current worldwide shortage of semiconductor chips can be traced back to the early days of the pandemic in 2020, when consumer demand for electronic goods skyrocketed. It was some time before its effects hit the automotive industry, with the first supply shortages emerging in the first quarter of 2021.

"There were two main pressure points," says Gavin Eagle, Managing Director of LeasePlan International. "First, we started seeing limited vehicle availability. Second, it became clear that the average number of days between order and delivery was growing, month on month."

The car production backlog grew throughout 2021, as OEMs began facing other shortages, such as a shortage of the aluminium from which most vehicles are built. On top of that, shipping capacity was lower and container costs were rising. These factors combined to create a perfect storm of delays in getting new vehicles to customers.

As a trusted leasing partner for customers and businesses of all shapes and sizes, LeasePlan acted to mitigate the impact of the global chip shortage and keep everyone moving throughout the pandemic.

"Because of the long waiting times for delivery, we reached out to customers well in advance of their re-order date, helping them place new orders as soon as possible," explains Gavin. "Often, we recommended pre-configured vehicles and electric vehicles, which are being prioritised by manufacturers looking to meet their emissions targets. In the meantime, we extended contracts on current vehicles and offered used-car leasing solutions."

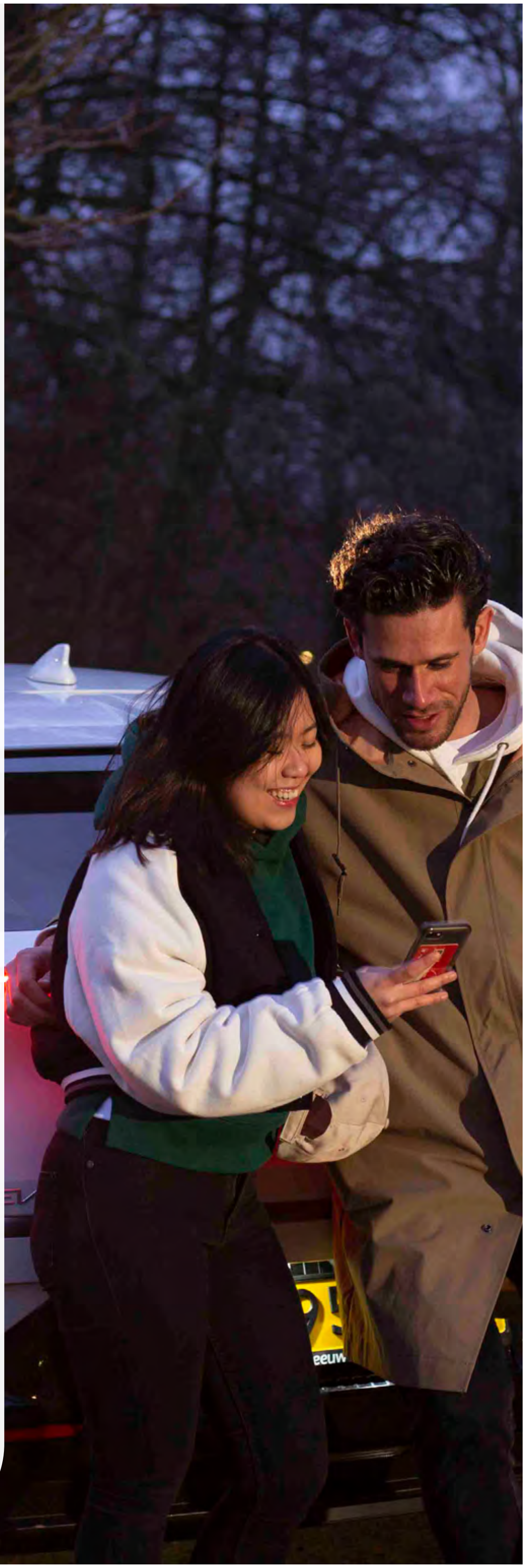
LeasePlan will continue to monitor developments closely in 2022, safeguarding our customers' mobility.

WATCH THE VIDEO ON THE SEMICONDUCTOR SHORTAGE

"We have reached out to customers well in advance of their re-order date, helping them place new orders as soon as possible."

Gavin Eagle

Managing Director of LeasePlan International



EU taxonomy for sustainable activities

Below is LeasePlan's first EU Taxonomy report, disclosing the extent to which its economic activities are considered 'eligible'[38] in accordance with the EU Taxonomy[39]. The report also details the methodology and way of working of LeasePlan's project team.

Introduction to the EU Taxonomy

The European Commission has committed to achieving climate neutrality by 2050 and has set an intermediate target of cutting greenhouse gas emissions by 55% by 2030. To further these objectives, the European Commission has adopted the EU Green Deal, a roadmap for making the EU's economy more sustainable. To finance this roadmap, the EU set in motion an 'Action Plan to Finance Sustainable Growth[40]', with three objectives: (1) re-orient capital flows to sustainable investment; (2) mainstream sustainability into risk management; and (3) foster transparency and long-termism in financial and economic activities. In this context, the EU Taxonomy is designed to help businesses and investors identify to what extent economic activities can be considered 'sustainable' according to a common framework. To be considered 'sustainable', economic activities must:

1. Make a substantial contribution to one of the following six environmental objectives:
   - Climate change mitigation
   - Climate change adaptation
   - Sustainable use and protection of water and marine resources
   - Transition to a circular economy
   - Pollution prevention and control
   - Protection and restoration of biodiversity and ecosystems
2. Do no significant harm to any of the other environmental objectives
3. Comply with Minimum Social Safeguards (i.e. avoids adverse social impacts)

Whether an economic activity substantially contributes to, or significantly harms, an environmental objective is determined by thresholds, called the Technical Screening Criteria (TSC), defined for each economic activity. Each TSC has an upper and lower limit. If an activity reaches or exceeds the upper limit, the economic activity is considered to make a substantial contribution to that environmental objective.

38. Taxonomy-eligible economic activities refer to economic activities that are described 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, irrespective of whether that economic activity meets any or all of the technical screening criteria laid down in those delegated acts. Eligibility therefore indicates whether a certain activity is critical in the pursuit of reaching any of the six environmental objectives of the Taxonomy, not the extent to which that activity can be considered sustainable itself.

39. The Taxonomy Regulation was published in the Official Journal of the European Union on 22 June 2020 and entered into force on 12 July 2020.

40. For more information, see 'Renewed Sustainable Finance Strategy and Implementation of the Action Plan on Financing Sustainable Growth', European Commission, https://ec.europa.eu/info/publications/sustainable-finance-renewed-strategy_en.

LeasePlan's EU Taxonomy Eligibility Assessment[41]

As the EU Taxonomy operates at the intersection of finance and sustainability, a multidisciplinary project team was set up to drive alignment within LeasePlan according to the following three-step process:

1. *Analyzing and understanding the business*

Step one in LeasePlan's EU Taxonomy process was for the project group to gain a clear understanding of the organisational and ownership structure of the business, as well as the economic activities carried out by the various business units and operating companies[42]. By mapping the activities of the business across its value chain, the project group was able to define the eligible activities of LeasePlan Corporation N.V. on a consolidated level.

2. *Interpreting the EU Taxonomy regulation*

In addition to organisations that fall under the scope of the Non-Financial Reporting Directive[43], the EU Taxonomy also applies to financial market participants according to point (2) of Article 1 of the EU Taxonomy regulation. Despite not being subject to the Sustainable Finance Disclosure Regulation (SFDR)[44], LeasePlan Corporation N.V. holds a banking licence and is listed at the European Central Bank (ECB) as a credit institution. As a result, it has been necessary to determine whether LeasePlan is considered a financial market participant based on EU Taxonomy definitions. The EU Taxonomy defines financial market participants in point (1) of Article 2 of Regulation (EU) 2019/2088. Point (j) establishes that credit institutions must provide portfolio management in order to qualify as a financial market participant. LeasePlan does not offer portfolio management, and is therefore categorized by the EU Taxonomy as an 'operating corporation', and must therefore disclose information in line with the reporting requirements referred to in article 8 of the EU Taxonomy regulation. These reporting requirements are further specified in Annex I of the Disclosures Delegated Act. LeasePlan will report on revenues (or turnover), capital expenses (CapEx) and operating expenses (OpEx) under the EU Taxonomy for non-financial undertakings. In this context, the project team reviewed the KPI definitions of turnover, CapEx, and OpEx as reported in Annex I of the EU Taxonomy's Disclosures Delegated Act. The International Accounting Standards were also used to understand the composition of each KPI and whether some LeasePlan activities should be excluded from the calculations.

3. *Financial data collection*

Once the project group had determined which LeasePlan activities were to be considered in the assessment of each KPI, the eligibility assessment commenced. This step consisted of reviewing LeasePlan's FY2021 financial data to determine the extent to which LeasePlan's activities are eligible within the EU Taxonomy, and calculating the KPI outcomes accordingly. More details on the results of this assessment are provided below.

KPI definitions

As previously mentioned, LeasePlan will report on three KPIs:

- **Turnover[45] KPI** represents the proportion of the net turnover derived from products or services that are taxonomy-eligible. The Turnover KPI gives a static view of the companies' contribution to the Taxonomy's objectives.

41. LeasePlan reports its EU Taxonomy Eligibility Assessment according to the latest version of the EU Taxonomy, the EU Taxonomy Regulation, and the Climate Delegated Acts and Disclosures Delegated Act, formally adopted by the European Commission on 4 June and 6 July 2021, respectively. The Climate Delegated Acts outline the eligible economic activities and their respective Technical Screening Criteria (TSC). As currently only Annex 1 and Annex 2 have been approved, LeasePlan will report only on the first two of the six environmental objectives for FY2021

42. LeasePlan Corporation N.V. consists of an international network of companies engaged in fleet management services (mainly operational leasing). A list of the principal consolidated participating interests is included in the 'Other Information' paragraph of the company's financial statements (see page 214). LP Group B.V. is the sole shareholder of LeasePlan Corporation N.V. The company has held a banking licence in the Netherlands since 1993 and, as of 1 January 2021, is under the direct supervision of the European Central Bank. LeasePlan has a uniquely diversified funding model with funding streams across various investment grade bond programmes, securitisation programmes, bank lines, and retail deposits from LeasePlan Bank.

43. Directive 2014/95/EU

44. Regulation (EU) 2019/2088

45. The Turnover denominator covers net turnover, defined as the amounts derived from the sale of products and the provision of services after deducting sales rebates and value added tax and other taxes directly linked to turnover.

- **CapEx[46] KPI** represents the proportion of the capital expenditure of an activity that is either i) already Taxonomy-eligible, ii) part of a credible plan (i.e. the CapEx plan) to expand Taxonomy-eligible economic activities or enable Taxonomy-eligible economic activities to become Taxonomy-aligned, or iii) related to the purchase of output from Taxonomy-eligible economic activities and individual measures enabling the target activities to become low carbon or to lead to greenhouse gas reductions. CapEx provides a dynamic and forward-looking view of companies' plans to transform their business activities.
- **OpEx[47] KPI** represents the proportion of operating expenditures of an activity that is either i) already Taxonomy-eligible, ii) part of a credible plan (i.e. the CapEx plan) to expand Taxonomy-eligible economic activities or enable Taxonomy-eligible economic activities to become Taxonomy-aligned, or iii) related to the purchase of output from Taxonomy-eligible economic activities and individual measures enabling the target activities to become low carbon or to lead to greenhouse gas reductions.

Eligibility KPIs

A general observation of LeasePlan's EU Taxonomy Eligibility Assessment is that the definitions of the KPIs result in very high KPI outcomes. In fact, as all of LeasePlan's CapEx and OpEx can be associated with LeasePlan's primary leasing activities, all are considered 'eligible' under the EU Taxonomy:

- LeasePlan's leasing activities were assessed as being eligible in line with section 6.5 *Transport by motorbikes, passenger cars and light commercial vehicles* of Annex I of the Climate Delegated Act.
- LeasePlan's lease service activities (primarily related to repairs, maintenance and tyre management) were assessed as being eligible in line with section 3.3 *Manufacture of low carbon technologies for transport* of Annex I of the Climate Delegated Act and 6.5 *Transport by motorbikes, passenger cars and light commercial vehicles* of Annex I of the Climate Delegated Act.
- LeasePlan's insurance activities were assessed as being eligible in line with section 10.1 *Non-life insurance: underwriting of climate-related perils* of Annex II of the Climate Delegated Act. LeasePlan's insurance services relate to vehicle damage insurance/services and additional assistance services such as accident management. These activities are included under points (e) and (h) in the description of activity 10.1 *Non-life insurance: underwriting of climate-related peril* of Annex II of the Climate Delegated Act. As indicated in the name of the activity, LeasePlan's insurance policy terms must provide coverage of risks related to 'climate perils' as specified in Appendix A to Annex II to the Climate Delegated Act in order to be counted for Taxonomy-eligibility. LeasePlan entities can insure LeasePlan vehicles either through LeasePlan Insurance or through local risk retention schemes. LeasePlan Insurance covers damages caused by catastrophes[48] in their policies and the local risk retention schemes are required to arrange this coverage locally.

LeasePlan's activities related to the sale of vehicles were assessed as being non-eligible as this activity could not be linked with any of the activities outlined in Annexes I and II of the Climate Delegated Act. The sale of vehicles is not included in the definition of the activity described in section 6.5, *Transport by motorbikes, passenger cars and light commercial vehicles,* Annex I, the Climate Delegated Act.

64%	100%	100%
LeasePlan's EU Taxonomy-eligible turnover	LeasePlan's EU Taxonomy-eligible CapEx	LeasePlan's EU Taxonomy-eligible OpEx

Next steps

Now that LeasePlan's EU Taxonomy eligibility has been determined, the project group will continue to establish the necessary processes to carry out EU Taxonomy alignment assessments in the coming years, informing stakeholders on the extent to which LeasePlan's activities can be considered sustainable.

46. *The CapEx denominator covers 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 also covers additions to tangible and intangible assets resulting from business combinations.*
47. *The OpEx denominator includes direct non-capitalised costs that relate to i) research and development, ii) building renovation measures, short-term lease, iii) maintenance and repair, and iv) 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.*
48. *Catastrophes here refers to extreme weather events included in the list of climate perils found in Appendix A to Annex II to the Climate Delegated Act, like floods and hailstorms.*

Driving to zero

Sustainability

LeasePlan's sustainability strategy update aims to achieve net zero emissions across all emission scopes, and drive progress across all material ESG issues. Combined with our existing ambitions, 'Driving to Zero' further strengthens our industry-leading approach to sustainability.

KEY 'DRIVING TO ZERO' HIGHLIGHTS

Protect the planet

- We remain committed to leading the transition to zero-emission mobility and aim to achieve net zero tailpipe emissions from our funded fleet by 2030
- We aim to achieve net zero emissions across our operations and value chain globally (GHG emissions Scopes 1, 2 & 3) by 2050 at the latest and ensure these ambitions are validated by the Science-Based Targets initiative (SBTi)[49]
- We will formally integrate climate-related and environmental risks into our governance, strategy, risk management and disclosures in line with TCFD recommendations and ECB expectations

Contribute to societal wellbeing

- We will increase the % of diverse employees in top 3 management layers
- We are committed to providing equal benefits to all our LGBTQI+ colleagues and their partners, while further strengthening LeasePlan's progressive culture
- We will implement a new Global Sustainable Procurement Policy to enhance supplier engagement and help drive up ESG standards across LeasePlan's value chain
- We will roll out a global Community Volunteering Standard to enhance the impact we have on our communities

Be responsible

- We will strengthen our sustainability governance structure to support the strategy roll out and ensure management accountability
- We will fully embed ESG into LeasePlan's remuneration policies for senior executives

WATCH THE VIDEO ON OUR SUSTAINABILITY STRATEGY

49. *LeasePlan will ensure its environmental targets are aligned to the SBTi requirements once this process is complete*

Sustainability strategy

Key initiatives, metrics and targets

Pillar	Priorities	Page	Key initiatives
1 **Protect the planet** In detail > *page 41*	**Lead the transition to zero-emission mobility**	**42**	Continue to accelerate the uptake of zero tailpipe emission vehicles in our funded fleet, achieving net zero tailpipe emissions by 2030
	Reduce our carbon footprint	**44**	Achieve net zero emissions across all GHG scopes via Science-Based Targets in line with the Paris Agreement
	Understand and manage climate risks & opportunities	**46**	Understand climate-related risks and opportunities facing LeasePlan via a comprehensive group-wide risk assessment, scenario analysis and financial modelling Integrate impact of material climate-related risks and opportunities into LeasePlan's strategy, governance, risk management and disclosures
2 **Contribute to societal wellbeing** In detail > *page 58*	**Build an ethical, inclusive and progressive culture**	**58**	Increase % of diverse employees in top 3 management layers Determine and address any gender pay discrepancies Equalise parental leave across natural birth, surrogacy and adoption Expand access to pension-related benefits for partners of LeasePlanners Equalise access to family bereavement policies and entitlements for all LeasePlanners Implement a cultural holiday swap policy Install an Employee community Support recruitment of talent with disabilities
	Drive supply chain sustainability	**64**	Develop and implement a Global Sustainable Procurement Policy Apply ESG assessments for supplier selection, onboarding and management Incorporate a Sustainable Procurement Charter into major contracts
	Sustainability and customer engagement	**63**	Enhance customer satisfaction, achieving a higher Net Promoter Score (NPS) Develop and roll out a new Global Customer ESG Risk Policy
	Have a positive impact in the community	**63**	Roll out a new Community Volunteering Standard
	Offer a safe, healthy and engaging work environment	**62**	Continue to improve employee engagement via NextGen LeasePlan community activities Continue to create an engaging work environment
	Help our people reach their potential	**62**	Continue to roll out Leadership Journeys, LinkedIn Learning and NextGen Skill Taster Programme to support employee development and skill building
	Improve driver safety in customer and employer fleets	**63**	Continue to roll out SafePlan Zero to facilitate safer driving behaviours among fleet managers and drivers
3 **Be responsible** In detail > *page 66*	**Ensure successful sustainability governance**	**66**	Update sustainability governance structure to support sustainability strategy roll-out and assign responsibilities for ESG issues in line with the three lines of defence model
	Implement ESG-linked executive remuneration	**67**	Drive meaningful integration of ESG metrics into executive pay for senior management
	Privacy and data protection	**82**	Continue to embed privacy-by-design, while enhancing the privacy control framework
	Promote sustainable financing	**67**	Launch new ESG-aligned Global Investment Policy to steer LeasePlan investments into instruments with strong ESG credentials, while continuing to roll out our successful Green Bond programme
	Embed business ethics & integrity	**82**	Continue roll out of global ethics and integrity campaign to establish the right 'tone from the top' for employees and ensure compliance with ECB regulation Ensure application of tax principles and policies that are in alignment with our core values and Code of Conduct Update tax policy to ensure alignment with latest guidelines Continue to roll out the Anti-Money Laundering, Counter-terrorist Financing and Sanctions Policy and Standard Continue to roll out the Global Bribery Risk Assessment Continue to implement robust Competition Compliance Framework with policies, standards and rules in accordance with highest standards Fully address any (potential) conflicts of interest

Key metrics	Targets	Material topics	SDG targets
Scope 1 emissions	Net zero no later than 2050 (science-based target)	LeasePlan's carbon footprint	**3. Good health & well-being** 3.9 Deaths and illness due to pollution
Scope 2 emissions	Net zero no later than 2050 (science-based target)	Low emission mobility Sustainable growth	**7. Affordable, reliable, sustainable and modern energy for all** 7A Cooperate for and invest in clean energy 7.2 Renewable energy share 7.3 Energy efficiency
Scope 3 emissions	Net zero no later than 2050 (science-based target)	Circular economy	**11. Sustainable cities and communities** 11.2 Safe, affordable, accessible and sustainable transport
% EV activations	100% by 2030		**13. Climate action** 13.1 Climate resilience & adaptation
Average CO_2 tailpipe emissions from the funded fleet	Zero CO_2 tailpipe emissions from funded fleet by 2030		
% diversity in top 3 management layers	35% by 2025	Diversity, Equity & Inclusion	**3. Good health & well-being** 3.6 Halve deaths and injuries from road traffic
Gender pay ratio	Equal by 2023		**5. Gender equality** 5.1 End all discrimination against women and girls 5.5 Ensure women's full and effective participation and equal opportunities for leadership
# countries with equal LGBTQI+ benefits	15 by 2022		
# of cases of discrimination	0		
% of top 3 management layers that have completed full DE&I training	80%		**8. Decent work & economic growth** 8.5 Full employment for all men and women 8.8 Safe and secure work environment for all workers
Suppliers that have signed Sustainable Procurement Charter (%)	100% by 2024	Sustainable procurement	**10. Reduced inequalities** 10.2 Social, economic and political inclusion for all 10.3 Ensure equal opportunity for all
Suppliers screened on ESG risk criteria (%)	100% by 2025		
Procurement staff trained on sustainable procurement (%)	100% by 2024		
Customer Net Promoter Score (NPS)	23 by 2023 Implemented by 2023	Customer satisfaction Customer education Digital solutions Partnerships	**12. Responsible consumption and production** 12.6 Encourage companies to adopt sustainable practices
# hours spent on community volunteering	10,000 hours annually	Societal well-being	
Employee engagement plus score	75	Health & well being	
Global absenteeism rate	2% by 2022	Employee engagement & satisfaction	
Average learning hours per employee	55,000 hours total	Employee development	
Bodily injury rate (%)		Driver safety	
		Business ethics	**16. Peace, justice and strong institutions** 16.5 Reduce corruption and bribery in all forms
% Employees who have completed mandatory e-learning on privacy	100% in 2022	Privacy & data protection	
% of personal data breaches which are timely reported to the regulator	100% in 2022		
% of individual requests and complaints related to personal data which are timely handled	100% in 2022		
		Sustainable finance	
% employees who have completed the mandatory learning on AML, CTF and sanctions	100% in 2022	Human rights	
% employees who have completed mandatory learning on anti-bribery	100% in 2022		
% clients screened prior to on-boarding	100% in 2022		
# cases bribery / corruption	Zero in 2022		
# conflicts of interest in the year	100% of conflicts of interests reported, managed and recorded		
# whistleblower cases	100% of cases handled according to LeasePlan's global Whistleblower Policy		

CASE STUDY: 4

From EVs to ESG

With its 'Driving to Zero' update, LeasePlan takes its sustainability ambitions to the next level.

In 2017, LeasePlan changed the fleet industry's discussion on low emission mobility when it announced its ambition to achieve net zero tailpipe emissions from its funded fleet by 2030 through the uptake of electric vehicles (EVs). Since then, LeasePlan has made strong progress on its commitment, growing the total number of EVs in its fleet by 800%. Even so, the ever-worsening climate emergency, combined with deeply entrenched social injustices, means that the time has come again for LeasePlan to set a new standard in the industry for doing what is right for the planet and our people.

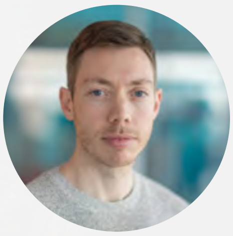
"A real ESG revolution is underway," says Mike Lightfoot, Chief Corporate Affairs & Sustainability Officer at LeasePlan Corporation. "While this validates our industry leading strategy to transition our fleet to EVs, we need to make sure we remain on top of our stakeholders' growing expectations in all areas of Environment, Social and Governance (ESG) issues, and actively work to address them as part of our broader sustainability efforts."

With this in mind, at the UN COP26 meeting in Glasgow, LeasePlan introduced its new 'Driving to Zero' sustainability strategy update, which broadens its focus from car tailpipe emissions to all of today's important ESG challenges. Key highlights of the update include a commitment to create science-based abatement pathways for all of LeasePlan's GHG emissions and to formally integrate climate-related and environmental risks into our governance, strategy, Risk Management Framework and disclosures.

At the same time, LeasePlan is enhancing its strategy for Diversity, Equity & Inclusion (DE&I) with new initiatives for gender equality and a range of targeted policies to support LeasePlanners from underrepresented groups, including an inclusive benefits policy for our LGBTQI+ colleagues. Lastly, LeasePlan is also introducing a new global ESG procurement charter to help drive up ESG standards right across the value chain.

"We hope that more corporates, including our colleagues in the fleet industry, follow our lead and take concrete action to build a more sustainable, inclusive world," says Mike.

WATCH THE VIDEO ON OUR SUSTAINABILITY STRATEGY



"We must make sure we remain on top of our stakeholders' growing expectations in all areas of Environment, Social and Governance (ESG)."

Mike Lightfoot
Chief Corporate Affairs & Sustainability Officer

1 Protect the planet

As a responsible company, LeasePlan is committed to reducing its environmental impact and tackling climate change.

The Intergovernmental Panel on Climate Change (IPCC) has concluded global temperatures must not rise 1.5°C above pre-industrial levels if we are to avoid the worst impacts of climate change, including irreversible damage to our environment and deeper inequality between rich and poor. To achieve this, global annual GHG (greenhouse gas) emissions must roughly halve by 2030 – and drop to net zero by 2050.

As a responsible company, LeasePlan recognises there is only a small window of time to prevent the worst effects of climate change and that bold actions must be taken today. LeasePlan's updated 'Protect the planet' approach therefore focuses on the following three dimensions:

i **Lead** the transition to sustainable mobility by accelerating the uptake of zero emission vehicles in our funded fleet

ii. **Reduce** our carbon footprint to net zero in line with the Paris Agreement, with targets validated by the Science-Based Targets initiative (SBTi)

iii. **Understand** and manage the Group's climate risks and opportunities to ensure our business is resilient across a range of potential climate futures

Our greenhouse gas footprint

The below table shows LeasePlan's 2021 annual greenhouse gas footprint[50] totals, calculated using both market and location-based emissions accounting methods.

	2021	2020[51]
	(tonnes CO_2-eq)	(tonnes CO_2-eq)
Scope 1	6,325[52]	7,190
Scope 2 (market-based)[53]	6,280[54]	7,283
Scope 2 (location-based)	10,615	8,691
Scope 3[55]	4,155,599	5,006,601
Total gross emissions	4,168,204	5,025,154
Employee fleet emissions: CO_2 tailpipe emissions offset to zero. Tonnes offset to zero (100%)	4,920	6,880
Total net emissions	4,163,284	5,018,274

50. Prepared in accordance with GHG Protocol Corporate Standard, GHG Protocol Scope 2 Guidance, GHG Protocol Corporate Value Chain (Scope 3) Standard, GHG Protocol Technical Guidance for Scope 3.

51. Figures aligned to LeasePlan's 2021 CDP submission (reporting year 2020), which deviate from the 2020 footprint reported in the LeasePlan Annual Report 2020. Scope 1 emissions of 2020 are higher as LeasePlan can now collect data on natural gas heating from its global offices. Scope 2 emissions in CDP are lower, as the Annual Report 2020 data was based on outdated consumption figures, which have now been updated, as well as the impact of Covid-19. LeasePlan has also enhanced its Scope 2 calculation methodology to provide a location- and market-based Scope 2 footprint.

52. Scope 1 emissions consist of emissions from the employee fleet, and the combustion of fuel for heating purposes in its buildings. LeasePlan's 2021 Scope 1 footprint comprises data from 34 entities. LeasePlan's entities in Australia and New Zealand were sold in 2021, preventing LeasePlan from collecting data from these entities. 2020 data from these entities has been extrapolated to 2021 to include them in this reporting.

53. Market-based emissions were calculated taking into account contractual arrangements and supplier-specific emission rates. Where these were not available, country-specific emission factors were used based on the 2020 residual mixes as provided by the Association of Issuing Bodies (AIB). For non-European countries, emissions factors from the International Energy Agency's database for 'Annual GHG emission factors for World countries from electricity and heat generation' were used.

54. Scope 2 footprint comprises electricity consumption data from buildings in 34 entities. LeasePlan's entities in Australia and New Zealand were sold in 2021, preventing LeasePlan from collecting data on these entities. 2020 data from these entities has been extrapolated to 2021 to include them in this reporting.

55. Scope 3 comprises emissions from Category 13 'Downstream Leased Assets' as per the GHG Protocol's 'Corporate Value Chain (Scope 3) Standard, representing the 'in-use' phase, defined as 'tank to wheel' emissions of LeasePlan's Funded Fleet. As LeasePlan has now committed to seeking Science-Based Targets initiative (SBTi) validation for its targets, it will include additional Scope 3 categories in the years ahead, to provide an even more complete picture of the footprint.

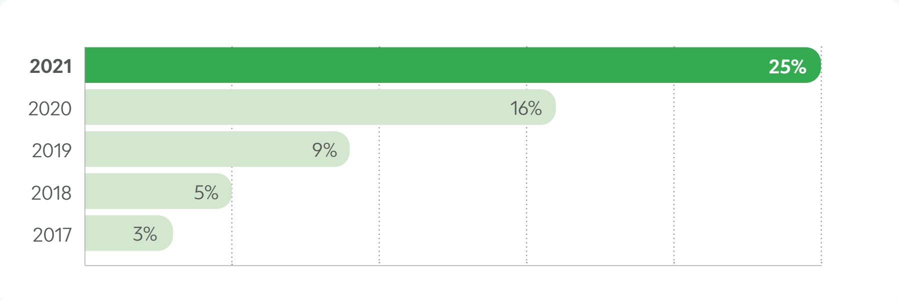
i. Lead the transition to sustainable mobility

Given that around 20% of global GHG emissions come from road transport, LeasePlan recognises the important role it has to play in tackling climate change through the transition towards zero emission mobility, and is committed to taking a leadership role in the transition from internal combustion engines to alternative powertrains, in support of the Paris Agreement. That's why LeasePlan remains committed to achieving zero tailpipe emissions from its funded fleet by 2030. In fact, accelerating the uptake of EVs[56], and providing the infrastructure required to make them a viable option for customers and employees, is LeasePlan's single most important lever for reducing its GHG emissions.

LeasePlan has made strong progress towards this goal, with EVs accounting for 25%[57] of all new vehicle activations[58] in 2021, compared to 3% in 2017. EVs represent 28% of all vehicles in LeasePlan's funded fleet[59] (compared to 13% in 2020), while the average CO_2 tailpipe g/km per vehicle fell to 121g in 2021, compared to 126g in 2020.

New EV* activations in our funded fleet

2017-2021



** Battery Electric Vehicles (BEVs) plus Plug-in Hybrid Electric Vehicles (PHEVs) passenger vehicles in EUR22 countries*

Comprehensive solutions

Demand for EVs is being driven primarily by forward-thinking corporate customers with ambitious decarbonisation strategies, and is further supported by the greater availability of EV models in all vehicle segments, ongoing government incentives to encourage electrification, and the fall in total cost of ownership (TCO) of EVs compared to Internal Combustion Engine (ICE) vehicles[60]. LeasePlan also continues to see an increase in demand for electric LCVs, especially from customers in the logistics and e-commerce sectors.

LeasePlan meets this demand through its LeasePlan Electric programme, key features of which include:

- Consultancy services for EV business case impact, vehicle selection and transition planning
- Partnerships with automakers, enabling LeasePlan to offer a range of exciting EV models to customers at attractive rates
- Partnerships with charging infrastructure providers to support workplace charging, home charging, charging in public areas and destination charging

56. LeasePlan defines Electric Vehicles (EVs) as Battery Electric Vehicles (BEVs) plus Plug-in Hybrid Electric Vehicles (PHEVs)
57. Excluding LCVs and non-European countries
58. LeasePlan previously reported 'New EV orders'. As of 2022, and in light of the impact of the global chip shortage which is resulting in longer delivery times, LeasePlan has replaced this with 'EV activations' as the earliest and most accurate indicator of how its funded fleet is changing.
59. Data includes passenger vehicles (PVs) and light commercial vehicles (LCVs) across all countries
60. CarCost index

In addition, LeasePlan continues to run educational initiatives and provides a wide range of published information about EVs through online and offline channels. For example, in 2021, LeasePlan again published its Car Cost[61] and EV Readiness Indices[62], which have set the industry standard for information on the costs and practicality of transitioning to an EV.

Supporting the transition to zero-emission mobility is our successful Green Bond programme to finance the purchase of BEVs. To date, a total of EUR 3 billion has been raised (of which EUR 2 billion was raised in 2021), highlighting the strength of LeasePlan's Green Finance Framework and the ongoing support of institutional investors for LeasePlan's sustainability strategy.

While order rates are increasing, several factors continue to impair greater EV adoption in most countries, particularly the limited availability of charging infrastructure.

Advocating change in our industry

As a responsible global organization, LeasePlan works with leading international NGOs, including The Climate Group's EV100 organisation, as well as the World Economic Forum (WEF) and the World Business Council for Sustainable Development, to promote policies to accelerate the uptake of EVs.

In this context, in 2021, LeasePlan had a prominent role at UN COP26 in Glasgow, where it was a signatory of the Transport Day Declaration, committing to work towards all sales of new cars and vans being zero emission globally by 2040, and by no later than 2035 in leading markets[63].

61. https://www.leaseplan.com/corporate/news-and-media/newsroom/2021/14-10-2021
62. https://www.leaseplan.com/corporate/news-and-media/newsroom/2021/01-03-2021
63. https://www.gov.uk/government/publications/cop26-declaration-zero-emission-cars-and-vans/cop26-declaration-on-accelerating-the-transition-to-100-zero-emission-cars-and-vans

ii. Reduce our carbon footprint to net zero

LeasePlan is going further than just understanding its climate impact; it is also taking mitigating actions to reduce its environmental footprint.

Science-based targets

In order to align LeasePlan's decarbonisation ambitions with climate science, in September 2021, LeasePlan announced its commitment to reducing Scope 1, 2, and 3 emissions to net zero in a way that is consistent with reaching net-zero emissions through eligible 1.5°C-aligned pathways. LeasePlan has since completed an exercise to understand and baseline its emission footprint across its value chain and Scope 1, 2 and 3 emission categories.

LeasePlan's work on its baseline highlights the emissions hotspots in LeasePlan's Scope 1, 2 and 3 emission categories. Interestingly, 99.9% of LeasePlan's emissions fall under Scope 3. Within Scope 3, more than 97% of emissions sit within three categories:

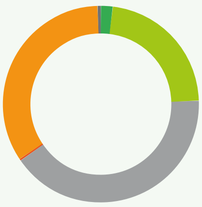
1. Capital goods, which consists of the emissions as a result of the production of the vehicles LeasePlan purchases, as well as the components for Repair, Maintenance and Tyre services, such as glass, tyres and other components
2. Use of sold products, which consists of the emissions that occur after the sale of LeasePlan's vehicles through its Remarketing channels
3. Downstream leased assets, which consists of the use-phase emissions of our funded fleet

2019 Scope 1, 2 and 3 emissions *(%)*

0.06%	0.03%	99.92%
Scope 1	Scope 2 (market-based)	Scope 3

Scope 3 emissions

(%) 2019 baseline



2.1% Purchased goods and services	22.5% Capital goods	41% Use of sold products
0.1% Investments	34.1% Downstream leased assets	0.2% Other categories

In 2022, LeasePlan will develop decarbonisation roadmaps and set interim and long-term science-based targets based on the criteria and recommendations of the Science-based Targets initiative's (SBTi) 'Net-Zero Standard'.[64]

64. https://sciencebasedtargets.org/resources/files/Net-Zero-Standard.pdf

LeasePlan's 2030 goal

LeasePlan's decision to set science-based targets builds on LeasePlan's ambition, announced in 2017, to achieve net zero tailpipe emissions from its funded fleet by 2030. This goal reflects a decarbonisation target related to Scope 3 emissions from Category 13 (downstream leased assets) as per the GHG Protocol's Corporate Value Chain (Scope 3) Standard[65]. For LeasePlan, this represents 'in-use phase' emissions, which LeasePlan defines as the 'tank-to-wheel' emissions of its funded fleet.

Until 2021, with respect to overall Scope 1 and Scope 2 emissions, LeasePlan set no explicit decarbonisation targets. However, it did set a target relating to the decarbonisation of its own employee fleet (Scope 1) through the transitioning of its employee fleet to Battery Electric Vehicles (BEVs)[66]. These Scope 1 emissions, as well as Scope 2 emissions relating mainly to the purchase and consumption of energy at LeasePlan offices globally, have been collected for more than a decade through the annual Carbon Disclosure Project (CDP) process and disclosed since 2018 within LeasePlan's Annual Report.

Metrics and targets

Until LeasePlan's emission targets and pathways are validated by the SBTi, and for the purpose of providing comparability with emissions metrics disclosed in previous Annual Reports, we provide the following updated metrics:

Target	Metric	
	2021	2020
Net zero tailpipe emissions from funded fleet 2030	• Tonnes of CO_2 tailpipe emissions from funded fleet: 4.2 m (within Scope 3)[67] • Average CO_2 tailpipe g/km per vehicle funded fleet: 121 g/km • Average CO_2 tailpipe g/km per vehicle employee fleet: 70 g/km • Thousands of tonnes of CO_2 tailpipe emissions in employee fleet (within Scope 1) Tonnes offset to zero (100%): 4.92 kt • Share of EVs in funded fleet: 11.1%[68] • Share of EVs in employee fleet: 43.6%	• Tonnes of CO_2 tailpipe emissions from funded fleet: 5 m (within Scope 3) • Average CO_2 tailpipe g/km per vehicle funded fleet: 126 g/km • Average CO_2 tailpipe g/km per vehicle employee fleet: 104 g/km • Thousands of tonnes of CO_2 tailpipe emissions in employee fleet (within Scope 1) Tonnes offset to zero (100%): 6.88 kt • Share of EVs in funded fleet: 7.5% • Share of EVs in employee fleet: 26.9%
Reduce energy usage at LeasePlan offices globally and increase share of renewable energy	• Total CO_2 emissions kg/m² from LP buildings: 23 Kg/m² [69] • Renewable energy share of total from LP buildings: 54% (Target increase of +10% by 2022 compared to 2018 numbers) • Reduction in energy use (KWh) per m² from LP buildings of 25 kWh. Target reduction of -10% by 2022 compared to 2018)	• Total CO_2 emissions kg/m² from LP buildings: 24 kg CO_2-eq/m² • Renewable energy share of total from LP buildings: 44% (Target increase of +10% by 2022 compared to 2018 numbers) • Increase in energy use (KWh) per m² from LP buildings of 23 kWh. Target reduction of -10% by 2022 compared to 2018)
Intensity ratio	• tCO_2e/€ mln revenue (2021): 420.32 tonnes CO_2-eq/€ mln revenue	• tCO_2e/€ mln revenue (2020): 507.15 tonnes CO_2-eq/€ mln revenue

65. https://ghgprotocol.org/sites/default/files/standards/Corporate-Value-Chain-Accounting-Reporing-Standard_041613_2.pdf
66. LeasePlan will continue to transition its employees as fast as local country conditions for EV adoption allow
67. This KPI has received limited assurance from our external auditors
68. Based on volume. Electric vehicles in the fleet globally are defined as Battery Electric Vehicles (BEVs) and Plug-in Hybrid Electric Vehicles (PHEVs). Data includes passenger vehicles (PVs) and light commercial vehicles (LCVs). Result is based on an assessment of the available dataset, which we continue to enhance.
69. All results here are composed of electricity consumption data from buildings in 34 entities. LeasePlan's entities in Australia and New Zealand were sold in 2021, preventing LeasePlan from collecting data on these entities. 2020 data from these entities has been extrapolated to 2021 to include them in this reporting. LeasePlan's emission intensity is calculated over LeasePlan's market-based Scope 2 footprint.

iii. Understanding our climate risks and opportunities

(Task Force on Climate-related Financial Disclosures (TCFD) statement)

LeasePlan aims to understand and manage the impact of climate-related and environmental risks and opportunities in its business environment in the short, medium and long term, and to integrate climate-related and environmental (C&E) risks that could materially impact its business into its governance, risk management, strategy and disclosures. More detail on our activity in each of these areas is shown below.

i. Governance

LeasePlan has updated its governance structure to ensure the management body is accountable for identifying, assessing, monitoring and managing climate risks. Roles and responsibilities in relation to the management of ESG issues within LeasePlan, including the management of C&E risks, have been assigned across LeasePlan's three lines, as well as to the Supervisory Board, Supervisory Board Risk Committee, the Managing Board and the Executive Committee (ExCo), based on their existing roles and responsibilities.

Supervisory Board	Responsible for: 1. Overseeing the delivery and implementation of LeasePlan's sustainability strategy, and adequate embedding of ESG issues, including C&E risks, in the overall business strategy and Risk Management Framework 2. Approving LeasePlan's Risk Strategy and Risk Appetite Statement
Management Board/ Executive Committee	Accountable for the development and implementation of LeasePlan's sustainability strategy, and the adequate embedding of ESG issues, including C&E risks, in the overall business strategy Responsible for development of LeasePlan's Risk Strategy and Risk Appetite Statement
ECB C&E Project SteerCo	Responsible for the implementation of C&E risk management within LeasePlan, in line with the ECB's 13 expectations
Corporate Affairs & Sustainability	Responsible for: • Identifying known and emerging C&E risk events • Translating C&E risk events to potential impacts on LP risk categories • Alerting first line risk of the C&E risk events that may impact their risk category • Supporting first line risk owners with the assessment of the potential impact of C&E risk events on their risk category
1st line risk owners	Responsible for: • Assessing the potential impact of C&E risk events on LP risk categories together with the Sustainability team • Determining a response to C&E risk events for their risk category • In case of mitigation: defining, implementing and testing effectiveness of controls for C&E risk events
Group Risk Management & Compliance Function (2nd line)	Responsible for: • Challenging the identification of C&E risk causes, events and translation to potential impacts on LP risk categories by the Sustainability team • Challenging the assessment of the impact of C&E risk events on LP risk categories by the first line risk owners • Incorporating C&E risk events and their potential impacts on LP risk categories into Risk Strategy, Risk Appetite Statement and Risk Taxonomy • Incorporating C&E risk events and their potential impacts on LP risk categories into its stress-testing scenarios • Incorporating C&E risk events and their potential impacts into LP's Risk Management Framework • Monitoring effectiveness of key controls for C&E risk events and potential impacts • Incorporating reporting on C&E risk events and potential changes in risk profiles into the Integrated Risk Management Reports
Group Audit (3rd line)	Responsible for: • Review or audits of the sufficient consideration of the potential impact of C&E risk events on LP risk categories, including the determination of appropriate risk responses, as well as the incorporation into the Risk Appetite Statement, the Risk Taxonomy, the Risk Management Framework, and relevant risk policies, standards and procedures.

ii. Risk management

LeasePlan recognises that climate change may impact how we run our business, both today and in the future. As such, we continue to look for ways to improve our understanding of C&E risks and to ensure their incorporation into our overall risk management processes.

Risk identification and assessment

In the year, LeasePlan took steps to better understand the impact of C&E risk drivers on its business environment in the short, medium and long term in order to make more informed strategic and business decisions. These included a group-wide climate risk identification and materiality assessment over Q2 and Q3 2021, using the following process.

1. External assessment of climate-related risks by a specialist climate consultancy in coordination with LeasePlan's Sustainability team	2. Internal bottom-up assessment of LeasePlan's Environmental, Social and Governance (ESG) Risks led by Group Risk	3. Consolidation of assessments into a top-20 climate risk shortlist	4. Validation and materiality exercise with the Executive Committee (ExCo) and CEO
LeasePlan's external climate risk assessment was based on an iterative two-step approach: i. Identification of a comprehensive list of climate risks and opportunities facing LeasePlan in alignment with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. This process resulted in a list of 54 potential climate risks that were reviewed and refined in collaboration with LeasePlan's Sustainability team ii. Significance assessment of the 54 identified climate risks was then performed against four criteria: likelihood, magnitude of impact, velocity of impact and importance to stakeholders	LeasePlan's internal climate risk assessment was based on the following three-step approach: i. Identification of ESG risks based on extensive research and identification of ESG risk scenarios that could potentially impact LeasePlan's risk categories ii. Significance assessment of the identified risks by LeasePlan entities providing likelihood and impact scores for the identified risks iii. Analysis and selection of the top ESG risks based on the likelihood and impact scores provided by the LeasePlan entities. From this analysis, the main environmental/climate risks were extracted for further analysis	Following the internal and external assessments, LeasePlan conducted an iterative process based on the following steps, which resulted in a list of the top-20 climate risks: i. A full list of climate risks identified through the internal and external assessments was compiled and supplemented by risks that were deemed missing in either of these assessments ii. The list was then qualitatively ranked on materiality using the significance assessments of the internal and external assessments iii. Based on this assessment, a list of top-20 climate risks was prepared, which included a mapping of each risk to LeasePlan's existing risk categories	LeasePlan's top-20 climate risks were shared with the ExCo for comments and completion. Comments were processed and the updated shortlist was presented to, and then validated by, ExCo. LeasePlan then conducted a climate risk assessment workshop in which ExCo members provided their views on potential risk impacts, their likelihood, their materiality, and mitigating factors under a worst-case scenario under each of the given time horizons on *page 49*. The likelihood scale ranged from very unlikely (<10% probability of occurrence) to very likely (>90% probability of occurrence). The impact scale ranged from very low (<€10 mln financial impact) to very high (>€600 mln financial impact). The workshop output was then processed by the Sustainability team and further refined with the input of the CEO. The end result was the identification of three overarching groups of climate risks covering a total of seven climate risks that will be taken for further quantitative assessment, which are presented under 'NextGen Strategy' *page 25*

Further integration of C&E risks into LeasePlan's Risk Management Framework

Following the completion of the initial identification and the materiality assessment of C&E risk drivers, LeasePlan has undertaken several steps to further embed the identification, measurement and management of the potential impact of C&E risk drivers within its Risk Management Framework. These steps include:

1. *The incorporation of C&E risk drivers into LeasePlan's Risk Appetite Statement*

In determining its Risk Appetite, LeasePlan's ExCo took into account the top-seven C&E risk drivers that were identified and assessed. The ExCo decided to not change the Risk Appetite based on the identified and assessed C&E risk drivers and their potential impacts on LeasePlan's risk categories.

2. *The incorporation of ESG risks in LeasePlan's Risk Charter*

LeasePlan has updated its Risk Charter to include ESG risk. Within its Risk Charter, ESG risks are considered as an integral part of the risk categories in which they may materialise.

3. *The incorporation of ESG risks as risk causes in LeasePlan's Risk Taxonomy*

LeasePlan has updated its Risk Taxonomy based on the ORX Reference Taxonomy, in which it has included ESG risks as causes of risk events that could materialise within existing risk categories.

Next steps

Due to the evolving nature of climate-related and environmental impacts and the fact that the identification, assessment and management of climate risks is still an emerging field, LeasePlan recognises that it is necessary for this process to be conducted on a periodic basis and to be further integrated within its Risk Management Framework and regular risk identification and measurement processes. In addition to the work completed to date, LeasePlan will take the following steps in the short term to further reinforce its Risk Management Framework for the identification, measurement and management of C&E risk drivers:

1. *Quantitative materiality analysis of the top-seven C&E risk drivers*

To develop a further understanding of the materiality of the top-seven C&E risk drivers that could potentially impact LeasePlan, the first line risk owners of the identified risk categories that could be impacted are working with the Sustainability team to perform quantitative materiality analyses. The outcome of these analyses will further inform LeasePlan's Risk Appetite setting for 2022, LeasePlan's risk response, and the risk management policies and standards for the relevant risk categories.

2. *Incorporation of C&E risk drivers in LeasePlan's stress-testing framework and models*

LeasePlan has performed an As-Is assessment of its stress-testing framework and models, as well as developed a Target Model for the inclusion of C&E risk parameters within these. LeasePlan will execute a roadmap to incorporate C&E risk parameters in its stress-testing framework and models for 2023. The outcomes of the incorporation of C&E risk parameters in LeasePlan's stress-testing framework and models will further inform LeasePlan's ICAAP and ILAAP.

Envisioned full integration of C&E risks in LeasePlan's Risk Management Framework

Finally, LeasePlan intends to integrate the identification, measurement and management of C&E risk drivers in its existing risk identification, measurement and management processes. The further integration of the identification, measurement and management of C&E risk drivers in LeasePlan's existing risk identification, measurement and management processes is expected to include:

1. *The incorporation of the approach for identifying and measuring the potential impact of C&E risk drivers in risk management policies, standards and procedures applicable to LeasePlan's risk categories (where relevant and where this is not already the case);*
2. *The formalization of the most relevant scenarios and time horizons for the measurement of C&E risk drivers per risk category;*
3. *The formalization of materiality criteria against which the potential impact of C&E risk drivers should be assessed, aligned to the risk scales that LeasePlan uses for its risk categories.*

This approach will ensure that the identification and measurement of C&E risk is fully embedded in LeasePlan's existing risk identification, measurement and management for each risk category.

iii Strategy

LeasePlan is committed to actively managing its C&E risks and opportunities, and implementing mitigating actions. This strategic approach is based on LeasePlan's current assessment of its most material C&E risk drivers. It is also informed by scenario analysis, through which LeasePlan can better determine the potential impacts of its identified C&E risk drivers, as well as appropriate mitigating actions. This scenario analysis is performed across short, medium, and long term time horizons. The following timeframes were selected to align with TCFD recommendations and support future disclosures in line with the expectations of the European Central Bank (ECB).

Short-term (0-5 years): Accounts for current Risk Management Framework, capital planning and asset lifecycle

Medium-term (6-15 years):): Accounts for significant policy timeframes, including a variety of climate targets at the 2030 horizon

Long-term (16-30 years): Accounts for significant policy timeframes towards the Paris Agreement 2050 deadline for a net zero economy

Climate scenarios

LeasePlan uses the Network for Greening Financial System (NGFS) Scenarios, which enable comparability with other institutions using NGFS and are consistent with ECB analyses. They also benefit from well-defined narratives and supporting data, and comprise a '2°C or lower' scenario, required by the TCFD.

An overview of how LeasePlan could be impacted under the various NGFS scenarios is shown below.

Scenario 1 – Net Zero 2050: In this scenario, policy changes begin to ramp up in earnest to facilitate rapid decarbonisation. Most of LeasePlan's operating jurisdictions reach net zero by 2050, with renewable energy accounting for 70% of global consumption by this point. With effective policies to reduce emissions, global warming increases from 1.10°C currently to 1.40°C by 2030 and is limited to 1.50°C by 2050.

In the short and medium term, the main themes for LeasePlan are whether its strategy is appropriately matching the pace of policy and infrastructure, and whether customers and funding sources agree that strategy is appropriately matching the pace of the transition. In this scenario, the delivery of LeasePlan's zero tailpipe emissions strategy is a key success factor. In the long term, LeasePlan should be operating in a world fully in line with the Paris Agreement objectives, limiting physical and transition risks.

Scenario 2 – Delayed Transition: This scenario involves a sudden increase in the intensity of climate policy around the year 2030, following an initial period during which emissions reducing policies are largely ineffective. Carbon prices remain low until 2030, and then rise steeply by 2035 and continue rising until 2050. With the delayed implementation of policy to reduce emissions, global warming continues to increase from 1.10°C currently to 1.80°C by 2040 before stabilising around 2050.

In this environment, transition risks for LeasePlan do not notably increase in magnitude or likelihood over the short term. However, towards 2030, stakeholder sentiment is expected to drive rapid climate action, which may magnify transition risks for LeasePlan.

Scenario 3 – Hot House World: With no new policy action, global warming increases from 1.10°C currently to 2.50°C by 2030 and 3.30°C by 2050. This brings increased exposure to physical risk events (e.g. hail, flood, wildfire and wind) to operations and supply chains globally.

With increased global warming, LeasePlan's operations and supply chain will also be exposed to greater physical risk events towards 2050. Transition risks will be more limited in the short term due to a lack of effective policy action, although over the medium to longer term the costs of managing LeasePlan's C&E risks may be higher as the prevailing policy environment remains unconducive to the effective management of C&E risks.

Scenario analysis of climate-related risks

LeasePlan qualitatively assessed each of its identified C&E risk drivers against each of the three timeframes and scenarios. This resulted in a narrative describing the potential impacts and likelihoods for each of the identified top-seven climate risks which have been grouped into the following three risk areas. Quantitative scenario analysis is currently being undertaken for each risk.

Climate-related severe weather impacts	Climate-related changes in stakeholder sentiment	Climate-related policy developments

Risk area	Climate-related severe weather impacts
Risk description	Severe weather events disrupting LeasePlan operations (inc. RMT)
Type of climate risk	Physical risk
Potential impact	Severe weather events (e.g., hail, flood, wildfire and wind) create the risk of disruption to LeasePlan's operations due to damage to the company's supporting infrastructure (e.g. severe weather events leading to closure of LeasePlan data centres, offices or RMT locations). The severity of these events and their related impacts will increase over time across all scenarios if climate change accelerates. The potential impact of this risk is considered greatest in the **long term** under the **Hot House World** scenario, where global warming overshoots the 1.5°C target. In this scenario, emissions are not expected to peak until 2040, increasing the frequency and severity of severe weather events and their potential impacts on LeasePlan's operations. In all scenarios, we currently assess the potential impact on LeasePlan to be **low**. Impacts on LeasePlan would relate mainly to damage repair / increased insurance costs, which are not currently deemed material.
Likelihood	When assessed for likelihood by scenario, the likelihood of severe weather events increases across all scenarios, but is considered to be greatest in the **long term** under the **Hot House World** scenario, where global warming overshoots the 1.5°C target. In this scenario, emissions are not expected to peak until 2040, increasing the likelihood of severe weather events and their potential impacts on LeasePlan's operations. The likelihood of this risk playing out is assessed as **medium** given current climate change projections.
Response	This risk is categorized as an **operational risk** and as such, is managed through LeasePlan's Business Continuity Plan. LeasePlan purchases insurance against damages to its owned and operated assets. LeasePlan's business continuity plan helps mitigate the risks from operational disruptions, while its insurance helps transfer the impact of C&E risk events to its operations. The effectiveness of LeasePlan's existing risk response to disruptions to its operations was demonstrated by the Covid-19 pandemic and LeasePlan's ability to run and grow its business while working from home.
Residual risk post mitigation	Following a review of the effectiveness of the risk response in place, residual risk is assessed as low.

Risk area	Climate-related severe weather impacts
Risk description	Severe weather events causing damage to LeasePlan vehicles
Type of climate risk	Physical risk
Potential impact	LeasePlan'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 LeasePlan to reinsure risk in some countries, further reducing insurance profits. The severity of these events and their potential impacts will increase over time across all scenarios if climate change accelerates. The potential impact of this risk is considered greatest in the **long term** under the **Hot House World** scenario, where global warming overshoots the 1.5°C target. In this scenario, emissions are not expected to peak until 2040, increasing the frequency and severity of weather events and their potential impacts on LeasePlan's vehicles. In all scenarios, we currently assess the potential impact on LeasePlan to be **low**, because of LeasePlan's ability to transfer the risk through insurance and the ability to pass on higher insurance costs to customers because severe weather would impact market-wide and not just LeasePlan vehicles.
Likelihood	When assessed for likelihood by scenario, the likelihood of severe weather events potentially impacting LeasePlan vehicles increases across all scenarios, but is considered to be greatest in the **long term** under the **Hot House World** scenario, where global warming overshoots the 1.5°C target. In this scenario, emissions are not expected to peak until 2040, increasing the likelihood of severe weather events and their potential impacts on LeasePlan's vehicles. The likelihood of this risk playing out is assessed as **medium** given current climate change projections.
Response	This risk is in the first instance a **motor-insurance risk** because increasing damage to LeasePlan vehicles will impact either LeasePlan Insurance's profitability, as a result of increasing CAT claims, or increase the insurance premiums LeasePlan pays to its insurance providers. Because LeasePlan requires all of its entities to retain insurance against hail, rain and fire, the potential impact of damage to LeasePlan's vehicles as a result of severe weather events is transferred to its insurers. Damage to LeasePlan vehicles does not yet impact LeasePlan's Asset Risk category due to the fact that LeasePlan has insured its vehicles against damage, whether as a result of severe weather or due to other causes.
Residual risk post mitigation	Following a review of the effectiveness of the risk response in place, residual risk is assessed as low.

Risk area	Climate-related severe weather impacts
Risk description	Severe weather disrupting LeasePlan's supply chain and critical outsourced services
Type of climate risk	Physical risk
Potential impact	Severe weather events (e.g. hail, flood, wildfire and wind) could negatively impact LeasePlan's supply chain – for example, 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. The severity of these events and their potential impacts will increase over time across all scenarios if climate change accelerates. The potential impact of this risk is considered greatest in the **long term** under the **Hot House World** scenario, where global warming overshoots the 1.5°C target. In this scenario, emissions are not expected to peak until 2040, increasing the frequency and severity of weather events and their potential impacts on LeasePlan's supply chain. In all scenarios, we currently assess the potential impact on LeasePlan 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 LeasePlan's financial performance.
Likelihood	When assessed for likelihood by scenario, the likelihood of severe weather events increases across all scenarios, but is considered to be greatest in the **long term** under the **Hot House World** scenario, where global warming overshoots the 1.5°C target. In this scenario, emissions are not expected to peak until 2040, increasing the likelihood, of severe weather events and their potential impacts on LeasePlan's supply chain. The likelihood of this risk playing out is **medium** given current climate change projections.
Response	This risk is an **operational risk** for LeasePlan. The potential impacts of disruption to LeasePlan's supply chain and critical outsourced services are mitigated through Service Level Agreements with its suppliers. Furthermore, disruption to LeasePlan's supply chain would not necessarily have a negative impact on LeasePlan. For example, LeasePlan's supply chain has been disrupted by the global chip shortage, 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 LeasePlan's Profit and Loss on Disposal of Vehicles (PLDV) and LeasePlan's overall net result.
Residual risk post mitigation	Following a review of the effectiveness of the risk response actions in place, residual risk is assessed as low.

Risk area	Climate-related changes in stakeholder sentiment
Risk description	**Difficulty in attracting funding and/or increased cost of funding due to changes in investor sentiment towards LeasePlan**
Type of climate risk	**Transition risk**
Potential impact	LeasePlan could have difficulty in attracting funding and/or be exposed to an increased cost of funding if its investor base becomes dissatisfied with its (sustainability) strategy. The potential impacts of this development would be most severe in a **Net Zero 2050** scenario as investors rapidly adopt stringent ESG capital allocation requirements. In the **Delayed Transition** scenario, the risk is lower in the **short term** and rises in the **medium** to **long term** as the market shift to ESG-focused funding accelerates. In the **Hot House World** scenario, the impact is likely to be less intense, as the market struggles to value and allocate capital to climate risks and opportunities. In all scenarios, we deem the potential impact on LeasePlan to be **low**, due to LeasePlan's diversified funding platform, its Euro Medium Term Note Programme, its Green Finance Framework and LeasePlan's Driving to Zero sustainability strategy.
Likelihood	When assessed for likelihood by scenario, we view this risk as most likely to play out in the short term in the **Net Zero 2050** scenario as the market shifts to ESG. In a **Delayed Transition** scenario, the likelihood of this risk arising increases in the medium term and then rises quickly as the market adopts a late-stage shift to ESG. In a **Hot House World** scenario, the likelihood of the risk is lower as the market does not shift in a wholesale or orderly manner to ESG investing. The likelihood of this risk playing out is **low** given the impact of LeasePlan's sustainability strategy.
Response	This risk is primarily a **liquidity risk** for LeasePlan. In general, LeasePlan mitigates liquidity/treasury risk through its diversified funding platform. Specifically for this risk, additional mitigation takes place through: • LeasePlan's successful Euro Medium Term Note Programme and its Green Finance Framework. LeasePlan's Green Finance Framework is recognized as a best practice in the market and has raised EUR 3 billion to date, which has helped finance LeasePlan's ambition to achieve net zero tailpipe emissions from its funded fleet by 2030; • LeasePlan's Driving to Zero sustainability strategy, which defines clear actions to address LeasePlan's most material ESG issues and stakeholder expectations, including those from investors. This includes the expansion of its existing ambition to achieve net zero tailpipe emissions from its funded fleet by 2030 to the development of Paris-aligned 2050 Greenhouse Gas (GHG) emissions reduction pathways (Scope 1, 2 and 3), validated by the Science Based Targets initiative.
Residual risk post mitigation	Following a review of the effectiveness of the risk response in place, residual risk is assessed as low.

Risk area	Climate-related changes in stakeholder sentiment
Risk description	**Enhanced ESG expectations among LeasePlan's stakeholders lead to LeasePlan either losing customers or LeasePlan not wanting to do business with certain customers**
Type of climate risk	**Transition risk**
Potential impact	Enhanced ESG expectations among LeasePlan's stakeholders may result in a loss of customers for LeasePlan if: i. Customers believe LeasePlan is no longer a good company to do business with as a result of poor ESG performance ii. LeasePlan not wanting to do business with customers that it deems an ESG risk from a credit or reputation perspective iii. Anti-car-use sentiments increase as a result of ESG concerns The potential impact of this risk would grow through time as LeasePlan's stakeholders, especially its corporate customers, become increasingly concerned about climate change and pursue their own sustainability strategies. The potential impact of this development would be most severe in a **Net Zero 2050** scenario, where pressure on LeasePlan to decarbonize its operations and value chain would increase in the **short to medium term**, as would pressure not to do business with customers deemed to be an ESG risk. In all scenarios, however, we deem the potential impact on LeasePlan to be **low** due to the mitigating measures contained in LeasePlan's sustainability strategy, which includes the objective to achieve net zero tailpipe emissions from its funded fleet by 2030, as well as broader actions to improve our ESG performance (e.g. adoption of science-based targets and the development of a Customer ESG Risk Policy).
Likelihood	When assessed for likelihood by scenario, we view this risk as most likely to play out in the **short term** in the **Net Zero 2050** scenario as the market shifts to ESG. In a **Delayed Transition** scenario, the likelihood of the risk arising increases in the medium term, rising quickly as the market adopts a late-stage shift to ESG. In a **Hot House World** scenario, the likelihood of the risk is lower as the market does not shift in a wholesale or orderly manner to ESG.
Response	This risk is, in the first instance, a **reputational risk** for LeasePlan. Since 2017 LeasePlan has had the ambition to achieve net-zero tailpipe emissions from its funded fleet. This has helped address the most important expectation of its stakeholders: transitioning to zero tailpipe emissions mobility. In addition, to address evolving stakeholder expectations, LeasePlan launched its Driving to Zero sustainability strategy in 2021, expanding its focus beyond zero-emission mobility to all ESG issues relevant to its stakeholders. LeasePlan's Driving to Zero sustainability strategy includes (but is not limited to) a commitment to setting science-based targets to achieve net-zero emissions by 2050 across its operations and value chain (Scopes 1, 2 and 3), reinforced commitments to Diversity, Equity & Inclusion, as well as the development of ESG linked executive remuneration. LeasePlan is also in the process of establishing a Customer ESG risk policy that will set out what customers it wants to do business with and on what grounds. Specifically for increasing anti-car-use sentiments LeasePlan monitors stakeholder and customer sentiment through various channels, including its Mobility Monitor, its annual Net Promoter Score (NPS) survey, and the materiality assessment that informs the development of its sustainability strategy. To date, this monitoring has not indicated a change in customer sentiment towards car usage. In fact, the COVID-19 crisis has resulted in consumers indicating a higher likeliness of them preferring private vehicle usership over other mobility options. Additionally, LeasePlan's continued growth is evidence of the unwavering interest in car usage in its key markets.
Residual risk post mitigation	Following a review of the effectiveness of the risk response in place, residual risk is assessed as low.

Risk area	Climate-related policy developments
Risk description	**Insufficient charging infrastructure resulting in LeasePlan not meeting its 2030 net-zero tailpipe emission ambition**
Type of climate risk	**Transition risk**
Potential impact	Insufficient charging infrastructure resulting in LeasePlan not meeting its 2030 net-zero tailpipe emission ambition could lead to potential reputational issues with investors and customers, as well as issues raising funding from LeasePlan's growing pool of ESG investors. The potential impact of this risk is deemed greatest under a **Net Zero 2050** scenario in the **medium term** as customers and investors would be the least tolerant of LeasePlan failing to achieve its sustainability targets on time and in full. In all scenarios, however, we deem the potential impact on LeasePlan to be **low** due to the fact that this risk is likely to be considered a market issue as opposed to a LeasePlan issue, limiting negative consequences for LeasePlan. In addition, LeasePlan is taking an active role in advocating for a comprehensive and universal charging infrastructure, limiting any potential reputation impact.
Likelihood	When assessed for likelihood by scenario, there is a medium likelihood of this risk playing out in the **short to medium term** in the **Delayed Transition** and **Hot House World** scenarios as policy fails to keep up with a changing climate. In a **Net Zero 2050** scenario, there is still a chance of this risk materializing in the medium term due to the lag between policy announcement and investment in realization of critical charging infrastructure. The likelihood of this risk is **medium** given the current and uneven pace of charging infrastructure rollout in the markets in which LeasePlan operates.
Response	This risk is a **reputational risk** for LeasePlan. LeasePlan's ambition to achieve net-zero tailpipe emissions from its funded fleet by 2030 is partially dependent on the availability of sufficient charging infrastructure in the countries it operates in. To ensure sufficient charging infrastructure is available: • LeasePlan offers its customers home charging solutions through partnerships with leading charging providers (e.g. with the New Motion) • LeasePlan is actively advocating for more public charging infrastructure through platforms like COP26, EV100 and through the publication of thought leadership pieces like the 2021 Car Cost Index. Further, should insufficient charging infrastructure be available, it would be a market-wide issue, not purely a LeasePlan issue, mitigating any potential reputation risk.
Residual risk post mitigation	Following a review of the effectiveness of the risk response in place, residual risk is assessed as low.

Risk area	Climate-related policy developments
Risk description	Reduced residual value of ICEs/ non-BEVs as a result of bans or policy directed at phasing out ICEs
Type of climate risk	Transition risk
Potential impact	Unexpected climate-related policy action targeting the automotive sector (such as ICE bans or increased carbon prices for OEMs) could suddenly lead to lower ICE Residual Value (RV), exposing LeasePlan to greater asset risk and potentially reduced PLDV. The potential impact of this development would be most severe in the **short term and medium term** as in these time horizons LeasePlan's fleet would hold a greater share of ICE/non-BEV vehicles. The potential impact of this risk is deemed to be highest under the **Delayed Transition** scenario, where sudden changes in policy post-2030 could lead to equally sudden RV changes. The **Net Zero 2050** scenario will see more gradual and coordinated timelines between policy announcement and implementation, limiting LeasePlan's exposure to sudden RV movements. In all scenarios, however, we deem the potential impact on LeasePlan to be **low**, due to the inherent mitigation of this risk through LeasePlan's strategy and business model.
Likelihood	When assessed for likelihood by scenario, the risk is most likely to play out in the medium to long term in a **Delayed Transition** scenario, where the likelihood of sudden policy changes from 2030 increases. In the **Net Zero 2050** scenario, this risk could materialize in the short term as current policy trends accelerate. However, in this scenario the likelihood reduces over the long term due to effective policy action to cut emissions in the period leading up to and extending beyond 2030. The likelihood of this risk materializing is **low** given current policy developments in LeasePlan's key markets, which already envisage the end of the ICE between 2030-2040.
Response	This risk is part of LeasePlan's **asset risk** category and is inherently mitigated as a result of LeasePlan's strategy and business model in three ways: • Due to the relatively fast turnover of the fleet (3.7 years average turnover of a vehicle), LeasePlan's fleet is typically composed of the newest, most efficient and typically most environmentally friendly vehicles. • Because LeasePlan is at the forefront of the transition to Battery Electric Vehicles (BEVs), it has a relatively large share of BEVs as part of its funded fleet and, with its ambition to fully transition its funded fleet to net-zero tailpipe emissions by 2030, will electrify its fleet faster than is currently proposed by the European Union, which proposes to ban the sale of ICE vehicles by 2035. *Note: 90% of LeasePlan's revenues come from European countries.* • The used-car market is an international market and, as such, LeasePlan is able to sell and export its used cars globally. This enables LeasePlan to sell older ICEs, which may be banned or phased out in countries that are leading the transition to BEVs, in countries that are slower to transition away from ICEs.
Residual risk post mitigation	Following a review of the effectiveness of the risk response in place, residual risk is assessed as low.

In addition to the C&E risks identified above, LeasePlan has also identified a number of opportunities for its business related to climate change. In particular, the company has identified providing low and zero-emission vehicles to its customer base as a major business opportunity in response to changing stakeholder sentiments around ICEs and electric vehicles. LeasePlan has proactively captured this opportunity with its ambition to achieve net-zero tailpipe emissions from its funded fleet by 2030 (announced in 2017) and positioning as a leading provider of electric vehicles to its customer base.

Further information can be found below under the section 'Lead the transition to sustainable mobility'.

CASE STUDY: 5

A place in the sun

LeasePlan and Lightyear to deliver world's first solar car subscription service.

In December, LeasePlan announced it had reserved 5,000 Lightyear Two vehicles for its fleet, to be delivered in 2024/2025. This marks a major new development in LeasePlan's three-year partnership with Lightyear, manufacturer of the world's first long-range solar electric vehicle (EV).

The partnership began in 2018, with LeasePlan's commitment to making the Lightyear One – which features bumper-to-bumper solar panels and a range of nearly 800 kilometres – available to the European market. Now, LeasePlan is building on this foundation by reserving 5,000 of Lightyear's latest solar model, which will be available on subscription via LeasePlan in Europe, the US and other global markets.

"Together, LeasePlan and Lightyear are delivering the world's first solar-powered car subscription," said Reinier Hendriks, LeasePlan's Managing Director for SME and Private Lease. "With Lightyear, range anxiety is a thing of the past, as is the nightmare of having to find a convenient and available charging station – an absolute breakthrough in the fight to cut emissions from road transportation."

The Lightyear announcement is the latest step towards LeasePlan's ambition to achieve net zero emissions from its funded fleet by 2030, and is one of many partnerships announced with new OEMs in 2021.

"We look forward to continuing our partnership with Lightyear and putting drivers behind the wheel of some of the cleanest, most innovative EVs ever produced," Reinier concluded.

"Together, LeasePlan and Lightyear are delivering the world's first solar-powered car subscription."

Reinier Hendriks

LeasePlan's Managing Director for SME and Private Lease

2 Contribute to societal wellbeing

Our approach to helping create a more equal and inclusive society.

LeasePlan's 'Driving to Zero' sustainability strategy aims to contribute to societal wellbeing and help create a more equal society. In this context, we have defined the following priorities:

- Building an ethical, inclusive and progressive culture
- Offering a safe, healthy and engaging work environment
- Helping our people reach their potential
- Having a positive impact in the communities in which we operate
- Promoting sustainability and customer engagement
- Improving driver safety in customer and employee fleets
- Driving supply chain sustainability

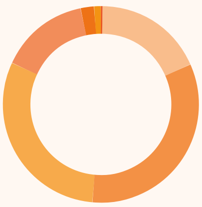
Building an ethical, inclusive and progressive culture

LeasePlan aims to build an ethical, inclusive and progressive culture in which people are able to thrive and be themselves, regardless of their race, nationality, gender, age, disability or sexual orientation. Beyond being the right thing to do, we believe DE&I also makes good business sense and that more diverse teams outperform homogeneous ones through their inclusion of underrepresented views and broader analysis of alternatives.

Our employees

Our 8,649 employees[70] serve our customers from office locations across 28 countries. This comprised a total of 8,146.56 FTEs, of which 7,661.2 held employments contracts, while 708.8 were contingent workers. Of the total headcount, approximately 51.7% were male and 48.2% were female.

FTEs by age



0.3%
20 & under

18.1%
21 – 30

33.1%
31 – 40

30.5%
41 – 50

14.8%
51 – 60

2.1%
61 – 64

1.0%
65 & over

70. *Total FTEs as at 31 December 2021*

Entity	Employees (regular, fixed term; on LP payroll)	Contingent workers (temporary staff, contractors; not on LP payroll)	Total FTE (employees + contingent workers – staff on reimbursed leave)
LeasePlan Insurance	51.45		50.65
LeasePlan Bank	16.40	0.80	17.20
LeasePlan Information Services	141.33	27.00	168.33
LeasePlan Treasury	21.40		21.40
LeasePlan Shared Services Center	69.42		56.00
LeasePlan Global B.V.	339.25	51.46	387.67
LeasePlan Global Procurement	22.10		21.10
LeasePlan Digital	411.18	445.18	853.36
LeasePlan Austria	166.87	2.94	169.82
LeasePlan Switzerland	79.25		79.25
LeasePlan Belgium	261.50	12.33	265.83
LeasePlan Luxembourg	66.26		64.26
LeasePlan France	493.05	1.15	475.10
LeasePlan Germany	448.49	5.52	434.34
LeasePlan Italy	514.06		506.91
LeasePlan Netherlands	616.85	56.92	664.96
LeasePlan Denmark	132.06		128.04
LeasePlan Finland	104.74	1.00	99.15
LeasePlan Norway	127.37	6.76	127.13
LeasePlan Sweden	156.21	4.79	141.97
LeasePlan Portugal	374.56	14.83	379.39
LeasePlan Spain	444.97		429.32
LeasePlan UK	522.37	5.97	519.34
LeasePlan Czech Republic	187.24		168.49
LeasePlan Greece	178.85		175.85
LeasePlan Hungary	111.89	4.00	106.26
LeasePlan Ireland	98.87	1.00	95.87
LeasePlan Poland	201.73	5.00	191.73
LeasePlan Romania	66.47	2.00	68.47
LeasePlan Russia	66.00	5.00	65.00
LeasePlan Slovakia	61.30		61.30
LeasePlan Turkey	199.30		189.60
LeasePlan United Arab Emirates	45.00		45.00
LeasePlan Brazil	83.83		83.83
LeasePlan India	67.98		67.98
LeasePlan Mexico	140.49	26.83	167.32
LeasePlan USA	571.10	28.29	599.39
Grand Total	**7,661.17**	**708.76**	**8,146.57**

Culture, values and ethics

LeasePlan recognises that the trust and confidence of our stakeholders is crucial to our success. Only by conducting our business according to our ethical standards can we win and retain that trust, and succeed in our mission.

Our employees apply high standards in their personal conduct and in their day-to-day business decisions. Our values and ethics are defined in the LeasePlan Code of Conduct (www.leaseplan.com), which also explains the way in which we deal with each other, customers, suppliers, society at large, government authorities, regulators, investors and business partners. The core values we uphold are Commitment, Expertise, Passion and Respect, which we apply to everything we do. We work to ensure our values and ethics are embedded in our behaviour, processes and actions. To ensure that these are sufficiently embedded in its culture, LeasePlan operates an annual integrity programme (also see, *page 82*, Privacy & Compliance).

Human rights

LeasePlan recognises that human rights are fundamental and universal. We respect human rights, in the workplace and in our supply chain, as described in the United Nations' Universal Declaration of Human Rights and the principles of the International Labour Organization. We avoid being complicit in human rights abuses of any kind, and condemn the use of forced labour, compulsory labour and child labour. Respect for human rights is also a key feature not only of our Supplier Code of Conduct (www.leaseplan.com/corporate), but also our own Code of Conduct, which all employees are required to review and confirm annually. Furthermore, a whistleblower mechanism is in place for all employees, and all entities have a local trusted counsellor in addition to their local People and Performance officers, who they can reach out to if they experience a human rights abuse of any kind or inappropriate behaviour.

Diversity, Equity & Inclusion

LeasePlan's updated Diversity, Equity & Inclusion (DE&I) strategy includes new priorities, initiatives and targets to address the needs of underrepresented groups based on cultural background, gender identity, physical characteristics, neurodiversity, education, religion, social class and veterans. It also brings an increased focus on cultural diversity, supporting LGBTQI+ colleagues and the disabled, a programme to facilitate the recruitment of employees from diverse backgrounds, feedback training for non-biased behaviour, and an audit on the accessibility of LeasePlan tools.

Updated DE&I priorities

Priority area	Initiative	Target	Current status
Gender	• Gender diversity • Gender diversity in top 3 layers (audited by KPMG / Talent to the Top) • Gender pay gap ratio baseline	• 50/50 • 35% per 2025 • Equal by 2023	• 48/52 (F/M) • 31% • Working on first ratio in 2022
LGBTQI+	• Inclusive family definition • Global standard paid parental leave • Equal bereavement payments/ leave	• 100% • Implemented by 2023 • Implemented by 2023	• Implemented in 2021 • Investigating ongoing • Implementation ongoing
Disability	• Membership of the International Labour Organization – Global Business and Disability Network	• Signed per 2022	• Being effectuated
Cultural diversity & inclusion	• Training hours • Knowledge breaks • Employee communities	• 100,000 hours in 2022 • Quarterly • One community	• 87,000 hours • Done • Done

Gender

LeasePlan is committed to achieving a more equal gender balance in the workplace, as well as enhancing the proportion of diverse talent in its top 3 management layers. We will achieve this by ensuring diverse talents are equally represented in the recruitment processes and by offering inclusive recruitment training, including unconscious bias awareness.

LeasePlan is also addressing unequal pay via its remuneration policies, and disparity in promotions via its succession process and policies. At the same time, we have begun to determine our gender pay ratio, guided by experts at Willis Towers Watson. Through this analysis we will identify any gaps based on the 'Equal Work = Equal Pay principle'. Based on the outcome of this analysis we will develop a global action plan to address all inequalities.

In 2021, more than a dozen mentees and mentors enrolled in our 'Talent to the Top' mentoring programme, which also offered opportunities for development via Boardroom coaching, which included Executive Committee member Liza Hoesbergen. Talent to the Top is a non-profit initiative that provides advice and training on gender and cultural diversity, including cross-company mentoring. As a signatory to its Charter, LeasePlan is part of a network of companies committed to actively working to reach DE&I targets, and reporting results annually, which are monitored and published by the Talent to the Top organisation.

In 2021, we reached 31% female representation in the top three layers, meeting our target of a minimum 30% for the third year running, and have established a new target of 35% by 2025. Over 40 talented female/diverse employees are enrolled in LeasePlan's Talent to the Top mentoring programme, which links them to an external mentor to support their development as leaders.

New DE&I governance structure

To deliver on these commitments and continuously improve our approach to DE&I, we have set up a multi-level DE&I governance structure. This governance structure includes a DE&I Steering Committee, which meets every quarter, to oversee progress across initiatives and prioritise resources. This committee is sponsored by the CEO and is comprised of country-level leadership, as well as LeasePlan's Chief Legal Officer, Chief People & Performance Officer and Chief Corporate Affairs & Sustainability Officer. A newly appointed DE&I Director is also a member of this Steering Committee and acts as a bridge between global strategic direction and local initiatives within the global DE&I community. Within the global DE&I community, champions have been selected to act as key subject matter experts on the issues that underpin LeasePlan's commitment areas.

LGBTQI+

As part of our commitment to create a non-discriminatory and progressive work environment, we are committed to providing equal benefits to all our LGBTQI+ colleagues and their families. In this context, LeasePlan believes that the term 'family' should reflect the diverse backgrounds and needs of our people and that it means different things to different people. Our intention is to create equality across policies and employee benefits for all LGBTQI+ families and partners, based on the local standard.

In 2021, we extended the definition of 'family' (beyond the traditional definition) to ensure all our employees are covered by related family policies and benefits. This means leave and family care benefits will be fully applicable to LGBTQI+ employees, their partners and children (whether from natural birth, adoption or surrogacy), regardless of local legislation. Going forward, we will look to equalise family bereavement payments and leave entitlements for all LeasePlanners, and to equalise pension benefits for all partners of LeasePlan employees.

Disability

In 2021 LeasePlan investigated joining the International Labour Organization – Global Business and Disability Network. This would enable us to have access to a large global network and knowledge hub to help us intensify our search for disabled employee candidates in a structured way.

Cultural diversity & inclusion

We have prepared a new holiday swap policy to allow all LeasePlan employees to swap three national holidays of their choice with holidays that fit their personal beliefs. Additionally, we are in the process of setting up a pilot Employee Resource Group (ERG) focused on cultural diversity to help identify initiatives for LeasePlanners from different cultural backgrounds. In 2022, LeasePlan will also conduct a root cause analysis of what underrepresented colleagues experience in their day-to-day work. Any issues identified will be addressed in a further update of the DE&I strategy.

Offering a safe, healthy and engaging work environment

All LeasePlan offices and showrooms have procedures in place to ensure occupational welfare, health and safety. Our priorities are to maintain and promote our employees' health and working capacity; ensure our working environment and work is conducive to safety and health; and develop a company culture that supports health and safety, and creates a positive social atmosphere that enhances productivity and the smooth running of the business.

Covid-19 and the return to the office

Throughout the Covid-19 pandemic, LeasePlan's priority has been to support the physical and mental wellbeing of its employees. This has been achieved through the use of home working and the development of the NextGen LeasePlan Community, which has helped our employees stay connected to our customers and each other. Now that vaccines are widely available in many of the countries where we operate, we are supporting our people to come back to the office as soon as it is safe to do so. We believe work-from-home does not support the long-term physical or mental wellbeing of our people, as well as being unconducive to maintaining the culture and collaboration we need to succeed as a business. With this in mind, where local guidance and requirements allow, we are actively facilitating a safe return to the office for our employees. We continue to monitor developments as this process continues.

Employee engagement

LeasePlan is committed to creating an engaging work environment, where everyone feels valued and committed to our company. Given that the pandemic continued to result in a large degree of diversity in working conditions across LeasePlan's 29 countries, the company decided to postpone its Global Engagement & Integrity Survey (GEIS) until the majority of employees are able to return to the office as normal. This will provide management with more meaningful feedback, as well as greater comparability across countries. In addition, although the GEIS did not take place in 2021, LeasePlan and its management conducted a variety of local employee pulse surveys and qualitative conversations with employees to gather their feedback on what was going well and what needed to improve. LeasePlan also continued to launch various engagement activities globally through its NextGen LeasePlan Community, including offering employees counselling where required.

Helping our people reach their potential

As LeasePlan transitions towards a fully digital business model, the role of many of its employees is fundamentally changing. Our overarching aim is therefore to help them develop the skills and competencies they need to thrive in today's highly competitive and disruptive digital environment. Highlights of how we helped our people reach their potential in 2021 include:

- Over 82,500 learning hours were registered in our Learning Management System, with employees watching over 7,200 hours of LinkedIn Learning content on topics including Wellbeing, Customer Service, Excel, Negotiation and Time Management
- A new change programme was introduced in LeasePlan's digital 'front-runner' countries to support employees with the rollout of our Next Generation Digital Architecture
- Through the Skills Taster Programme, employees learned about the 'NextGen Skills' they will need to succeed in a digital organisation, and were challenged to explore these skills through small 'tasting' assignments. More in-depth courses are planned for 2022
- 'Knowledge Breaks' were hosted during which employees were invited to hear from global thought leaders on key trends in today's organisations
- Resilience and Team Acceleration workshops were made available to help teams build their resilience during the Covid lockdown. Additionally, an online resilience programme, including a resilience journal, was available for all employees.

Also in the year, LeasePlan introduced Talent Marketplace – a one-stop shop for career development that applies artificial intelligence (AI) to match the supply and demand of talent throughout LeasePlan, in real-time. Talent Marketplace allows LeasePlan to attract, develop and retain the best talent, and promotes internal mobility.

Performance management

LeasePlan's global performance management process enables managers to have ongoing and meaningful discussions with employees about their progress and development. In 2021 LeasePlan incorporated the Management by Objectives (MBO) methodology in the individual goal setting process of employees, enabling employees to clearly link their individual bonus goals to the organization's overarching objectives.

Having a positive impact in the communities in which we operate

LeasePlan and its employees across 29 countries support a wide range of local social and community initiatives through volunteering, donations and fundraisings, often in partnership with established charities. To ensure all community-building activities are carried out in line with LeasePlan's culture and strategy, we have developed a new Global Community Volunteering Standard, to be rolled out in 2022, which covers the following areas:

- Number of 'paid' hours that employees can spend on volunteering
- Types of community volunteering projects that LeasePlan supports
- A central system for registering and reporting their volunteering activities

As of 2023, LeasePlan will report the total number of hours volunteered and provide an overview of the charity work it has supported.

Promoting sustainability and customer engagement

Customer and driver satisfaction is a key priority for LeasePlan and its employees, and the company is focused on standardizing and enhancing the quality of service delivery provided by our country entities. LeasePlan's overall objective is to provide a seamless experience to our fleet managers and driver customers, with a one-stop-shop portal that enables self-service and efficient monitoring of their vehicle or fleet.

Monitoring satisfaction

We measure and monitor customer satisfaction through the Voice of the Customer programme, which incorporates our Net Promoter Score programme, for which we have short and long-term targets, service KPIs monitoring and feedback posted on social media. We also analyse satisfaction trends for a more in-depth view of our performance, and conduct regular surveys with our customers to understand how services are being delivered on an individual basis. This analysis includes specific recommendations that form the basis for global and local customer service action plans. In 2021, LeasePlan continued to see a positive trend in customer feedback and saw significant NPS improvements across all customer segments.

Going forward, LeasePlan will launch a new Customer ESG Risk Policy to ensure the business activities of its customers are aligned to LeasePlan's ESG standards, with screening and due diligence a part of its overall onboarding process for new customers in 2022.

Improving driver safety in customer and employee fleets

The United Nation's 2030 Agenda for Sustainable Development has set a target to halve the global number of deaths and injuries from road traffic accidents (SDG 3, target 3.6). A further target (SDG 11, target 11.2) includes a focus on safe, sustainable transport systems to improve road safety, with special attention on children and vulnerable groups.

Our aim is to contribute to these goals by helping reduce road traffic injuries among our clients' and own fleets to zero by 2030. We track our progress towards this goal by monitoring the portion of vehicle accidents that result in bodily injuries to our drivers or to third parties. In 2021, the Bodily Injury Rate (BIR) was 0.89% in LeasePlan's funded fleet based on data from 19 European countries.

In late 2020, we launched SafePlan Zero, a new initiative to facilitate safer driving behaviours among fleet managers and drivers, comprising a toolkit, practical tools, guidance and support to achieve safety improvements. Key elements of the programme include:

SafePlan Zero focus areas

1. Safe fleet	2. Safe driver	3. Safe vehicle
• Safety reporting • Safe fleet policy • Safe recommendations guide • Safety consultancy	• Driver safety newsletter • Safe driving videos • Driver risk self-assessment • Driver training	• Vehicle safety options • Smart technology overview • Vehicle safety glossary

Driving supply chain sustainability

With an annual spend of roughly EUR 10 billion, a significant part of both our environmental footprint and our impact on communities is the result of activities in our supply chain. We therefore expect our suppliers to reflect the values and behaviours that apply within our organisation by conducting their own business activities in an ethical manner. In this context, the LeasePlan Supplier Code of Conduct (SCoC) establishes the minimum standards we expect our suppliers to adhere to when working with, for, or on behalf of LeasePlan. Our SCoC is focused on the following specific areas:

- Honesty and trust
- Respect for the law
- Human rights
- Responsibility to employees
- Environmental sustainability
- Confidentiality and intellectual property
- Privacy of individuals and data protection
- Fair competition
- Conflicts of interest
- Bribery prevention

All supplier contracts for spend above EUR 50,000 require compliance with the SCoC, and contracts between LeasePlan Global Procurement and global OEMs, RMT suppliers and Indirect ICT/ service contracts are actively monitored. At the same time, local entities are required to report the percentage of suppliers that have accepted the SCoC. In 2021, 100% of LeasePlan's global suppliers' spend was deemed to be in compliance with LeasePlan's SCoC.

LeasePlan's supplier monitoring currently comprises the Lexis Nexis Supplier Due Diligence screening process and reports by Dun and Bradstreet, which it implements via the NextGen Procurement digital platform. This includes a supplier onboarding module in which new suppliers are required to share details of their environmental, social and governance programmes and whether they are a minority owned company. The module will gradually enable us to assess our supplier coverage with regards to ESG and to develop a supplier scorecard.

During 2021, we also developed a new Sustainable Procurement Charter that more explicitly outlines the minimum ESG standards we expect our suppliers to adhere to (including adherence to the ten principles of the United Nations Global Compact) and that will replace the SCoC in LeasePlan's contracts above EUR 50,000 from Q3 2022 onwards. LeasePlan will report the percentage of suppliers that have signed the Charter in 2023.

Going forward, LeasePlan will expand its reporting on sustainable procurement and include the number of suppliers screened on ESG criteria. Also in 2022, it will consider additional external party support for supplier screening, and, as of Q3, will start training Procurement staff on sustainable procurement.

CASE STUDY: 6

Contributing to societal well being with our new volunteering framework

LeasePlan has a proud history of contributing to the communities we serve all over the world.

From painting an orphanage in Romania to hosting a children's day in Mexico, LeasePlanners are eager to lend a hand or raise money for important causes.

"LeasePlanners in our 29 countries have been involved in volunteering for many years, but these efforts have always been local, without any official central oversight," says Tessa Peetoom, DE&I Director. "To support our updated environmental, social and governance (ESG) strategy, Driving to Zero, we wanted to create a global standard to align our organisational approach to volunteering. That's why we launched our Global Community Volunteering Standard (GCVS), providing LeasePlan's volunteers with more structure and guidance to help them make even more of an impact."

The GCVS was released to country teams in November, just in time for the United Nations International Volunteer Day on December 5. It sets out information on the types of projects LeasePlan supports and the amount of time LeasePlanners can spend on community volunteering: four working hours per year for every employee, for a total of more than 32,000 hours across the organisation.

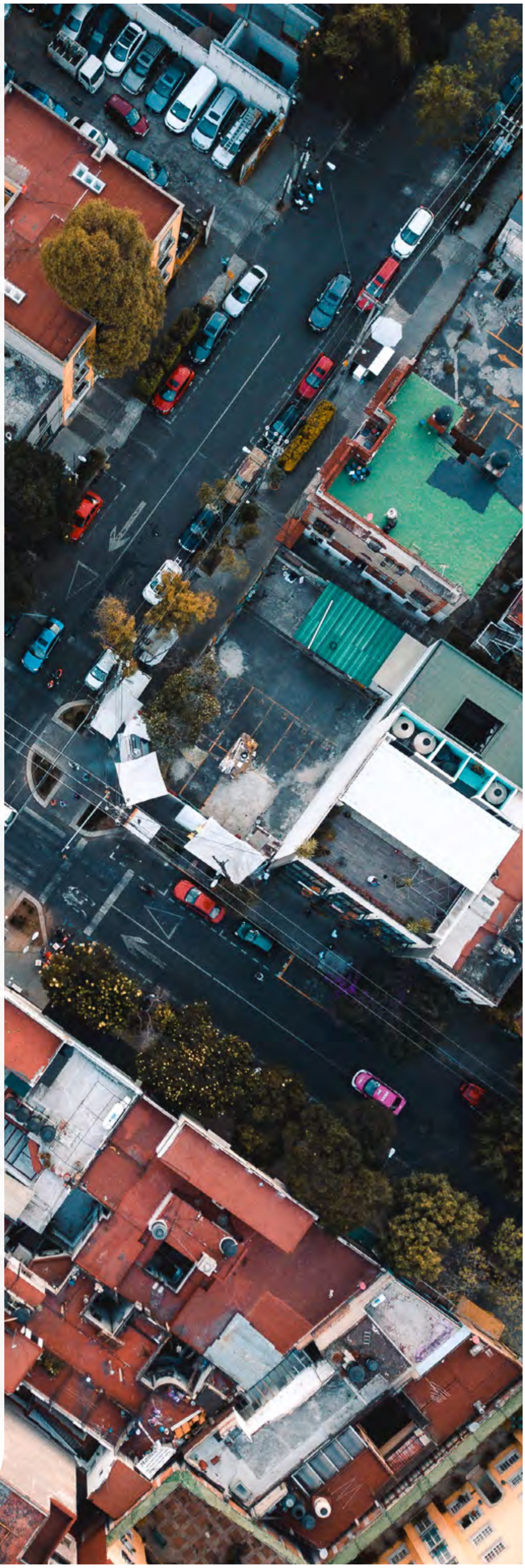
The advantage of the GCVS is that, while it provides an overarching structure and policy, it leaves room for the employees of each LeasePlan country to decide which charities to support and what activities to carry out. It is supported by a new function in Workday where colleagues can formally register to volunteer and then report on their efforts, allowing for a more accurate global understanding of LeasePlan's contribution to societal well being.

"LeasePlan has a duty as a business to care for the societies we're part of," Tessa explains. "But there are many more benefits too: LeasePlanners enjoy a chance to socialise with new people, learn new skills and gain a better understanding of the wider community. This is a great example of doing well by doing good."

"We have created a global standard to align our organisational approach to volunteering."

Tessa Peetoom

DE&I Director



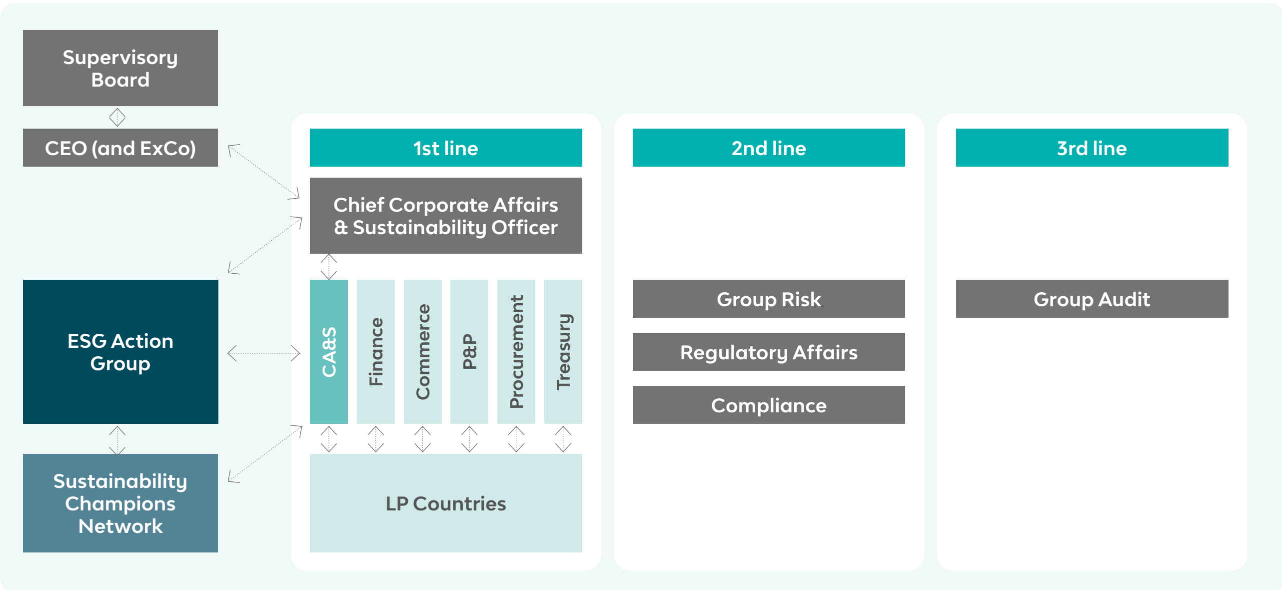
3 Be responsible

Only by conducting business according to our high ethical standards can we win and retain the trust of our stakeholders.

LeasePlan has recently reviewed its sustainability governance structure and implemented ESG metrics for executive remuneration, and will soon launch a global ESG-aligned Investment Policy for its Insurance business.

Sustainability governance

In March 2021, LeasePlan updated its sustainability governance structure to assign its responsibilities for ESG issues according to the three lines model. Under the responsibility of the Chief Corporate Affairs & Sustainability Officer, the Sustainability function will report to the Chief Executive Officer, the Managing Board and the wider Executive Committee, on a quarterly basis to ensure full accountability at senior level. The Supervisory Board will also be updated biannually.



First line	Second line	Third line
In the first line, the Sustainability function is responsible for: • Identifying, assessing and monitoring any climate-related or other ESG issues • Defining strategies and actions to address climate-related and other ESG issues • Providing information and oversight on our exposure to climate-related and other ESG issues • Allocating roles, responsibilities and objectives to relevant teams across LeasePlan to ensure climate-related and other ESG risks are properly addressed • Ensuring LeasePlanners have the knowledge, skills and experience to properly assess climate-related and other ESG issues facing the business In addition, given the rapidly changing expectations of our stakeholders with regard to ESG and climate issues, we have replaced the CSR Taskforce and CSR Steering Committees with a single ESG Action Group, comprising colleagues from Commerce, Finance, People & Performance, Procurement, Risk and Treasury. The new ESG Action Group convenes regularly to ensure material topics are effectively addressed. Additionally, the Sustainability team leads a global network of Sustainability Champions, who drive the execution of the sustainability strategy at a country level.	In the second line, Group Risk is responsible for reviewing and challenging climate-related and other ESG risk assessments, and stress testing potential impacts.	In the third line, Group Audit audits, where relevant, if there has been sufficient consideration of climate-related and other ESG risks in relevant processes.

Executive remuneration

For the first time in its history, LeasePlan has tied executive remuneration to ESG performance. LeasePlan CEO Tex Gunning's variable pay programme now includes a KPI on the development and implementation of LeasePlan's Driving to Zero sustainability strategy. Further developments are planned for the coming years.

Sustainable finance

Supporting the transition to zero-emission mobility is our successful Green Bond programme, with a total of EUR 3 billion raised to date to finance the purchase of BEVs. This highlights the strength of LeasePlan's Green Finance Framework and the ongoing support of institutional investors for LeasePlan's sustainability strategy.

In addition, LeasePlan is developing, in conjunction with its Insurance arm, an ESG-aligned Investment Policy to ensure that LeasePlan's ambition to support a sustainable future also extends to the companies we invest in.

Sustainability reporting

The LeasePlan Annual Report 2021 integrates our financial and non-financial disclosures, as we continue to work towards full implementation of the guidelines of the International Integrated Reporting Council's framework for Integrated Reporting. It also includes, for the third year running, limited assurance of the following non-financial KPIs by our external auditors, which are defined below:

% EV activations: This number represents the percentage of new passenger vehicle activations in the LeasePlan fleet during the year that were either Battery Electric Vehicles or Plug-in Hybrid Vehicles[71].

Average CO_2 g/km per vehicle: The carbon intensity figure represents the average carbon emissions in grams per kilometre per vehicle as measured during the homologation test of a vehicle (i.e. using the WLTP). We take the overall average of all vehicles in our (funded) fleet to represent the carbon intensity of an average vehicle in the LeasePlan fleet.

71. In EU22 countries

Tonnes of CO_2 tailpipe emissions from funded fleet: These are the total tank-to-wheel CO_2 emissions from LeasePlan's funded fleet under management in the calendar year. Funded fleet refers to all vehicles that are either under a financial lease or operational lease contract.

Female employees at top three layers: This is the percentage of females in the top three management layers at LeasePlan. These are the Managing Board, the layer that reports directly to the Managing Board (Senior Vice Presidents, Managing Directors and Directors), and their direct reports. The 30% target was set in collaboration with the Talent to the Top initiative.

As part of its 'Driving to Zero' sustainability strategy update, LeasePlan is in the process of implementing new sustainability targets in line with the Science-Based Targets initiative (SBTi) (see *page 44*). It has also begun to implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) (see *page 46*).

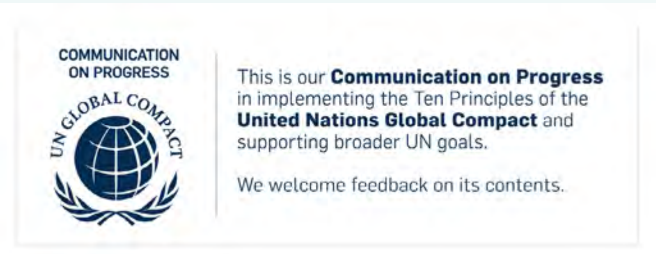
The United Nations Sustainable Development Goals

The '2030 Agenda for Sustainable Development' which was adopted by all United Nations (UN) Member States in 2015, is a plan of action for people, planet and prosperity. The Agenda also established 17 Sustainable Development Goals (SDGs), which represent bold and transformative steps that are urgently needed to shift the world onto a sustainable and resilient path. As a responsible, collaborative and innovative company with more than 8,500 employees and a global footprint, we recognise that we have an important part to play in the achievement of the SDGs.

Through our commitment to taking a leadership role in the transition to zero emission mobility we directly contribute to SDG 11 'Sustainable Cities and Communities', specifically Target 11.2: 'Provide access to affordable, accessible and sustainable transport'.

Given the integrated nature of the SDGs, we have identified that alongside SDG 11 we can also further the achievement of following SDGs:

In 2021 LeasePlan solidified its commitment to the achievement of the SDGs by becoming a signatory of the UN Global Compact. By supporting the Ten Principles of the UN Global Compact on human rights, labour, environment and anti-corruption, and making the principles part of the strategy, culture and day-to-day operations of our company, LeasePlan aims to advance broader societal goals and the SDGs.

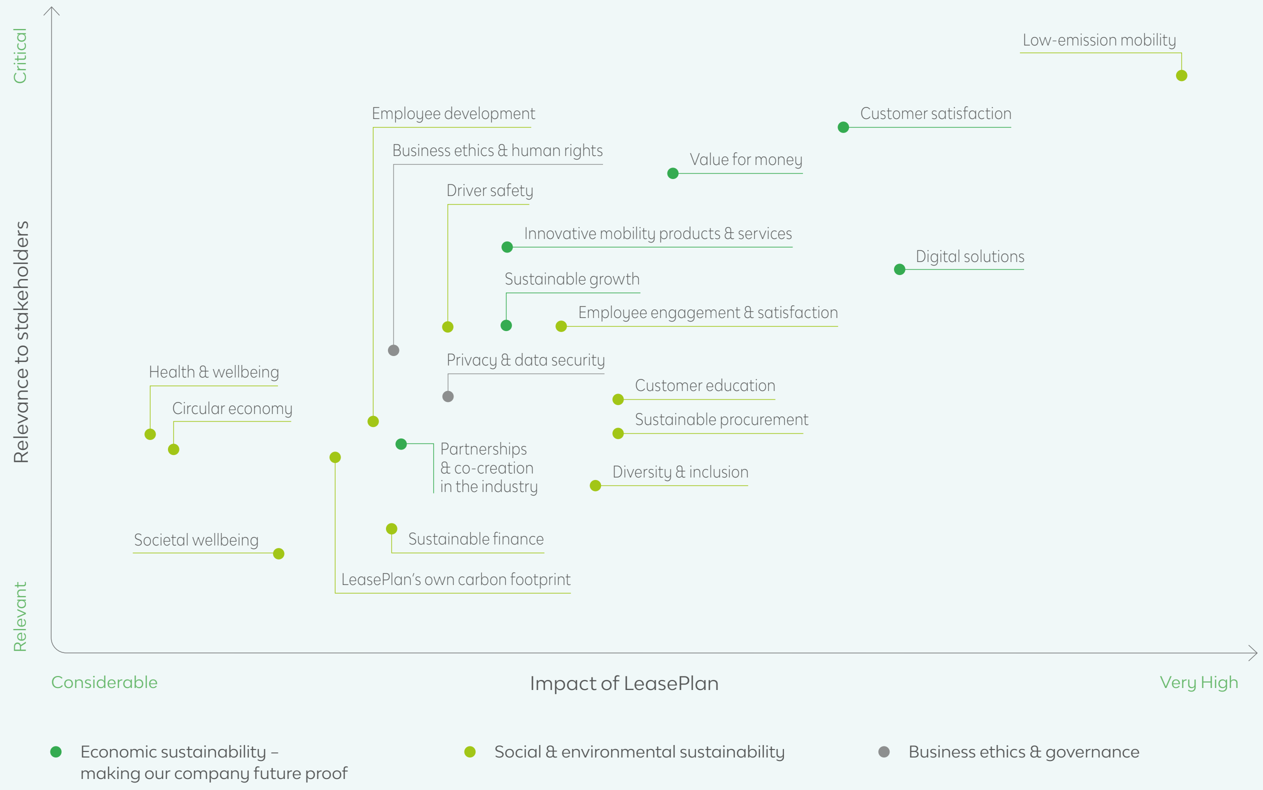


A breakdown of how the SDGs link to the various elements of our 'Driving to Zero' sustainability strategy is shown on *page 38*.

Determining materiality

LeasePlan regularly assesses materiality to better understand the topics our stakeholders deem relevant, where we can have the most impact and how we can enhance our existing efforts. In 2020, we conducted a formal materiality exercise with all LeasePlan employees (253 responses), 15 suppliers, 34 customers (via account managers) and, for the first time, input from our investors (seven responses), to validate our sustainability agenda and ensure we appropriately address the topics our stakeholders deem most relevant.

Materiality matrix



The matrix above shows the 20 highest scoring topics that are being addressed in our reporting going forward. It should be noted that, as topics are positioned relative to one another, all 20 topics are considered to be highly relevant to LeasePlan and are addressed as such.

Low-emission mobility has continued to rank at the top of the list of our stakeholder priorities, which underlines the relevance of our strategic direction in this field. Digital solutions, which is a new material topic in the assessment, also ranks as one of the most relevant topics for our stakeholders and an area where LeasePlan can create an impact. Similarly, Employee engagement & satisfaction is a new addition to the list of material topics compared to the 2018 materiality matrix. Although still relevant to LeasePlan and its stakeholders, Partnerships & co-creation in the industry is no longer considered material, while Privacy & data security remains a material topic for LeasePlan, although ranking lower on both axes compared to the previous materiality assessment.

CASE STUDY: 7

Making strides on Diversity, Equity and Inclusion

LeasePlan delivers another year of progress and external recognition.

In 2021, LeasePlan implemented a range of new initiatives to improve Diversity, Equity and Inclusion (DE&I). Our strategy is to build an even more ethical and progressive culture within a safe, healthy and engaging work environment.

A major highlight was the progress made towards implementing a worldwide equal benefits policy at LeasePlan, including the global adoption in 2021 of a new, more inclusive definition for 'family'. The overall project is currently in the international review stage, with each country looking at how to apply the new approach locally.

Talent to the Top in 2021

There were also many DE&I highlights in the LeasePlan countries. In the Netherlands, LeasePlan is proud to have signed the Talent to the Top Charter, which supports our commitment to increase the percentage of diverse employees in our top 3 management layers.

Meanwhile, at LeasePlan Mexico, our work to improve diversity included adopting anti-discrimination protections, taking part in public DE&I activities and setting up a diversity council and an LGBTQ+ employee group. These efforts were recognised by the Human Rights Campaign Foundation, which has awarded LeasePlan Mexico its HRC Equidad MX 2022 certificate.

External recognition

LeasePlanners in Mexico were not the only DE&I award winners in 2021: Chief People & Performance Officer Tjahny Bercx was named Chief Human Resources Officer of the Year by a leading HR community in the Netherlands for his inclusion and equality advocacy.

"It's an honour to be recognised," says Tjahny, "but this award is really for our people around the world, not only for their skills, resilience and adaptability, but also for their commitment to making our organisation an inclusive and welcoming place to work. The award is a testament to the strength of our culture at LeasePlan."

"Our actions have a real impact on the wellbeing of our communities."

Tjahny Bercx
Chief People & Performance Officer

Risk management

We are committed to ensuring our activities are executed within a defined Risk Management Framework that has been approved by the Managing and Supervisory Boards.

LeasePlan operates a retail bank in the Netherlands and Germany to partly fund its Car-as-a-Service activities. As a financial institution LeasePlan was previously regulated by the Dutch National Bank (DNB) as of 1 January 2021, LeasePlan has been classified as a significant institution[72] and therefore falls under the direct supervisory control of the European Central Bank (ECB).

Our risk profile differs from most other financial institutions due to the nature of our business. The largest part of our portfolio consists of operationally leased vehicles, in which we bear the market price risk of used vehicles (asset risk / residual value risk).

LeasePlan considers controlled and balanced risk taking, accommodated by a strong risk management organisation and risk governance supported by a clear tone at the top, as key elements in driving its strategy. Risk management and control are closely linked to LeasePlan's strategic aims. In 2021, we upgraded our Risk Management Framework, which includes the risk management cycle and links the various building blocks of the risk process and governance. The risk management cycle comprises repetitive iterations of risk identification, risk assessment, responding to risks and monitoring and reporting.

Risk management and control are closely linked to our strategic objectives and compliance with applicable Capital Requirement Regulation (CRR) and associated EBA guidelines and ECB expectations. The Risk Management function is headed by the Chief Risk Officer, and organised into specialised departments at a central level, cluster level and into on-site risk management teams at each entity and business unit.

Enterprise Risk Management (ERM) team maintains the Risk Management Framework and provides structured reporting on risk-related matters to all relevant internal and external stakeholders.

Financial Risk Management (FRM) team oversees the four financial risk domains (Credit, Asset, Treasury and Motor Insurance). FRM also determines the required amount of risk capital, monitors adequacy of available capital and supports the first line in steering on capital requirements. The on-site Risk Management teams at LeasePlan Treasury, LeasePlan Bank and LeasePlan Insurance report into the head of FRM.

Non-Financial Risk Management (NFRM) team oversees the operational, information and reputational risk domains. NFRM also maintains the internal control framework and performs assessments of effectiveness. The on-site Risk Management teams at LeasePlan Digital, LeasePlan Information Services, LeasePlan Shared Services, and LeasePlan Global Procurement report directly to the head of NFRM.

Risk Modelling & Analytics (RM&A) is responsible for the following stages of the model lifecycle: model development and testing, model implementation, model change management, and model monitoring. It is organised into three specialised units:

- Model Development
- Model Implementation & Monitoring
- Model (Risk) Management.

Model Validation is responsible for validating models in accordance with the requirements that follow from the tiering described in the Model Risk Management Standard. Model Validation is independent from Risk Modelling & Analytics within LeasePlan, reporting directly to the CRO.

72. *LeasePlan is classified as significant in accordance with Article 6(4) of Regulation (EU) No 1024/2013 and Article 50(2) of Regulation (EU) No 468/2014 (ECB/2014/17), as the total value of its assets, determined in accordance with Articles 50 to 55 of Regulation (EU) No 468/2014 (ECB/2014/17), exceeds EUR 30 billion.*

On-site & Cluster Risk Management: each entity and business unit within the LeasePlan organisation has a dedicated on-site Risk Management team with risk management expertise relevant for each particular entity or business unit. These teams oversee all relevant risks at their local entity or business unit, and fulfil the primary independent risk control function. The on-site Risk Management teams are organised into clusters, each headed by a Cluster Risk Director reporting directly to the Chief Risk Manager.

Three lines model

Risk governance should be seen as an essential part of the overall corporate governance of LeasePlan, which is outlined in the Corporate Governance Framework. In order to provide a clear and comprehensive overview of our risk management and control approach, we have implemented a Risk Charter. The Charter emphasises the importance the Managing Board gives to sound risk management and applying it in the Group's daily business approach. As such, it defines the general principles, the mandate and key responsibilities of the Risk function, and the risk framework.

LeasePlan's governance is based on the three lines model. Our model is in line with the EBA guidelines on Internal Governance (GL 2017-11). This model distinguishes among functions that own and manage risks (first line), functions that oversee and advise on risk management practices (second line) and functions that provide internal independent assurance (third line). The following overview outlines the composition and responsibilities of the key parties involved in executing the three lines:

First line

Local and corporate management are considered the first line. They have full ownership of all risks at entity level and are responsible for taking risks, the day-to-day management of the organisation, the effectiveness of the business processes, reliable reporting, implementation and embedding of strong risk management practices and continuous Group policies and standards. Activities include identifying and assessing potential risks, and taking steps to mitigate negative influences and implementing regular assessments of controls and residual risks in order to adhere to the applicable risk limits and tolerance levels.

Our Strategic Finance department is responsible for overall liquidity management and the funding strategy. Strategic Finance is considered a first line function and as such is responsible for risk management as described above.

Second line

The Risk Management function is independent from the first line business functions, but has full access to all departments, functions, entities and business units across the LeasePlan Group.

Risk Management is represented by the Chief Risk Officer (CRO) at Managing Board level and the Chief Risk Manager (CRM) heads the department at central level, including local onsite Risk Management teams via the cluster structure. Both the CRO and the CRM are members of the Executive Committee (ExCo) and can independently escalate any matter or topic to the Supervisory Board. Risk Management has dedicated staff working on-site in all entities, each headed by a dedicated Risk Director, who reports to the CRM via the cluster structure.

These teams are independent from the first line business functions, while the on-site Risk Directors are members of the local management teams. Through the Risk Director, the on-site teams can directly and independently address any matter with the Cluster Risk Director, CRM and CRO. As a member of the Managing Board, the CRO is also fully involved in LeasePlan's strategy setting and other relevant executive decision making. The Managing Board is responsible for ensuring that risk management is fully taken into account in the decision-making process. The CRO or CRM can independently escalate risk-related issues to the Chairman of the Risk Committee of the Supervisory Board.

Third line

Group Audit provides internal audit services and is the third line. It conducts audits of LeasePlan's activities and provides independent assurance by assessing the effectiveness of governance, risk management and internal control processes. It also reports its findings to the Managing Board and provides quarterly updates to the Supervisory Board Audit Committee.

The three lines of defence

First line of defence	Second line of defence	Third line of defence
Local & Corporate Management Strategic Finance	Risk Management Privacy & Compliance	Group Audit

Risk appetite

LeasePlan is committed to ensuring regulatory compliance and maintaining a risk profile within the set risk appetite by challenging and assisting the business and promoting risk awareness at all levels within the Group. The Risk Appetite Statement (RAS) represents the overall risk LeasePlan is willing to assume in order to achieve its strategic objectives, defined by quantitative and/or qualitative metrics. Secondly, risk appetite is set for the defined risk types as determined in the risk strategy by using specific risk tolerance metrics across the risk universe. Subsequently, local entities are assigned local limits that are in line with the Group's overall risk appetite and commensurate with the local entity's budget. This is referred to as Country Based Risk Appetite (CoBRA).

Depending on the risk metric, compliance with the risk appetite is monitored on a daily, monthly or quarterly basis. The Managing Board, through the Group Risk Committee, monitors, reviews and challenges the actual performance against the RAS and discusses potential corrective measures on (at least) a quarterly basis.

Breaching of risk tolerance levels is always subject to a materiality check. If the breach is a non-material variation, then no specific management action is required. A comprehensive report across all risk types of the RAS is provided on at least a quarterly basis to the Group Risk Committee and the Supervisory Board. This report includes as a minimum all material risk developments, deviations and potential future breaches.

The Risk Management function monitors developments on a consolidated as well as on entity level, and reports any relevant trends and deviations, and recommends mitigating actions to the appropriate committees and/or managing bodies.

The principal financial risks inherent to our business activities are discussed further in the Risk Management section in the Financial Statements on *page 141*.

Principal risks and uncertainties

We recognise ten main risk areas, which can be broadly divided into two categories: financial and non-financial risks.

Financial risks

- Asset risk
- Credit risk
- Treasury risk
- Motor insurance risk

Non-financial risks

- Operational risk
- Information risk
- Strategic risk
- Reputational risk
- Compliance risk
- Legal risk

Treasury risk is further broken down into risks related to liquidity, interest rate and currency. For further details about our asset risk, treasury risk, credit risk, operational risk and motor insurance risk, please refer to the Financial Risk Management section of the financial statements on *page 141*. For more information about Compliance and Legal please refer to *pages 82 and 86*.

Reputational risk

Reputational risk is defined as the current or prospective risk to earnings, liquidity and/or capital arising from an adverse perception of the image of the Group on the part of current or prospective employees, clients, counterparties, shareholders, investors/media and regulators. It is a risk which is a derivative of possible exposures in other risk areas.

Information risk

Information risk is the risk of breaching confidentiality, integrity or availability of information, due to human error or misbehaviour, inadequate processes or failing technology, leading to losses, financial misstatements, reputational damage or regulatory sanctions.

The Information Risk Management function pertains to Group and entity levels, in both cases part of the second line. Where the first line is responsible for the implementation of policies and standards, local second line information risk (or Information Security Officers (ISOs)) acts as the counterpart to support secure implementation, facilitate risk management processes, and challenge first line decisions. The Non-Financial Risk Management team oversees the work of local ISOs, and maintains the information Risk Management Framework, which includes (among other areas): governance, policies, standards, processes, tooling, culture, risk universe, and the (information) risk and controls matrix.

Furthermore, there is a regular control test cycle where the key controls for information risks are tested on design and operating effectiveness. In addition to these, Key Risk Indicators are defined for the major IT risk areas which are reported on a quarterly basis. Quantification of risks is based on a standardised business impact reference table, which also includes qualifiers for impact that are more difficult to measure in terms of monetary value.

As the attack footprint and threat landscape of LeasePlan is continuously evolving, so is LeasePlan's security posture and its capabilities to identify, protect, detect, respond and recover. These capabilities are constantly being optimised to reduce the likelihood and impact of key risks, such as ransomware attacks, unauthorised disclosures of data and invoice fraud/business e-mail compromise (BEC).

During the reporting year there have been no significant or material information risk incidents.

Strategic risk

Strategic risk is the current or prospective risk to earnings and capital arising from changes in the business environment, lack of responsiveness to changes in the business environment, from adverse business decisions or improper implementation of decisions.

The Group recognises three types of strategic risk:

- **Macro environment risks:** the current or prospective risk to earnings and capital arising from uncontrollable external forces affecting the Group;
- **Micro environment risks:** the current or prospective risk to earnings and capital arising from factors or elements directly in the Group's immediate area of operations affecting its performance and decision-making processes;
- **Corporate governance risk:** the current or prospective risk to earnings and capital arising from the manner in which the Group's governance structure is set, communicated, implemented and reviewed.

Strategic risk management structure and organisation

As part of the risk strategy process, the Group identifies and assesses the risks it is exposed to on an annual basis. This strategic risk assessment considers the current business, external trends and emerging developments. Furthermore, the risk is assessed considering the possible impact for the upcoming 12 months.

Senior leadership is aware of the effects that potential changes in the economy, consumer behaviour and technology can have on the future of the Group's business. Although the future impact and development of many of these forces cannot as yet be quantified, senior leadership is taking focused actions as articulated in its corporate strategy to prepare the company for the future.

Business continuity management

With regard to Business Continuity Management, LeasePlan is concerned with identifying potential impacts that threaten the continuity of its regular business. The Risk Management Function provides a framework for building resilience and the capability for an effective response to business disruptions that safeguards LeasePlan's objectives and operations.

Other risks

A general reference is made to the LeasePlan Group's Pillar 3 report for additional risk related disclosures in accordance with the disclosure requirements of Regulation (EU) 575/2013 part eight.

Based on the main risk areas, we have summarised material risks and uncertainties that are relevant to the expectations of LeasePlan's continuity for the period of 12 months after the preparation of this Report.

- LeasePlan may suffer from adverse developments in the automotive industry, including regarding diesel vehicles, and the other markets directly related to its business. Technology changes could have a material adverse effect on the business, financial condition and results of its operations
- LeasePlan relies on internal and external information and technological systems to manage its operations and is exposed to risk of loss resulting from breaches of security, system or control failures, inadequate or failed processes, human error, business interruptions and external events. In addition, LeasePlan is subject to the risk of cybercrime by employees or third parties
- LeasePlan is subject to bank regulation, and changes in regulations or to its regulatory capital requirements can influence its business, financial condition, results of operations and liquidity position
- LeasePlan is currently working on a high number of projects and initiatives related to regulatory enhancement programmes which could affect our business, financial condition and results of operations
- For regulatory governance and compliance we need to attract and retain sufficiently qualified personnel to manage increasing regulatory requirements. Not having the required number of resources could have an impact on the deliverables

- For model development, the maturity of the model landscape and risk oversight quality of (historic) data is important. Data quality issues could have an adverse impact on the reliability of the output delivered by the models
- The intended merger with ALD will increase pressure on employee retention and our ability to attract new employees
- LeasePlan is exposed to emerging risks of uncertain external events or developments that could pose a significant threat to our business. These risks could include political tensions that might have negative impacts on our operations in certain countries

LeasePlan believes these are the risk events which could hinder the company in achieving its strategic and financial business objectives. This may, however, not include all the risks that may ultimately affect LeasePlan.

To manage or mitigate risk in each of these risk categories and related subcategories, LeasePlan has implemented a variety of key processes. For asset risk, mitigants include interim adjustments and end-of-contract fees, as well as multi-channel and cross-border sales. For operational risk, internal and external fraud controls are examples of mitigants. For liquidity risk, we have matched funding, our diversified funding platform and healthy liquidity buffers as mitigants. For credit risk, mitigants include risk modelling, debtor management and default monitoring.

In addition to the above risks, we have begun assessing climate and environmental risks to our business, in line with the expectations of the ECB. To this end, we have begun to follow the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). For more information see our TCFD statement on *page 46*).

In 2022, LeasePlan will also implement an updated taxonomy to increase the coverage on risk types and events based on the ORX standard[73].

Total Risk Exposure Amount (TREA)

To determine risk-weighting, the Group applies the Advanced Internal Ratings Based (AIRB) approach for the corporate lease portfolio and trade receivables, and for the retail portfolios and trade receivables in the United Kingdom and the Netherlands. For the exposures related to governments, banks and other retail clients, the Group applies the Standardised Approach of the CRR/CRD IV framework which prescribes fixed percentages for risk weighting depending on characteristics and conditions of the exposure. For the calculation of risk-weighting of other balance sheet and off-balance sheet exposures, the standardised approaches as described in the CRR/CRD IV framework are used.

As of January 1, 2021 LeasePlan has aligned its definition of 'default' with those of the CRR, EBA guidelines and Regulatory Technical Standards (RTS). It has also updated related policies, including the processes and procedures in place for all local entities, and updated its AIRB models as a result of the new definition. We expect the regulator to finalize the review of these models in 2022.

LeasePlan met the liquidity survival horizon at a minimum of nine months at all times. Prudent liquidity management and controls are in place to ensure compliance with regulatory requirements. Based on the 2021 Internal Liquidity Adequacy Assessment Process (ILAAP), we concluded that we are adequately funded and that our liquidity buffer is more than sufficient to meet internal and prudential requirements.

73. Operational Riskdata eXchange Association (ORX) is operational risk management association in the financial services sector

Highlights 2021

- LeasePlan became a significant institution as of 1 January 2021 and due to the transition from DNB supervision to ECB supervision, LeasePlan is required to comply with all the regulatory requirements that are applicable to significant institutions. In addition, many regulatory changes are introduced through the European Commission's 'Banking Package 2019' in the form of CRR II and CRD V, which became effective as of 28 June 2021. There has therefore been a significant increase in regulatory requirements and more stricter requirements that became applicable to LeasePlan in 2021. LeasePlan has set up a number of internal projects to implement the new regulations. Although a lot of progress was made in 2021, LeasePlan acknowledges that further improvements are needed to be able to fully meet the supervisory expectations.
- LeasePlan has updated the policy framework and started to redesign its risk control framework with a focus on Asset, Credit, IT and Motor Insurance Risk which will define the segregation between first line and second line tasks to our entities gradually. More controls will be designed for the remaining risk categories as well.
- Prudential capital management and controls are in place to ensure compliance with regulatory requirements. Based on the 2021 Internal Capital Adequacy Assessment Process (ICAAP), we concluded that we are adequately capitalised. In 2021, the Total Risk Exposure amount increased by EUR 2,753 million to EUR 22,489 million. The Common Equity Tier 1 capital decreased by EUR 20 million to EUR 3,284 million, resulting in a Common Equity Tier 1 ratio at year-end of 14.6%.
- LeasePlan has maintained a solid platform of diversified funding sources that include financing through debt capital markets, securitisation, bank credit lines and its internet savings bank in the Netherlands and Germany. With this as an underlying strategy, LeasePlan ensured the availability of funding to meet its ongoing liquidity needs and match its asset profile. LeasePlan's liquidity position complied with CRR/CRD IV requirements.
- In accordance with CRR article 431.3, LeasePlan assessed the frequency of Pillar 3 disclosure requirements and publishes the Pillar 3 Report quarterly, semi-annually and annually, based on the EBA Regulatory disclosure guidelines[74].

To see a comprehensive overview of our Risk Management Framework, including details on key risks inherent to our business activities, please refer to the Risk Management section in the financial statements and the (unaudited) Pillar III Disclosures, which are available at www.leaseplan.com/corporate.

ESG risks

Within our overall risk management categories, we recognise a number of non-financial risk drivers pertaining to our supply chain, environmental impact, employees, and social issues such as labour rights, human rights and corruption. These risk drivers, as well as others that could emerge in the future, could hinder the company in achieving its strategic and financial objectives. Below we outline some of the most material non-financial risk drivers to our business and performance, along with the main steps we have taken to manage them, while on *page 46*, we further consider our main climate-related risks and opportunities.

74. *The frequency and scope of Pillar 3 disclosures is determined based on Capital Requirement Regulation (EU) No 575/2013, guidelines EBA/GL/2014/14 and EBA/GL/2016/11*

Supply chain

Risks	Response
We rely on third-party suppliers to provide, acquire and service our fleet. As a result, we may suffer from adverse developments resulting from the quality of their products and services, and be impacted by environmental and social risks in the supply chain. These risks could have a material adverse effect on our reputation, business, financial condition and results of operations.	We expect our suppliers to reflect the values and behaviours that apply within our organisation by conducting their own business activities in an ethical manner. In this context, the LeasePlan Supplier Code of Conduct (SCoC), which is embedded into all contracts above EUR 50,000 establishes the minimum standards we expect our suppliers to adhere to when working with, for, or on behalf of LeasePlan. It focuses on the following specific areas: Honesty and trust; Respect for the law; Human rights; Responsibility to employees; Environmental sustainability; Confidentiality and intellectual property; Privacy of individuals and data protection; Fair competition; Conflicts of interest; and Bribery prevention In 2021, 100% of LeasePlan's Core Global Suppliers (> EUR 50,000) were deemed to be in compliance with LeasePlan's SCoC. LeasePlan's supplier monitoring currently comprises the Lexis Nexis Supplier Due Diligence screening process and reports by Dun and Bradstreet, which it implements via the NextGen Procurement digital platform. This includes a supplier onboarding module in which new suppliers are required to share details of their environmental, social and governance (ESG) programmes and whether they are a minority owned company. The module will gradually enable us to assess our supplier coverage with regards to ESG and to develop a supplier scorecard.
European regulators are favouring ever stricter carbon limits on vehicle tailpipe emissions. In light of the new EU Climate Law, these are likely to become even stricter in the foreseeable future. These laws, in addition to the growing number of local low-emission zones being implemented within urban areas, could result in a lower demand for vehicles with diesel and petrol powertrains in both the primary and second-hand market.	LeasePlan mitigates the impact of this risk via its sustainability strategy, which includes the objective to achieve net zero tailpipe emissions from its funded fleet by 2030, as well as broader actions to improve its ESG performance (e.g. adoption of Science-Based Targets and implementation of TCFD recommendations). For more information please see the chapter 'Lead the transition to sustainable mobility' on *page 42*. Furthermore, due to the relatively fast turnover of our fleet (normal contract duration is three to four years), we ensure that we have the latest and cleanest technology in our fleet. For example, the diesels in our fleet continue to be limited to the latest and cleanest diesel Euro VI models, which are not currently subject to any legislative restrictions and still offer customers cost of ownership benefits relative to other powertrains. In addition, in 2021, we saw the proportion of diesel vehicles in our funded fleet continue to decline to 50% in 2021 from 61% in 2020. Low and zero emission electric vehicles are now the fastest-growing vehicle type within our funded fleet, with new EV activations accounting for 25% of total new vehicle activations in 2021, compared to 16% in 2020.
Electric vehicle batteries require certain materials, especially cobalt and lithium, that have been associated with poor mining practices and human rights abuses. A failure to ensure satisfactory labour conditions and protect human rights in this supply chain could materially affect our own demand and our customers' demand for electric vehicles and therefore inhibit our ability to offer sustainable electric solutions.	Through our participation in the Global Battery Alliance, convened by the World Economic Forum, and in cooperation with key supply chain participants, we work to ensure human rights abuses do not occur going forward, and that sustainable mining practices and traceability are embedded in battery manufacture.

Environmental

Risks	Response
Failure to improve the environmental sustainability of our products and services to our customers, and to reduce the environmental impact of our overall business, could have a materially adverse effect on our reputation, business, financial condition and results.	LeasePlan mitigates the impact of this risk via its sustainability strategy, which includes the objective to achieve net zero tailpipe emissions from its funded fleet by 2030, as well as broader actions to improve its ESG performance (e.g. adoption of science-based targets and implementation of TCFD recommendations). In this context, we actively promote cleaner, low-emission vehicles and the infrastructure required to make them a viable option for our customers and employees.
There is a potential reputational risk of failing to reduce the environmental impact of our office buildings globally.	LeasePlan is a business service provider and occupies leased office spaces only where there is relatively little scope for environmental management, as lighting, heating, cooling, and waste disposal are largely outside of its direct control. However, we still aim to reduce our environmental footprint within the confines of our lease contract by providing clear guidelines to employees/facilities managers globally on concrete steps towards reducing energy usage, increasing our share of renewable energy and promoting greater recycling and more environmentally friendly office product procurement. In 2021 LeasePlan created a new global environmental policy to standardise our sustainability activities across the company. With regards to GHG emissions specifically, LeasePlan is already mitigating the impact of this risk with its sustainability strategy, which includes the objective to achieve net zero tailpipe emissions from its funded fleet by 2030, as well as broader actions to improve its ESG performance (e.g. adoption of science-based targets and implementation of TCFD recommendations).

Social

Risks	Response
Due to the nature of its business, LeasePlan faces relatively low social risks within its core operations (outside the supply chain). Even so, potential risk areas such as community relations, human rights, bribery and corruption could have an impact on our reputation, business, financial condition and results.	We recognise our responsibility to apply high standards in our personal conduct and day-to-day business decisions. We therefore work to ensure our values and ethics are embedded in our behaviour, processes and actions. Our values and ethics are defined by the LeasePlan Code of Conduct, which also explains the way we deal with each other, customers, suppliers, society at large, government authorities, regulators, investors and business partners. All LeasePlan employees agree to comply with the Code of Conduct through an annual declaration process. We have also implemented our Supplier Code of Conduct to help ensure that high ethical standards are maintained across our supply chain. Furthermore, we recognise that human rights are fundamental and universal and aim to respect human rights, as described in the United Nations' Universal Declaration of Human Rights and the principles of the International Labour Organization. We therefore avoid being complicit in human rights abuses of any kind, and condemn the use of forced labour, compulsory labour and child labour. Respect for human rights is also a key feature of our Supplier Code of Conduct.
Bribery is considered a compliance risk and is determined by different risk factors. The first factor is geography or country risk, which we determine through Transparency International's Corruption Perception Index (CPI), which measures perceptions of bribery and corruption in each country, and the World Bank Governance Indicators. The second risk factor is sector risk, whereby certain business sectors are associated with higher levels of bribery risk than others. Bribery risks also increase where payments (not only financial) are required. For example, charitable donations or sponsorships, sign-on bonuses, discounts, rebates, and kickback payments, hiring, gifts and entertainment. In addition, activities with high value or critical significance and complexity can create an incentive for bribery.	Bribery is considered one of our top compliance risks, and we perform a bi-annual compliance risk assessment globally in which inherent and residual risks are taken into account. To mitigate bribery risks, we have a standard set of measures (e.g. anti-bribery clauses in our contracts) and an ongoing anti-bribery programme. Where the bribery risk is deemed higher, we take additional measures. All employees sign our Code of Conduct, which features anti-bribery clauses, and each year are asked to declare that they have acted in line with the Code of Conduct. In addition, all new joiners have to follow and successfully pass an anti-bribery e-learning. Bribery risk was also one of the compliance risks assessed as part of the Systematic Integrity Risk Assessment (SIRA) in 2021.

Employees

Risks	Response
Our operations are to a significant extent dependent on our ability to attract and retain key management personnel and high-quality staff, including highly skilled and qualified personnel with specialised know-how relevant for our business such as IT. Should we encounter any difficulty in attracting and retaining senior management and other key personnel with the appropriate level of experience, knowledge and relationships, this may have a material adverse effect on our business, financial condition and results of operations.	We recognise that the sustainability of our business derives from the talent and efforts of our people. As a result, in addition to recognising their fundamental human rights, we place emphasis on attracting and retaining talented employees and investing in extensive training and development across our operations. LeasePlan's People Strategy aims to achieve this by giving our people opportunities to develop their potential and creating a tolerant and inclusive environment in which they can thrive.

CASE STUDY: 8

Building sustainability into the architecture of LeasePlan Netherlands

LeasePlan Netherlands' newly opened delivery centre is a building custom designed to meet the highest sustainability standards for energy supply, water management and climate control.

Located in Breukelen, the new delivery centre is home to the LeasePlan Netherlands flexible fleet (including short-term lease cars, share cars and taxis). With interest in flexible mobility on the rise since the start of the Covid-19 crisis, the new building enables LeasePlan to meet soaring demand in a building that reflects and promotes the company's growing sustainability ambitions.

"We decided we needed a bigger building to house our flexible fleet – one that lives up to modern sustainability requirements," explains Sander Pleij, Managing Director of LeasePlan Netherlands. "We're very proud of what we've created. It sets a new standard for future developments in the Netherlands: it's virtually energy neutral, smartly furnished and full of sustainable details. And it offers room for us to grow as a provider of the flexible, sustainable mobility solutions that customers are increasingly asking for."

The building is fitted with nearly 1,000 solar panels, enough to make it self-sufficient in its energy needs – which are already low, thanks to features such as LED lighting and smart office automation. A special 30 m² 'green wall' inside the building ensures optimum air quality and a pleasant, healthy working environment.

But the sustainability impact reaches further still: the site includes a state-of-the-art car wash where the water used is captured and recycled, and the water treatment plant even supplies energy back to the grid. By making this facility available not only to LeasePlan and its lease car drivers but also to other car users in the area, LeasePlan Netherlands has placed itself at the heart of a more environmentally friendly community. An important step towards a bright (green) future!

"We're very proud of what we've created! It sets a new standard for future developments in the Netherlands."

Sander Pleij
Managing Director of LeasePlan Netherlands

Privacy and compliance

LeasePlan operates in a complex regulatory environment in which trust and confidence are crucial.

Only by conducting our business based on high ethical standards and in compliance with applicable laws, directives and regulations will we win and retain trust, and succeed in our mission. This means being able to manage risks and meet requirements related to being a savings bank and significant institution; dealing with counterparties across multiple jurisdictions; handling personal data from customers and drivers; and developing new digital technologies that enhance and automate our products and services.

LeasePlan's Privacy & Compliance function applies a structured approach to meet the needs of its customers, suppliers, employees, and other stakeholders, as well as all applicable legal and regulatory obligations. It seeks to set high ethical standards to give our stakeholders the confidence to work with LeasePlan.

Management and mitigation

LeasePlan's Managing Board owns the Group's privacy and compliance risks and is ultimately responsible for any business, group or strategic activity and/or decision that entails privacy and compliance risks. Each year, it submits LeasePlan's Risk Appetite in relation to privacy and compliance risks, among others, to the Supervisory Board for approval.

The Privacy & Compliance function is represented at the Managing Board via the Chief Risk Officer (CRO). The CRO appoints the Group Compliance Officer (GCO), who reports to the CRO (or, in case of CRO absence, the CEO), and has direct access to the Group Risk Committee (GRC) and the Supervisory Board. The CRO also appoints the Group Privacy Officer (GPO). The GPO reports to the GCO, and has direct access to the CRO. The GCO is supported by the Group Compliance Office, while the GPO is supported by the Group Privacy Office. In addition, the GCO reports periodically to the GRC, and ensures accurate and timely reporting to the Managing Board with regards to compliance risks and their management.

There is also a Privacy & Compliance function at local or regional level (per LeasePlan entity), and a permanent and dedicated Local Compliance Officer (LCO) and Local Privacy Officer (LPO). The LCO and the LPO report to the GCO and the GPO respectively, and to the local management with regard to their roles.

Objectives

As part of the Risk Management function, Privacy & Compliance supports LeasePlan's strategy by enabling controlled risk taking and promoting responsible risk practices among employees under the banner 'Privacy and compliance by design; it is not an add-on!' This includes the integration of privacy and compliance practices into our daily business activities and strategic planning within our set risk appetite, promoting awareness, as well as challenging and assisting the business with privacy and compliance issues.

Specific objectives include:

- Employees: all employees uphold high standards of integrity and business ethics
- Products & services: to meet market demand, compliance with all relevant laws and regulations, and applying a duty of care
- Counterparties: LeasePlan engages in business with relations that maintain high standards of integrity
- Organisation: conduct business with honesty and trust, respect for the law, human rights, privacy & data protection and corporate social responsibility

Privacy & Compliance also safeguards LeasePlan's integrity and reputation, protecting it against financial loss and reputational damage, and thereby also protects the interests of our customers, drivers, suppliers and employees. Other key activities include:

- Supporting LeasePlan to ensure a proper control environment is in place for complying with applicable laws, rules, regulations and internal standards
- Helping prepare LeasePlan for emerging trends and new requirements
- Supporting the business with managing day-to-day compliance risks
- Serving as a trusted business partner and supporting the full integration and digitisation of privacy and compliance in daily business activities and strategic planning
- Setting measurable quality goals for each project, product and process and ensuring privacy and compliance by design is embedded by default in our business processes

- Using automation and artificial intelligence to proactively detect, prevent and monitor privacy and compliance threats and risks

Governance and reporting

The basis for mitigating compliance and privacy risks is the Privacy & Compliance Charter and Framework.

The Privacy & Compliance Function – with a central team, including a dedicated Data Protection Officer and the AML Officer and privacy and compliance officers in all entities – operates within the context of LeasePlan's broader Risk Management Framework.

Our Privacy & Compliance risk appetite is set on a yearly and overall basis and a systematic integrity risk assessment is performed. We also formulate further mitigating actions and key risk and performance indicators for each area.

The Group's risk appetite, which is owned by the Managing Board, sets the direction for the Group's overall risk-taking, including Privacy & Compliance risks, by specifying the aggregate level of risk that is acceptable to the Group. In 2021, LeasePlan's risk appetite for Privacy & Compliance risks was overall set as 'minimalist'.

The Systematic Integrity Risk Analysis (SIRA) was conducted twice in 2021. From 2022, the SIRA will be conducted once a year. The changes in the approach and process in 2021 enhanced the analysis done in all risk areas, and further risks and scenarios were discussed and updated where needed from the first to the second SIRA in 2021. To provide all stakeholders with more insight on the outcomes of the SIRA, the reporting was also improved, giving a more complete overview of risk areas and scenarios. The reporting also gives an opportunity to compare risk areas and scenarios and to see how these performed against the risk appetite, which was also supported by separate benchmark reporting.

In Q4 2021 the European Central Bank (ECB) allowed the Dutch Central Bank (DNB) to assess the functioning of the Management Body by assessing its oversight on compliance risk and the Compliance function as a sample of one of the tasks of the Management Body by means of an onsite inspection. The inspection was performed by the DNB and has concluded. The final report with recommendations will be prepared by the ECB and is expected by Q1 2022

Privacy

Privacy focused on the following areas in 2021:

- Increased privacy awareness across the organisation. In addition to the existing induction trainings, a new privacy e-learning was launched to explain privacy principles in relation to personal data
- Improved the set-up of LeasePlan's privacy management tool for maintaining the data processing register and conduct automated privacy assessments. A privacy assessment playbook was also developed and further training provided
- Further embedded our privacy-by-design approach and maintained Group-wide baseline privacy-by-design requirements for our systems. These efforts will continue in 2022 with the further development of templates, guides, playbooks and training materials
- Enhanced privacy and data governance by defining a Privacy Control Framework
- Supported strategic initiatives with privacy elements. This included providing guidance, setting requirements and consulting towards data governance. This will continue in 2022
- Supported the handling of material breaches to personal data. None of the personal data breaches reported to data protection authorities resulted in further investigations, penalties or formal warnings
- Supported in handling material data subject requests from individuals, which are monitored via a dedicated privacy management tool. Individuals are becoming more privacy aware and mindful of the rights they can exercise regarding personal data. The level of data subject requests is currently stable and in line with expectations

Fit and proper internal culture

As a responsible company, LeasePlan wants to ensure that integrity is a key part of its conduct and business, so that the organisation and its employees are able to approach their business dealings based on sound business ethics and respect for stakeholders and society. Our structured approach consists of several elements:

Fit & proper assessment:

- the risk of not having a fit and proper internal culture is assessed as one of the risks in SIRA, based on five scenarios to determine gaps and areas of attention.

Mitigating measures:

- Our Code of Conduct defines our approach to business dealings based on sound business ethics and respect for stakeholders and society

- LeasePlan's values and principles provide a framework for our everyday business decisions, including dealings with other employees, customers, suppliers, society at large, government authorities, regulators, investors and other business partners
- Talent management provides a competency framework that defines the knowledge, skills, and attributes we need for our organisation, including integrity
- Talent management and onboarding policies ensure all prospective employees are screened
- Annual compliance declaration commits employees to the LeasePlan Code of Conduct and its underlying policies

Monitoring:

- Local monitoring by the LCOs and LPOs on all related privacy and compliance topics, including the presence and effectiveness of controls. The outcome of this monitoring is discussed on a monthly basis with the corporate Privacy & Compliance department
- Monthly monitoring actions planned by Group Privacy & Compliance and executed by the LCOs and LPOs, as well as outcomes
- Monitoring visits to entities by members of Group Privacy & Compliance to monitor the presence and effectiveness of controls. These were put on hold in 2021 due to Covid-19 lockdown measures and will be reinstated in 2022
- Key performance and key risk indicators are in place which are reported and discussed on a quarterly basis

Awareness:

- Compliance induction training is conducted with all new joiners in all entities. There is also mandatory compliance training available on topics that include bribery and money laundering, among others
- In 2021, the CRO domain and HR launched the Risk Navigator e-learning series in order to further enhance the knowledge and awareness of our employees regarding all risk areas and to further strengthen our risk culture

Incident handling and learning:

- LeasePlan has reviewed the Group whistleblowing policy and its internal and external whistleblowing process
- The risk policy and incident management standard define the mandatory incident handling process
- Root cause analyses are conducted when deemed necessary to prevent future incidents, with incident learning focused on the Seven Elements

Reporting:

- Group Privacy & Compliance reports to the Risk Committee of the Supervisory Board on the entities operating in line with the Risk Appetite for compliance risks
- LCOs have a direct reporting line to the GCO, and LPOs have a direct reporting line to the GPO
- GCO has a direct reporting line to the Managing Board and the Supervisory Board

LeasePlan's new Risk Navigator awareness and training programme

In 2021, LeasePlan launched a new programme – Risk Navigator – to help its people build up their knowledge and awareness around risk management, including the special responsibilities we have as a company with a banking licence, and how to manage the corresponding risks. In 2022, LeasePlan will launch further modules of its Risk Navigator programme that cover the risk topics that every LeasePlanner may face in their daily work. These include deep-dive trainings on AML/CTF & Sanctions, as well as LeasePlan's new Risk and Control Framework.

In 2021 we implemented the following actions to further enhance our integrity culture:

- Updated the Code of Conduct
- Expanded the scope of our incident learning model to other risk areas beyond Compliance
- Included new key indicators to monitor our risk of not having a fit and proper internal culture
- Further enhanced awareness about our integrity culture (e.g. our Risk Navigator awareness programme)

Anti-money laundering and counter terrorism

LeasePlan does not knowingly do business with any counterparty that is highly suspected of not being compliant with rules and regulations, or that is engaged in or is highly suspected of involvement in financial or economic crime. We ensure this by having the right policies, processes, tools and people in place to adequately address these risks. We also:

- Make sure we do not consciously start a business relationship or perform an occasional transaction (e.g. onboard, pay, service) with counterparties that increase this risk
- Continuously monitoring that any existing relationship does not increase this risk
- Respond in cases where such risk increases (e.g. via exiting of counterparties)

We perform counterparty due diligence to ensure counterparties are not subject to any sanctions or are involved in money laundering, terrorist financing or sanctions circumvention that could lead to LeasePlan being indirectly involved in such crime or harm its reputation. The standardization and automation of the Counterparty Due Diligence (CDD) process is a high priority in ensuring mitigating measures are applied consistently in a timely and effective manner across all LeasePlan entities. Key actions here in 2021 as part of CDD 2.0 include:

- The Anti-Money Laundering (AML), Counter-terrorist Financing (CTF) and Sanctions Policy and Standard have been revised and upgraded according to ECB guidelines
- Alert handling was centralized at our Service Center in Romania and a pilot to centralize review activities was launched
- A monitoring and reporting dashboard for all entities was set up
- The Digital Transformation Board approved the CDD 2.0 Programme to start building an integrated CDD solution within the overall NGDA
- The design of a global process template was approved to standardize the execution of the CDD processes during the onboarding and lifecycle of the business relationship
- The roll out of global e-learning to train and increase awareness of AML, CTF and Sanction risks

Anti-bribery and corruption

LeasePlan has a zero tolerance policy against bribery, and acts in accordance with applicable laws and regulations, its Code of Conduct and all related internal policies and standards. It has a risk-based approach to mitigating bribery risk, and in entities where the risk is deemed higher, more mitigating measures are implemented.

Bribery risk was also one of the compliance risks incorporated in the SIRA in 2021. LeasePlan conducted numerous awareness and monitoring initiatives, both locally and initiated centrally, to ensure that everyone at LeasePlan continues to be strongly focused on preventing bribery. As one of the key compliance risks, LeasePlan's Anti-Bribery programme will continue to be a focus in 2022.

Conflicts of interest

Conflicts of interest are addressed within LeasePlan's Conflicts of Interest, Anti-Bribery and Corruption, and Outside Positions Policy. In line with our Code of Conduct, it is essential that LeasePlan can identify actual, potential or perceived conflicts of interest and assess, and mitigate or prevent such conflicts.

Any potential, perceived or actual Conflict of Interest must be reported immediately to the Compliance Officer, and employees must also promptly inform of any changes to previously reported conflicts. These are assessed by the Compliance Officer, who determines what actions, if any, are required to manage and mitigate the conflict. The assessment is performed prior to the intended arrangement, transaction or contract being entered into by LeasePlan, unless it has already occurred. Part of this assessment involves determining whether the conflict is, or is likely to be, ongoing or whether the conflict is, or is likely to be, a single event with a defined end date.

Privacy & Compliance focus 2022

The main focus for Privacy & Compliance in the year ahead is to:

- Further develop and implement the counterparty due diligence processes, by means of project CDD 2.0
- Roll out the compliance roadmap to ensure completeness of scope, further strengthen compliance governance, empower first and second line compliance risk management and focus on enhancing monitoring and reporting
- Further develop and implement Schrems II consequences
- Increase awareness and knowledge levels at all layers of the organisation around privacy and compliance
- Further optimise the way we work by rolling out a harmonised control framework as part of the risk control framework – which includes setting controls libraries, implementing new risk tools and further rolling out the Risk Navigator
- Advise on strategic initiatives on all privacy and compliance topics and continue to ensure privacy and compliance by design
- Integrate Privacy & Compliance activities in the light of the proposed merger with ALD
- Further roll out Risk Navigator e-learnings
- Roll out Global Engagement and Integrity Survey
- Implement new Whistleblowing portal

Legal

The global Legal function manages legal risks across the Group. It is organised in a Group Legal department at central level and local legal functions in the countries where LeasePlan is represented.

Legal is a strategic partner for the entire organisation and enables internal stakeholders to make informed business, corporate and strategic decisions. It is closely aligned to them and jointly mitigates legal risks.

2021 – year of challenges and milestones

Despite the continued Covid situation, Legal achieved several important milestones in 2021: the spin-off of CarNext in seven countries, the divestment of the LeasePlan business in Australia and New Zealand, negotiations regarding the Memorandum of Understanding on the sale of LeasePlan to ALD, as well as overall legal support for global projects and important business wins.

Legal has further developed its NextGen Legal strategy to become a future-fit legal organisation, which comprises the following objectives:

- One Legal: further integration and collaboration across the LeasePlan legal community
- One Contract: further optimization and standardization of leasing terms and conditions aligned with standard product and services offerings
- Greater, smarter use of technology: further roll out of our digital vision and the digitization of legal tasks and processes that enable business self-service and contract management
- Virtual legal knowledge & expert centers: providing legal support across the globe
- Smart sourcing of legal services: outsourcing of high volume/low risk legal support to the shared service center or to alternative service providers

In addition, to ensure legal risks for LeasePlan are sufficiently addressed and key stakeholders are adequately supported, Legal is focused on the following areas:

Corporate Secretariat

The Corporate Secretariat supports the Managing Board, the Executive Committee and the Supervisory Board and its various committees with their meeting logistics, onboarding of new members, the execution of their respective lifelong learning programmes, and facilitates recurring (self)evaluations.

In addition, the Corporate Secretariat advises, guides, and steers the boards on corporate law and corporate governance-related matters and ensures compliance with corporate governance rules and internal rules and procedures. In 2021, the Corporate Secretariat executed a roadmap to further strengthen LeasePlan's governance, which remains high on the agenda for 2022.

Commercial contracting

The commercial contracting team is mainly responsible for supporting the Commerce team in its dealings with (international) clients and partners. In 2021, many new (international) customers and leasing partners were onboarded and existing contracts were renewed with the support of Legal.

Competition

Legal's competition center of excellence provides day-to-day advice, trainings and reminders to support the business teams with fair competition. In 2021, it rolled out a global competition law e-learning programme to all LeasePlan employees. Legal's global competition lead is also involved in and provides input to various lobbying and consultation programmes. Advice and support is provided in multiple projects, from a clean team/compliance perspective and in the risk analysis and preparations for potential merger filings.

Employment

LeasePlan values employee representation and actively discusses important business decisions with employee representatives. The Central Works Council, initiated in 2020, overarches the individual Dutch works councils and is a sparring partner for management for matters that relate to multiple parts of the organization. Legal supports various corporate strategic projects requiring advice on employment impact and handling of works council involvement.

Digital & indirect procurement

Part of the Legal team is dedicated to digital and (IT) procurement and provides focused support on LeasePlan's core digital and IT development programmes, such as the implementation of LeasePlan's Next Generation Digital Architecture (NGDA).

Legal Finance

The Legal finance team focuses on maintaining LeasePlan's funding and liquidity position by supporting fundraising across the main funding pillars. Despite the continuing challenging market conditions, LeasePlan has continued to secure sufficient funds to grow the business, including the launch of Green Bonds under the EMTN programme.

Strategic projects

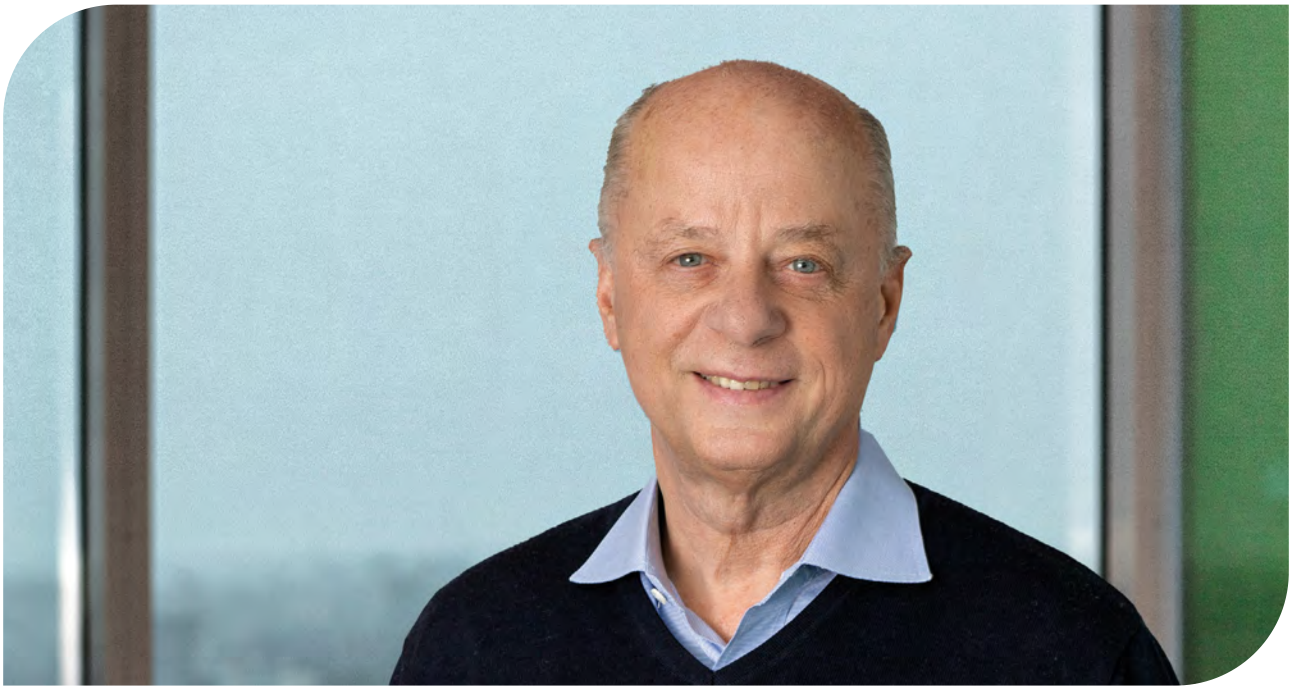
The Legal function acts as trusted advisor, supporting LeasePlan to realize its strategy through various projects, which in 2021, included the carve-out of CarNext, the divestment of our operations in Australia and New Zealand and the negotiating of a Memorandum of Understanding regarding the proposed sale of LeasePlan to ALD. We will continue to support these strategic projects to help shape the future of LeasePlan.

What's next

Legal will continue to increase its efficiency and implement innovations. To this end, a contract life cycle management (CLM) tool that supports all stages of the contracting process, and including smart contracting functionalities, is being implemented and will be further tested as part of LeasePlan's NextGen Digital Architecture (NGDA). Once implemented, this solution will further improve insight and control over contractual commitments and is expected to accelerate contract cycle times. More broadly, efforts will continue to support the transformation of LeasePlan to a fully digital business model, whereby Legal advises on a variety of aspects of the design, set-up, and transition of our NGDA.

At the same time, the sustainability expectations and demands of LeasePlan's stakeholders are rapidly developing and having an impact on the Legal function. Key stakeholders — including employees, investors, regulators, and consumers — increasingly expect LeasePlan to take clear environmental and social stances, and create long-term value for its stakeholder as part of its strategic planning process. Supporting LeasePlan's sustainability programme is high on the legal agenda for 2022.

Governance & leadership



Executive Committee

Tex Gunning

Chief Executive Officer & Chairman of the Managing Board

Tex Gunning (1950, Dutch national) was appointed Chief Executive Officer and Chairman of the Managing Board of LeasePlan in 2016. Previously, he served as CEO of TNT Express between 2013 and 2016, guiding its merger with FedEx to create a global network for express parcel deliveries. He also served as managing director of the Decorative Paints Division of AkzoNobel between 2008 and 2013, where he integrated AkzoNobel's decorative paints business with ICI. Between 2007 and 2008, Tex was CEO of Vedior, overseeing its acquisition by Randstad in 2008, which saw Randstad become the second largest recruitment company in the world. Tex also has 25 years of experience with Unilever, where his last role was business group president in Asia. Currently, Tex is Supervisory Board member of Vereniging Erasmus Trustfonds, Stichting Nexus Instituut, Stichting Het Wereld Natuur Fonds-Nederland and Stichting Grachtenfestival. Tex is an Economics graduate of Erasmus University Rotterdam.

Executive Committee *continued*

Toine van Doremalen

Chief Financial Officer & Member of the Managing Board

Toine van Doremalen (1973, Dutch national) was appointed Chief Financial Officer and Member of the Managing Board in 2020. As CFO, Toine has responsibility for all financial processes, control processes, strategic capital and funding planning, and the treasury function. Prior to joining LeasePlan's Managing Board, he served as Senior Vice President (SVP) & CFO of LeasePlan's Car-as-a-Service business and as Corporate Controller. Before this appointment, Toine worked for 18 years at Philips, where he held a variety of senior finance roles across a range of industries, including as SVP & CFO of the Patient Care & Monitoring Solutions business, a large global healthcare business. He lived and worked in various locations in Europe, Asia and the USA. Toine holds an MSc. Degree in Business Economics from Tilburg University and an Executive MSc. Degree in Finance & Control from the University of Amsterdam.

Executive Committee *continued*

Jochen Sutor

Chief Risk Officer & Member of the Managing Board

Jochen Sutor (1973, German national) is Chief Risk Officer and Member of the Managing Board, first appointed in 2019. As CRO, Jochen has responsibility for defining and executing LeasePlan's risk and compliance strategy, as well as the ECB Migration Project. Before joining LeasePlan, Jochen had a long career in banking and automotive finance, including as Global Head of Finance at Commerzbank in 2012. He also spent more than ten years working for Mercedes-Benz Bank, a subsidiary of the Daimler Mobility AG division, fulfilling various senior positions in finance and risk management. He brings a wealth of knowledge in regulation, experience in corporate restructuring exercises and credit workouts and has managed accounts in many complex global organisations, harmonising systems, increasing efficiencies and introducing single finance architectures across jurisdictions. Until November 2020, Jochen was Chairman of the Supervisory Board at Comdirect Bank AG. He holds an MSc. Degree in Finance from Texas A&M University and a doctorate in Mathematics from Ulm University.

Executive Committee *continued*

Berno Kleinherenbrink

Chief Commercial Officer

Berno Kleinherenbrink (1962, Dutch national) was appointed Chief Commercial Officer in 2016. Berno also serves as Cluster Director for Belgium, Germany, France, Luxembourg and the Netherlands, and as CCO is responsible for all account and sales management activities across LeasePlan globally. Prior to his current position, he was Managing Director of LeasePlan Netherlands. Berno is passionate about, and has been leading the commercial aspect of LeasePlan's transition to zero emission EVs ever since the company joined EV100 as a founding member in 2017.

Ignacio Barbadillo Llorens

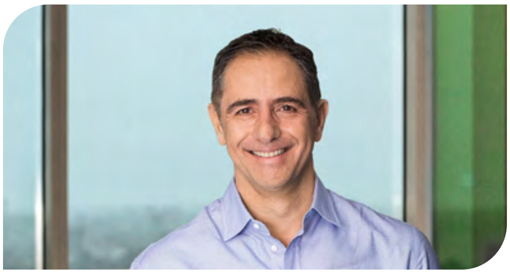
Chief Operations Officer

Ignacio Barbadillo (1966, Spanish national) was appointed Chief Operating Officer in 2017, where he oversees all RMT, Insurance and Remarketing operations across LeasePlan. He also serves as Cluster Director for Southern and Northern Europe. Ignacio joined LeasePlan in 2002 as Finance Director of LeasePlan Spain and became Managing Director in 2006. His previous functions include a number of Finance, Operational and Commercial roles at Grupo Prisa, Procter & Gamble and Hilti Española. He holds a Bachelor's degree in Economics & Business Administration from Universidad Complutense de Madrid and studied at College of Wooster, later joining the Management Development Programme at IESE Business School.

Tjahny Bercx

Chief People & Performance Officer

Tjahny Bercx (1963, Dutch national) was appointed Chief People & Performance Officer in 2016, and is currently spearheading the people aspects of our NextGen LeasePlan transformation. Tjahny also serves as Cluster Director for Austria, Brazil, Mexico, Switzerland and the United States. After a career as a naval officer, Tjahny made the switch to business and HR in 1997. He worked successively as Vice President HR at ING Barings and KLM, before joining LeasePlan in 2005 as SVP HR, Legal and Compliance. Tjahny has also successfully led Brazil and Mexico as Managing Director. Tjahny holds a Master's degree in psychology, a master's degree in organisation, work and occupational health, an MBA, and has written several books on various issues relating to people and performance. He is also a member of the Supervisory Boards of ProRail and Achmea. In 2021 he was named CHRO of the Year by CHRO.nl.



Philippos Zagorianakos

Chief Business Excellence Officer

Philippos Zagorianakos (1965, Greek national) was appointed Chief Business Excellence Officer in 2017, where he oversees the implementation of the MBO (Management by Objectives) and LEAN programmes across LeasePlan. He also serves as Cluster Director for Central and Eastern Europe. Prior to his current position, he was Managing Director of LeasePlan Greece, where he was responsible for launching and establishing the business in the region. Philippos brings a wealth of senior corporate experience to LeasePlan, including from his time at Adecco HR and Sony. He is a graduate of Computer Science from the University of London, Queen Mary College.

Executive Committee *continued*

Michel Alsemgeest

Chief Digital & Information Officer

Michel Alsemgeest (1972, Dutch national) was appointed LeasePlan's first Chief Digital & Information Officer in 2017, and is currently leading the digital, data and IT aspects of our NextGen LeasePlan transformation, including the development of our foundational NextGen Digital Architecture. Michel started his career in 1996 at KLM Information Technology, and later became Vice President Information Management reporting to the Board after the company's merger with Air France. In 2015, he became Digital Leader of TNT Express reporting to the CEO, before becoming the Digital Leader of FedEx International following their merger with TNT Express. He is a graduate of Nyenrode University and HEC Paris. He is a Supervisory Board member of Health-RI and Team Rockstars IT.

Liza Hoesbergen

Chief Legal Officer & Company Secretary

Liza Hoesbergen (1976, Dutch national) joined LeasePlan in 2009 after a career in private practice in Amsterdam and in New York (law firm NautaDutilh N.V.). In her current role as Chief Legal Officer & Company Secretary Liza acts as trusted advisor to the LeasePlan Executive Committee and Supervisory Board with respect to the full range of legal, regulatory and governance matters. In addition, Liza is responsible for Regulatory Affairs across the Group. She oversees, leads and manages the Legal function both at holding and Group entity level and is responsible for the day-to-day management of legal and regulatory risks throughout the organisation. Liza brings decades of corporate legal experience to her current position, having held several senior legal positions both within LeasePlan and in private practice. Liza is a graduate of Utrecht University and holds a post graduate (cum laude) degree in Corporate Structures.

Matthijs den Breeje

Chief Risk Manager

Matthijs den Breeje (1972, Dutch national) was appointed Chief Risk Manager in 2018, where he has the operational responsibility for the LeasePlan Risk Management function. He is also heavily involved in the ECB migration project. Prior to joining LeasePlan, Matthijs worked in a number of senior corporate roles at financial institutions, establishing a strong track record in setting up and optimising risk management functions, including at Rabobank, ING, ABN AMRO and DLL Group. He is an Economics graduate of the University of Amsterdam.

Jeremy Rowe*

Chief Strategy Officer

Jeremy Rowe (1965, British national) was appointed Chief Strategy Officer in 2019, where he is responsible for the development and execution of our NextGen LeasePlan strategy, as well as advising the Executive Committee on a range of strategic matters, including M&A. Prior to joining LeasePlan, Jeremy served as Managing Director of South East and South Asia, Pacific and Middle East regions at AkzoNobel for over 10 years. Before joining AkzoNobel, Jeremy ran his own management consulting firm in Asia and Europe, advising companies in various industries, including consumer products, industrial products, recruitment and hospitality. Jeremy has also held several senior roles (including Partner) at Accenture. Jeremy is a London Business School MBA graduate, and also holds a BA in Physics from the University of Southampton.

** Member of the broader leadership group*

Supervisory Board

Jos Streppel

Chairman of the Supervisory Board

Jos Streppel is the chairman of the Supervisory Board. He has been a member of the Supervisory Board since March 2016 and was reappointed in March 2019. His previous positions include CFO of FGH Bank N.V. from 1986 to 1987 and CFO of AEGON N.V. from 1998 to 2009. He has also previously served as member of the management board of FGH Bank N.V. from 1987 to 1991 and as chairman of the management board of Bank Labouchere N.V. from 1991 to 1997. From 2003 to 2015, Mr. Streppel was a member and chairman (from 2010) of the supervisory board of Koninklijke KPN N.V. From 2003 to 2017, he was vice-chairman of the supervisory board of Van Lanschot N.V. In addition, Mr. Streppel has previously served as a member of the working committee of the International Accounting Standards Board from 2005 to 2009, member and chairman (from 2009) of the Monitoring Committee Corporate Governance Code from 2005 to 2013, chairman of the Economics and Finance Committee (Econfin Insurance Europe) from 2005 to 2009, chairman of the board of Duisenberg School of Finance from 2007 to 2018 and as a member of the state commission on insurance from 2014 to 2015. He also served as chairman of the advisory board of Koninklijk Actuarieel Genootschap (from 2013 to 2017), member of the advisory board of the supervisory board programme by Erasmus University Rotterdam (from 2010 to 2019), non-executive director of RSA Insurance Group plc (from 2011 to 2019), member of the supervisory board of Stichting Arq, a mental hospital (from 2011 to 2019) and deputy councillor of the Enterprise Chamber of the Court of Amsterdam (from 2014 to 2019).

In addition, Mr. Streppel currently holds the following positions: member of the board of the Amsterdam Center for Corporate Finance (since 2007), member of the board of the Gieskes-Strijbis foundation (since 2013), chairman of Stichting Continuïteit Signify (since 2017), member of the advisory board of Van Lanschot Kempen N.V. (since 2018) and member of the board of Preferente Aandelen ASML (since 2021). Mr. Streppel holds a Master's degree in Economics from Tilburg University.

Supervisory Board *continued*

Steven van Schilfgaarde

Steven van Schilfgaarde is the vice-chairman of the Supervisory Board. He has been a member of the Supervisory Board since March 2016 and was reappointed in December 2018. Mr. van Schilfgaarde is also the chairman of the Audit Committee, member of the Risk Committee, member of the Selection and Appointment Committee and member of the IT & Digitalization Committee. He began his career in 1990 within the finance function at KPN N.V. and held various roles at KPN affiliates until 2014. He served as senior executive vice president of KPN Corporate Market B.V. from 2011 to 2013 and as senior executive vice president IT Solutions of KPN in 2013. In 2012 and from 2013 to 2014, Mr. van Schilfgaarde was CFO and member of the board of management ad interim of Koninklijke KPN N.V. He also previously served as member of the board and member of the Investment Committee of KPN Company Pension Fund from 2007 to 2015. He was CFO (2007 to 2011) and CEO (2011-2013) of Getronics N.V. From 2016 to 2017, Mr. van Schilfgaarde was CFO of Coöperatie Royal FloraHolland U.A., of which he has been CEO as of 2018. He has also been treasurer/secretary of the Van Schilfgaarde Stichting (a family foundation) since 2004 and director of two private companies, Rietland Investments B.V. since 2013 and Rietland Advisory B.V. since 2015. Previously, Mr. van Schilfgaarde was a member of the supervisory board at Digitenne Holding B.V. from 2005 to 2008, at SNT Deutschland AG from 2006 to 2015, at Eplus Mobilfunk GmbH & Co. KG from 2013 to 2014, and at KPMG N.V. from 2015 to 2016. Mr. Van Schilfgaarde holds a Master's degree in Economics from Erasmus University Rotterdam. He has also completed the Postgraduate degree of Controller at the Vrije Universiteit Amsterdam and the New Board Program at Nyenrode Business University.

Manjit Dale

Prior to his resignation in December 2021, Manjit Dale was a member of the Supervisory Board since March 2016. In 2019, he was also appointed as a managing director A of LP Group B.V. Mr. Dale co-founded TDR Capital LLP in 2002 alongside Stephen Robertson. Prior to that, Mr. Dale was managing director and head of DB Capital Partners Europe and predecessor firm BT Capital Partners from 1995 to 2002. Mr. Dale holds an honours degree in Economics from Cambridge University.

Supervisory Board *continued*

Allegra Cristina Carla van Hövell-Patrizi

Allegra van Hövell-Patrizi has been a member of the Supervisory Board since March 2018. She has been Chief Risk Officer and member of the management board of Aegon N.V. from 2016 until 2021. She was appointed CEO of AEGON Nederland N.V. in June 2021. She has been a member of the supervisory board of Aegon Ireland from 2017 to 2018 and Chair of the CRO Forum. In addition, since 2020 she is Vice Chair of the Insurance Europe ECOFIN Committee. Previously, she was business analyst corporate finance at JP Morgan (1995), up to partner level at McKinsey (1996 to 2007), head of product management and head of client solutions and chief administrative officer at F&C Investment (2007 to 2009), member of the CEO office and business representative U.S. and risk (2009 to 2013) and group risk director at Prudential Plc (2013 to 2015). Ms. Van Hövell-Patrizi was also a member of the founding board of the Women's Forum for Economy and Society. She holds a Master's degree and DEA in Engineering/Applied Physics from École normale supérieure in Paris, as well as a MBA from INSEAD.

Paul Johannes Scholten

Paul Scholten has been a member of the Supervisory Board since June 2019. Mr. Scholten has been Chief Executive Officer of Buckaroo B.V. since 2018 and is member of the Supervisory Board of ABN AMRO Hypotheken Groep since 2019. He began his career at ABN AMRO in 1984, working in the Netherlands, France, Bahrain, Japan and Taiwan in various managing board roles, before joining KBL Bank in the Netherlands and Luxembourg in 2014 as Chief Operational Officer and member of the executive committee. From 2001 to 2009, Mr. Scholten was a member of the supervisory board of IFN B.V. In addition, Mr. Scholten previously served as a member of the supervisory board of MoneYou (from 2009 to 2013), Stater B.V. (from 2009 to 2013), Bethmann Bank (from 2005 to 2013) and Insinger Gilissen (from 2016 to 2018). He also served as chairman of the supervisory board of Buckaroo B.V. from 2015 to 2018. He holds an LLM degree from the University of Utrecht and an MBA degree from Erasmus University Rotterdam.

Supervisory Board *continued*

Herta von Stiegel

Herta von Stiegel has been a member of the Supervisory Board since March 2015 and was reappointed in March 2018 and June 2021. She currently serves on the board of the London Metal Exchange, where she chairs the Technology & Operational Resilience Committee and serves on the Audit and Risk, Nominations and Enforcement Committees, as chairperson of Britam Asset Managers (K) Limited and as chairperson of Ariya Capital Group Limited. She also serves on the Sustainable Investing Advisory Board of Brown Advisory. During her 17 years in the banking sector before 2000, she held senior positions at Citibank, Rabobank and JP Morgan. From 2000 to 2005, she was a director and then managing director at AIG Financial Products Corporation. From 2013 to 2017, Ms. von Stiegel served as chairperson of CHAPS Clearing Company Ltd. and led the sale of the company to the Bank of England. In addition, she was a non-executive director of Camco Clean Energy plc (renamed Invinity Energy Systems plc) from 2006 to 2012. In 2006, Ms. von Stiegel founded the Prince's Trust Women's Leadership Group, where she served as chairperson from 2006 to 2010. Until 2021, she has been serving as chairperson of the Women Corporate Directors Kenya. Until 2021, she has been an adjunct professor and academic director at Strathmore Business School. Ms. von Stiegel holds a J.D. degree from Western Michigan Thomas M. Cooley Law School, an LLM degree in Taxation from New York University School of Law and a Doctorate of Humane Letters (honoris causa) from Andrews University. She also completed the Executive Program in Corporate Finance at the London Business School. She is a member of the state bar associations of Michigan and New York.

Eric-Jan Boudewijn Vink

Eric-Jan Boudewijn Vink has been a member of the Supervisory Board since March 2016 and was reappointed in June 2019. In 2019, he was also appointed as a managing director B of LP Group. He has further been head of private equity at PGGM N.V. since 2012, and was a member of the private equity board of Stichting Pensioenfonds TNO from 2016 until 2021. His previous positions include investment director and partner at Gilde Buy Out Partners B.V. (where he worked from 1997 until 2011), senior investment manager of private equity at PGGM N.V. from 2011 to 2012 and director of LP Group from 2016 to 2018. Mr. Vink holds a Master's degree in Business Administration from Erasmus University Rotterdam.

Chairman of the Supervisory Board statement

Reflecting on 2021, I am proud to say that LeasePlan delivered an impressive set of results, while continuing to drive the transition from car ownership to subscription and zero emission mobility.

Our results were supported by an excellent performance across all segments of LeasePlan's Car-as-a-Service business, as well as continued strong used car pricing due to the ongoing semiconductor shortage. LeasePlan also made significant strategic progress in the year, including by successfully divesting its Australian and New Zealand operations to our partner SG Fleet and launching CarNext as a fully independent business, creating an industry leading remarketing partner that will deliver the best prices for our high-quality used cars. Never standing still, LeasePlan began 2022 with the historic announcement that we have signed a Memorandum of Understanding to combine with ALD to create a leading global player in mobility. The combined entity will be well positioned to build on LeasePlan's track record of innovation as it spearheads the industry's digital transformation and positions itself to capture the exciting growth opportunity ahead.

Our priorities for 2022 are clear: first, we need to keep a sharp focus on completing our migration to European Central Bank (ECB) supervision and updating our processes to ensure they are fully in line with supervisory expectations. Good progress was made in 2021, putting us in a strong position to accelerate in 2022. The second priority is to continue to implement our digital roadmap, including folding in the 'frontrunner' countries into LeasePlan's Next Generation Digital Architecture. Going forward, the transition to a digital business model will be key to the combined entity's success, and we are determined to stay ahead of the curve. Finally, a key focus for management will be on integration planning so that, post-closing, we can successfully and swiftly execute our proposed combination with ALD. All of this must be achieved while continuing to provide our customers with the excellent service they have come to expect from LeasePlan.

This is a challenging agenda. However, I am pleased to say that LeasePlan's organization is more than up to the task. Despite the reintroduction of restrictions and lockdowns across our markets, LeasePlan has maintained its incredible culture – a testament to LeasePlanners' resilience, commitment and tenacity. In addition, our new Executive Committee (ExCo) is now formally in place, bringing all our senior business and functional leaders around the LeasePlan top table. From a supervisory perspective, I am pleased to report that the dynamics within the ExCo have been excellent, with everyone ready to share their value experience and expertise.

We have also seen changes at the Supervisory Board level, with the departure of Manjit Dale in December 2021 and Allegra van Hövell-Patrizi in March 2022. Both Manjit and Allegra have been invaluable Supervisory Board members, and we are immensely grateful for their thoughtful guidance and significant contributions to LeasePlan over the years. While we are sad to see Manjit and Allegra leave, we are pleased to welcome Stefan Orlowski back to the Supervisory Board as of March 2022. As a former LeasePlan Supervisory Board member, Stefan is well positioned to support the business over the busy months ahead.

I would like to conclude by thanking everyone who helped make 2021 such a resounding success for LeasePlan. In particular, I owe a heartfelt thanks to our employees for their hard work in challenging circumstances. Our hope is that 2022 brings us many more moments to reconnect in person, especially for those colleagues who have joined the company since the pandemic began. I would also like to offer my thanks to our customers and shareholders for continuing to place their trust in us. While 2022 will bring a challenging and full agenda, I have every reason to believe that it will prove another remarkable year for LeasePlan as we continue to drive forward towards the exciting opportunity ahead.

Jos Streppel
Chairman of the Supervisory Board of LeasePlan

Report from the Supervisory Board

This report contains an overview of the activities of the Supervisory Board and its committees in 2021. A description of the composition and operation of the Supervisory Board is also set out in this report and in the chapter on Governance.

Profile and composition of the Supervisory Board

The Supervisory Board of LeasePlan has been composed to safeguard the proper execution of the function of the Board and its committees. Its size and composition are attuned to the nature and characteristics of the business, as well as the required expertise and background of each member. In 2021, the Supervisory Board consisted of Mr. J.B.M. Streppel (Chairman), Mr. S. van Schilfgaarde, Mr. M. Dale, Mr. P.J. Scholten, Ms. H. von Stiegel, Ms. A.C.C. van Hövell-Patrizi, and Mr. E.-J.B. Vink. In December 2021, Mr. M. Dale, resigned as Supervisory Director. In March 2022, Ms. van Hövell-Patrizi also stepped down as a Supervisory Director. Mr. S Orlowski was reappointed to the Supervisory Board in the same month.

Independence

All members of the Supervisory Board perform their duties independently and critically. In the event of a conflict of interest with regards to a particular topic, the Supervisory Board member in question may not participate in deliberations or decision-making on that topic. Five members are independent, of whom two were appointed following the specific right of recommendation by the Works Councils, and two, Mr. M. Dale (resigned as per December 2021) and Mr. E.-J.B. Vink, are associated with the consortium of shareholders.

Diversity

The members of the Supervisory Board have a diverse and balanced mix of knowledge, skills, and expertise. The Supervisory Board aims to ensure its members represent a good balance in terms of diversity (including educational and professional background, gender, age, cultural background, and geographical provenance) to warrant proper supervision of the overall management of the Group by the Managing Board.

Responsibilities of the Supervisory Board

The Supervisory Board supervises the Managing Board and the Executive Committee and the general conduct of affairs of LeasePlan and its Group companies. In its role, it acts as an advisory partner to the Managing Board in determining the company's strategic direction so as to ensure it creates value for all its stakeholders. Regular topics for discussion and, where necessary, approval, are the annual and quarterly financial statements, operating and financial performance, organisation and people, strategy, funding, potential acquisitions and major investments, objectives, business plans, budgets, IT infrastructure, risk management, risk appetite, governance, internal controls, and any other organisational developments of the business.

Main supervisory processes

The Chairman of the Supervisory Board is in close contact with the Chairman of the Managing Board. There are close relations with the Works Councils, not only safeguarded by the two Supervisory Board members who were appointed following the specific right of recommendation of the Works Councils, but also through direct and regular contacts with the Works Councils. The Chairman of the Managing Board and the Company Secretary ensure that the members of the Supervisory Board receive timely and clear information on all relevant matters. LeasePlan's internal control functions have direct access to the Chairs of the relevant committees or Supervisory Board, as applicable. Certain resolutions of the Managing Board and the Executive Committee, specified in the Articles of Association of LeasePlan and in the Managing Board and Executive Committee rules, are subject to approval by the Supervisory Board. The Supervisory Board may discuss and, where necessary, approve certain decisions by way of written resolutions outside of the scheduled meetings. The Supervisory Board meets with the Executive Committee on a regular basis. Following each meeting of the Supervisory Board, each of the Supervisory Directors has scheduled individual interactions with the members of the Executive Committee.

Terms of appointment of members of the Supervisory Board

Members of the Supervisory Board are appointed for a maximum term of four years and may be reappointed following the expiry of the first term.

Assuring supervision quality

On the basis of suggestion by the individual members, the Chairman of the Supervisory Board decides on the contents of the Supervisory Board's Life Long Learning (LLL) programme, with the aim of maintaining and, where necessary, improving the expertise of the Supervisory Board members to meet the standards that are generally required. The learning programme covers relevant developments in the company and its corporate governance, as well as specific topics relating to the financial and regulatory sector, integrity, risk management, financial reporting and audits. The members of the Supervisory Board took part in LLL programme during the year, which focused on Enneagram training. The purpose of this training was to create a broader context for each person's behaviour, cultivating empathy and people skills while enhancing self-awareness and clarity of internal motivation.

Assessment of the Supervisory Board

The Supervisory Board carries out an annual assessment of its own performance, its composition and effectiveness, as well as the effectiveness of the LLL programme. Every three years, the self-assessment is performed with the assistance of independent supervision by a professional party selected by the Supervisory Board. In this triennial assessment, focus lies on the evaluation of the performance of individual Supervisory Board members, the culture within the Supervisory Board and the relationship between the Supervisory Board and the Managing Board. On an annual basis, the Supervisory Board also performs an assessment of the Managing Board and its individual members.

A self-assessment for 2021 is scheduled and will be discussed during the Supervisory Board meeting in May 2022

The Supervisory Board is of the opinion that it meets the required profile in terms of suitability, expertise and diversity, and also complies with the Dutch Corporate Governance Code in this respect, although the code is not applicable to LeasePlan as a non-listed entity. The Supervisory Board Chairman prioritised bilateral contacts with the other Supervisory Board members to make sure everybody had the required information and knowledge, and there have been regular discussions with the Managing Board, the consortium of (indirect) shareholders and the Works Councils.

Senior management was frequently invited to make presentations on a range of topics to the Supervisory Board and its committees. Members of the Supervisory Board, the Managing Board, the Executive Committee and senior management also held relevant discussions throughout the year that were not part of the formally scheduled meetings and calls. The combination of regular meetings / conference calls and the various informal consultations ensured that the Supervisory Board was well informed about the running of the business. The Supervisory Board additionally held several discussions among its members without members of the Managing Board being present.

Meetings of the Supervisory Board and attendance

In 2021, the Supervisory Board held 11 meetings

Date

5 February 2021	7 May 2021	6 August 2021	3 December 2021
12 March 2021	20 May 2021	17 September 2021	10 December 2021
13 April 2021	19 July 2021	5 November 2021	

Attendance of Supervisory Board members

Name	Attendance % Committee meetings	Attendance % SB meetings
J.B.M. Streppel	100%	100%
S. van Schilfgaarde	100%	100%
M. Dale	64.7%	45.5%
P.J. Scholten	100%	100%
H. von Stiegel	100%	100%
A.C.C. van Hövell-Patrizi	100%	100%
E.-J.B. Vink	80%	63.6%

Committee meetings

Committee	Number of meetings
Audit Committee	6
Risk Committee	5
Remuneration Committee	3
Selection and Appointment Committee	3
IT & Digitalization Committee	6
Supervisory Board	11

Committee membership

Name	Committee membership
J.B.M. Streppel	IT&D Committee, Remuneration Committee, Risk Committee and Selection and Appointment Committee (chair)
S. van Schilfgaarde	Audit Committee (chair), IT&D Committee, Risk Committee and Selection and Appointment Committee
M. Dale	IT&D Committee, Remuneration Committee, Risk Committee and Selection and Appointment Committee
P.J. Scholten	IT&D Committee (chair) and Remuneration Committee
H. von Stiegel	Audit Committee, Remuneration Committee (chair) and Selection and Appointment Committee
A.C.C. van Hövell-Patrizi	Risk Committee (chair)
E.-J.B. Vink	Audit Committee

Supervision: topics discussed

The recurring items on the quarterly agenda include the financial and commercial results, market developments, developments related to funding and liquidity (including quarterly approval of the funding framework), performance of the Group companies, updates on the digital transformation, governance and risk management with a specific focus on the performance against the approved risk appetite, asset risk management, and credit risk management including approval of credit exposures above EUR 150 million. During 2021, the Supervisory Board was regularly updated on the developments around the impact of Covid-19 and the proposed transaction with ALD.

Financial reporting

Financial reporting is discussed regularly at meetings and calls of the Supervisory Board. All interim financial statement and related review reports of the external auditor were discussed in the presence of the external auditor. The Supervisory Board approved the financial statements for 2021 on 18 March 2022. KPMG acted as external auditor for the 2021 financial year. For each reappointment of the external auditor the Audit Committee will make a recommendation for the year under review in its March meeting, which will then be decided upon during the General Meeting of Shareholders.

Composition and reporting by committees

The Supervisory Board has a total of five committees. These are: the Audit Committee; the Risk Committee; the Remuneration Committee; the Selection and Appointment Committee; and the IT & Digitalization Committee. Each committee prepares the Supervisory Board's decision making in its designated area of interest. The Supervisory Board remains fully responsible, however, for the decisions prepared by these committees. Each Supervisory Board member is entitled to attend the committee meetings, and receives the minutes of each committee meeting and, if so desired, all documentation.

Audit Committee

The Audit Committee met six times in 2021. Recurring items were reviewing the quarterly financial performance press releases, interim financial statements and annual financial statements, the yearly assessment and planning of the internal audit function, the quarterly reports of the external auditor, IFRS reporting updates and the internal control measures. The external auditor attended all meetings of the Audit Committee.

Risk Committee

There were five Risk Committee meetings in 2021, in which a cycle of risk-related matters is addressed and with specific items to be tabled upon request. Items handled by the Risk Committee are, amongst others, the functioning of the control functions, risk appetite setting, risk profile monitoring and compliance related matters.

Remuneration Committee

The Remuneration Committee met three times in 2021. It discussed the Remuneration Framework, Identified Staff Selection and Remuneration, Target Setting and the Variable Pay Plan. For more information on remuneration matters please refer to the Remuneration Report on *page 104*.

Selection and Appointment Committee

The Selection and Appointment Committee met three times in 2021. It discussed the Talent in scope planning, the self-assessment performed over 2020, the compositions and chairs of the IT & Digitalization Committee and the Risk Committee, the performance of the Managing Board and its members, the succession planning for the Managing Board and Executive Committee, the Suitability Policy and the outside positions of the Managing Board and the Supervisory Board.

IT & Digitalization Committee

The IT & Digitalization Committee met six times in 2021. It discussed the progress on the implementation of NextGen LeasePlan, facilitated by the Next Generation Digital Architecture. Also certain specific topics like NextGen IT foundations, cyber security and a specific focus on how to anchor quality management were discussed.

Annual Report and financial statements for 2021

In accordance with the relevant provisions of the Articles of Association of LeasePlan, the Supervisory Board has reviewed the Annual Report and the Financial Statements for 2021. The Supervisory Board discussed these documents with the Managing Board and KPMG, the external auditor, and took note of the external auditor's report that it issued on the financial statements of 2021, as included from *page 215* of this report. The Supervisory Board proposes that the shareholders adopt the financial statements and the proposed profit appropriation contained therein, and recommends the endorsement of the Managing Board's conduct and the supervision thereof as provided by the members of the Supervisory Board.

Amsterdam, the Netherlands,
18 March 2022

The Supervisory Board

Jos Streppel (Chairman)

Steven van Schilfgaarde (Vice-Chairman)

Allegra van Hövell-Patrizi

Paul Johannes Scholten

Herta von Stiegel

Eric-Jan Vink

Remuneration report

LeasePlan's Group Remuneration Framework

LeasePlan shall continue to ensure that its remuneration policies and practices (including its pension provision) are consistent with and promote sound and effective risk management, including compliance risk management, and in line with its business strategy, objectives, values and long-term interests. The basic principle of LeasePlan's remuneration policy is that it does not reward for failure.

The Group Remuneration Framework is designed to provide appropriate, restrained and sustainable remuneration for all employees in support of LeasePlan's long-term strategy, risk appetite, objectives and values. The framework takes into account LeasePlan's strategy and long-term interest with due observance of the international context in which LeasePlan operates together with public acceptance. In drafting the remuneration report, LeasePlan has been advised by Stibbe and WTW.

The framework applies globally to all entities, including entities over which LeasePlan effectively has control, and staff members within LeasePlan, including the Managing Board. It includes (i) remuneration principles and their governance applicable to all staff and (ii) specific details about the remuneration structure of the Identified Staff, i.e. staff considered to have a material impact on LeasePlan's risk profile.

Design principles

Taking into account LeasePlan's strategy and risk appetite the following principles have amongst others been taken into account when designing the framework:

- Fixed and variable remuneration will be used to align individual performance with both short and long-term corporate strategy and objectives;
- Remuneration will be set at a level to attract and retain talented and qualified employees within the Group;
- The remuneration structure and performance metrics should encourage a cohesive culture, encourage teamwork and establish a common approach to drive company success;
- The remuneration policy should support an ownership culture by providing for a remuneration package that is focused on achieving sustainable financial results, is aligned with the longer-term strategy and shall foster alignment of interests of management and other staff with shareholders; and
- The remuneration policy is consistent with and promotes sound and effective risk management and does not encourage risk-taking that exceeds the level considered acceptable to LeasePlan's risk appetite.

Remuneration requirements

The following remuneration requirements apply to all staff:

- Fixed and variable remuneration will, in general, be set at the median of the relevant market, assuming a comparable split between fixed and variable remuneration;
- Fixed Remuneration for an individual employee will take into account skills, experience and individual performance and will be reviewed regularly, typically on an annual basis;
- Variable Remuneration plans for all employees will be objective, measurable and linked to individual, company/entity and Group performance as appropriate. Plans will support both short and long-term objectives of LeasePlan as appropriate and consist of at most 50% financial and at least 50% non-financial performance objectives. The Dutch Remuneration Policy for Financial Enterprises Act (Wet Beloningsbeleid Financiële Ondernemingen, WBFO) specifies that at least 50% of variable remuneration metrics must be based on non-financial targets;
- Variable remuneration cannot exceed 100% of fixed remuneration. For staff who are employed by one of the Dutch operating companies this maximum is further capped at 20% on average;
- Pension schemes are recognised in accordance with the applicable accounting standards. LeasePlan does not award discretionary pension benefits as part of the variable remuneration;
- Other benefits for staff are provided in line with market practice;
- Severance payments do not provide for disproportionate reward, but for an appropriate compensation of the staff member in cases of early termination of the contract. For LeasePlan's daily policymakers severance payments are capped at 100% of the annual fixed remuneration;
- Claw back and malus provisions are applicable to all variable remuneration awarded.

Remuneration of Identified Staff

Annually a review is conducted to ensure the correct jobs are identified as Identified Staff.

In addition to the remuneration requirements applicable to all staff, for Identified Staff the following key elements of variable remuneration apply:

- Variable remuneration awards for Identified Staff positions will be reviewed by the Managing Board and subject to approval of the (Remuneration Committee of the) Supervisory Board;
- Performance indicators used for determining variable remuneration (both financial and non-financial) have an 'on target' and 'maximum' score;
- In principle the maximum total at-target level of variable remuneration for Identified Staff is set at 50% of the annual fixed remuneration with stretched levels per function level but in no case exceeding 100% of annual fixed remuneration in case of outperformance. In case of underperformance variable remuneration is set at nil;
- Variable remuneration is capped at 50% for the following Identified Staff: heads of Risk Management, Compliance and Audit;
- The relationship between fixed and variable remuneration will be carefully considered, with a sufficiently high fixed component so as to avoid excessive risk taking in order to achieve the variable remuneration elements;
- Variable remuneration for Identified Staff consists of cash (at most 50%) and non-cash instruments (at least 50%). The non-cash element of variable remuneration consists of Phantom Share Units (PSUs). The value of the PSUs is set by the Supervisory Board after a recommendation by an external valuation expert;
- Fifty percent (50%) of the total annual variable remuneration will be granted upfront (both cash and PSUs) and fifty percent (50%) of the total variable remuneration will be deferred for a period of five years whereby annual vesting is applied. The four-year vesting period is in accordance with the business cycle, the nature of activities and the associated risks;
- After vesting, an additional holding period of one year applies to all vested PSUs, after which the PSUs are paid out in cash.

Remuneration of the Managing Board

In addition to the general remuneration principles applicable to all staff and Identified Staff, for the Managing Board the following principles apply:

- Variable remuneration plans for the Managing Board will be determined by the Remuneration Committee of the Supervisory Board in line with the remuneration policy Managing Board and the Remuneration Framework;
- Managing Board members are appointed for a duration of four years;
- For the Managing Board at least 50% of Variable Remuneration will be paid in the form of PSUs;
- Managing Board members in principle fully participate in LeasePlan's pension scheme. Where the applicable retirement age ('pensioengerechtigde leeftijd') is however reached during the appointment period, a fixed gross allowance of 18.7% over the gross annual salary is paid;
- Managing Board members are entitled to a net expense allowance of EUR 550 on a monthly basis.

Summary of terms and conditions of the Managing Board

In addition to the general remuneration principles applicable to the Managing Board the following terms and conditions apply:

- A notice period of three months in case of voluntary resignation by a Managing Board member and six months in case of termination by the employer applies;
- In line with the Dutch Banking Code the remuneration positioning of the Managing Board will, in general, be set just below the median of the relevant market;
- Managing Board members are entitled to a variable remuneration of 50% at target and 100% at maximum;
- Managing Board members are entitled to a company car as per the applicable car policy of LeasePlan Global B.V.

- Managing Board members who are expatriated to the Netherlands are entitled to compensation of costs related to housing and other expatriate related expense reimbursement as per the applicable policy.

Risk adjustment

The variable remuneration of Identified Staff is subject to a possible downward adjustment, which is risk related. Herewith LeasePlan ensures that variable remuneration is fully aligned with the risks undertaken. This is implemented through the ex-ante risk adjustment process and the ex-post risk adjustment process. The ex-ante risk adjustment takes place directly after the performance year, and ex-post risk adjustment takes place before the deferred payments are released to the Identified Staff in future years or earlier in case of a triggering event. In the risk adjustment processes, all relevant risk categories are covered in a balanced way. Depending on the character of the risk categories, the risk adjustment conclusions are based on quantitative risk indicators and/or judgement of the Risk Management based on experience and expertise.

Remuneration governance

The remuneration governance within LeasePlan is as follows:

Corporate governance

The remuneration report sets out LeasePlan's remuneration policy, as laid down in the Group Remuneration Framework, which is in accordance with all relevant legal requirements and guidelines, including the Banking Code, the Regulation on Sound Remuneration Policies pursuant to the Financial Supervision Act 2014, the Dutch Act on Remuneration Policies for Financial Enterprises (the WBFO) and Book 2 of the Dutch Civil Code (DCC).

The following corporate bodies and functions within LeasePlan are involved in remuneration governance: the Managing Board, the Supervisory Board, the Remuneration Committee, Human Resources ('People & Performance or P&P'), and the control functions Risk Management, Compliance and Audit (jointly referred to as the Control Functions).

The Supervisory Board advised by the Remuneration Committee

The main responsibilities of the Supervisory Board advised by the Remuneration Committee as stated in the Remuneration Framework are the following:

- Approving the selection of Identified Staff on an annual basis;
- Approving the financial and the non-financial performance indicators and targets for Identified Staff;
- Reviewing and approving significant severance payments for Identified Staff;
- The structure and the level of all remuneration and performance assessment of the members of the Managing Board;
- Overseeing remuneration of Identified Staff including Heads of Control Functions;
- Approving the principles underlying the Remuneration Framework in the Company and its Group companies, as applicable, which includes provisions on retention-, exit- and welcome packages;
- Approving and overseeing the Remuneration Framework's design and operation, as well as a central and independent review of the remuneration policies and practices on an annual basis;
- Deciding on items prepared by the Remuneration Committee of the Supervisory Board.

In order to support sound decision making, external advice may be sought by the (Remuneration Committee of the) Supervisory Board.

During the 2021 Remuneration Committee meetings among other things, the following topics were discussed

- Regulatory updates;
- Selected Identified Staff positions;
- Variable Remuneration Plan Design, Performance Indicators and Targets;
- Remuneration of the Managing Board;
- Ex-Ante Risk Assessment and Ex-Post Risk Assessment.

The Managing Board

The main responsibilities of the Managing Board concerning the Framework are the following:

- Adopting the Remuneration Framework;
- Determining the criteria on the basis of which the Identified Staff are selected;
- Proposing the Identified Staff group;
- Determining fixed and variable remuneration levels/payments including the application of ex-ante and ex-post risk measures for Identified Staff (excluding those of Managing Board members and Heads of Control Functions);
- Determining fixed and variable remuneration levels/payments for Other Management, not being Identified Staff;
- Setting the financial, commercial and non-financial and personal targets (as applicable) for Identified Staff and Other Management, not being Identified Staff (excluding those of Managing Board members).

Control Functions

In line with remuneration regulations, the Control Functions Risk, Compliance and Audit review and monitor the execution of the Framework together with the Human Resource department.

Performance indicators and targets

Global performance indicators are set by the (Remuneration Committee of the) Supervisory Board for the Identified Staff on an annual basis. The indicators need to comply with relevant remuneration regulations, are set to support the achievement of the long-term strategy of LeasePlan and consider the interests of all relevant stakeholders.

After the performance year the performance achievement of the Identified Staff is reviewed by HR. Separately, the Control Functions Risk and Compliance perform an ex-ante risk analysis and report their findings to the (Remuneration Committee of the) Supervisory Board.

In case of deferred variable remuneration, the ultimate payment is also subject to an ex-post risk analysis, as performed by the Control Functions Risk and Compliance and subject to approval by the (Remuneration Committee of the) Supervisory Board. The extent to which the targets have been achieved by each individual Identified Staff member is ultimately determined and approved by the (Remuneration Committee of the) Supervisory Board after the end of each performance period.

Performance indicators

The table below provides an overview of the global performance indicators that are derived from LeasePlan's business strategy for performance year 2021:

Strategy in 2021	Our goal was to maintain the strength and resilience of the business, while delivering portfolio growth	
Key performance indicators in 2021	Financial	Non-financial
Target	Net result	Weighted fleet growth
All targets as % of variable remuneration for Managing Board	25%	25%

** Individual performance can reduce or increase the variable remuneration.*

For all performance indicators, a threshold and stretch level is defined. In addition, for all non-financial performance indicators a financial threshold applies. Where appropriate, more specific and personal performance indicators may apply for certain Identified Staff positions.

Following the developments with Covid-19, LeasePlan adapted its variable remuneration performance indicators in 2021 to focus on business growth and results again.

The performance indicators for Control Functions may not create a conflict of interest and the function holders are remunerated on the basis of the achievement of non-financial Group objectives and non-financial performance indicators relevant to their position.

Share-based payments

Selected managers of the LeasePlan Management, including the Managing Board members, participate in the share capital of an indirect parent company of the Group. The Company or another Group entity will under no circumstances be required to settle the shares in cash with the participating managers. Accordingly, this arrangement is classified as an equity-settled share-based payment arrangement.

Execution in 2021

In 2021, LeasePlan's Remuneration Framework was updated to remain in alignment with the European Banking Authority Guidelines on sound remuneration policies, organisational changes and LeasePlan's corporate strategy.

In 2021 there was no claw back or hold back of variable remuneration previously allocated.

For 2022, no material changes are expected to the LeasePlan's Remuneration Framework.

Remuneration disclosures

In line with article 450 Capital Requirements Regulation, the following table summarises (i) the total amount of aggregated variable remuneration expenses for the year 2021 and (ii) the number of individuals employed by LeasePlan who received total remuneration of more than EUR 1 million.

- Total aggregated variable remuneration expenses for all staff within LeasePlan globally: EUR 75 million
- Number of individuals that received (i.e. were awarded) more than EUR 1 million of total remuneration: 3 Head office.

More remuneration information can be found in:

- Note 6 of the consolidated financial statements as included in the Annual Report: Staff expenses;
- Note 27 of the consolidated financial statements as included in the Annual Report: Trade and other payables and deferred income;
- Note 37 of the consolidated financial statements as included in the Annual Report: Related parties which includes Managing Board and Supervisory Board Remuneration;
- Pillar III report, remuneration section as published in section 13 Remuneration of the Pillar III 2021 Report. Quantitative remuneration information with respect to Identified Staff.

Governance

We believe that a robust infrastructure supported by the right culture, values and behaviours, both at the top and throughout the entire organisation, is an imperative. A well-defined and well-structured corporate governance structure ensures good long-term relationships within the organisation, with internal and external stakeholders and with society at large.

LeasePlan is incorporated under the laws of the Netherlands. Its head office, as well as its statutory seat, is in Amsterdam, the Netherlands. LeasePlan operates in over 29 countries and these operations are conducted through various local LeasePlan companies. The full list of subsidiaries and participating interests referred to in article 2:414 of the Dutch Civil Code is included on *page 158*. During 2021, several changes took place in the legal group structure including the sale of LeasePlan Australia and New Zealand, PowerD B.V. and the carve-out of CarNext.com.

Supervision

In addition to an effective global corporate governance infrastructure, LeasePlan is subject to supervision by competent supervisory authorities worldwide with whom it is constantly engaged in discussions and assessments. In the Netherlands, LeasePlan is supervised by, among others, the Dutch Authority for the Financial Markets (AFM). As LeasePlan's balance sheet total of EUR 30 billion on the regulatory consolidated level has been surpassed, LeasePlan qualifies as a significant institution and, as a result, as of 1 January 2021, its supervision has been transferred from the Dutch Central Bank (DNB) to the European Central Bank (ECB).

Several other LeasePlan companies are supervised by relevant local supervisory authorities. In Ireland, where LeasePlan Insurance is located, the Central Bank of Ireland (CBI) supervises the insurance activities of the company.

Applicable laws and codes

As of 21 March 2016, LeasePlan applies the provisions of the full large company regime (volledig structuurregime). Additionally, we are subject to certain EU legislation (including, among others, Capital Requirements Directive (CRD) and the Capital Requirements Regulation (CRR), which has an impact on the regulation of our businesses in the European Union, and the regulations and supervision by local supervisory authorities of the various countries in which we do business.

As LeasePlan is not a listed entity, we are not subject to the Dutch Corporate Governance Code (Code). However, we view the Code as a reference point for good corporate governance practices and therefore apply certain principles and best practice provisions of the Code, placing more emphasis on long-term value creation and risk management as a benchmark for assessing any further improvements to our governance framework and policies.

As part of its diversified funding strategy, LeasePlan obtains funds from savings deposits in the Netherlands and Germany through LeasePlan Bank. It has a banking licence pursuant to which it is obliged to comply with banking regulations such as the CRD, the CRR and the Banking Code. This covers areas such as governance, remuneration, audit and risk management. On an annual basis, we are obliged to disclose information on how we have complied with the Banking Code in practice.

More information about our corporate governance, e.g. on our Code of Conduct, Supplier Code of Conduct, compliance with the Banking Code and our Articles of Association, can be found on our website: www.leaseplan.com/corporate

Shareholders

LP Group B.V. is the sole shareholder of LeasePlan Corporation N.V., with TDR Capital, sovereign wealth funds ADIA and GIC and pension funds PGGM and ATP among the indirect shareholders of LeasePlan Corporation N.V. None of these investors alone has a direct or indirect controlling interest in LeasePlan. There are no shares without voting rights or shares that give no or limited entitlement to profits or reserves of the company.

On 6 January 2022, LeasePlan's shareholders and LeasePlan signed a Memorandum of Understanding with ALD and Société Générale to create a leading global player in mobility[75]. The current shareholders of LeasePlan will retain a 30.75% stake in the combined business as of closing of the proposed transaction.

75.. Pending Works Council consultation and regulatory approvals

Governance structure

LeasePlan is governed by a two-tier board comprising a Supervisory Board and a Managing Board. In 2021, LeasePlan strengthened its governance through the implementation of an Executive Committee which comprises members of the Managing Board as well as LeasePlan's Cluster Directors and certain senior functional directors. The installation of the Executive Committee aims to ensure LeasePlan's businesses, countries and functions are properly represented in the decision-making process at the top table, and strengthen its ability to develop and execute the strategy.

The Supervisory Board, the Managing Board and the Executive Committee perform their duties and powers as laid down in the relevant laws, rules, regulations and our Articles of Association.

Supervisory Board

The Supervisory Board is responsible for supervising the Managing Board, the Executive Committee and the general course of affairs of LeasePlan and its Group companies. In addition, the Supervisory Board advises the Managing Board and the Executive Committee in determining the strategic direction. It is also responsible for the appointment, and the yearly assessments of the remuneration and other conditions of employment of the Managing Board members. The Managing Board appoints and dismisses the senior executives forming part of the Executive Committee, subject to the approval of the Supervisory Board. The remuneration and the employment terms for the individual senior executives forming part of the Executive Committee are also determined by the Managing Board, subject to approval by the Supervisory Board.

As of 31 December 2021, the Supervisory Board consisted of six members. In December 2021, Manjit Dale, co-founder of TDR Capital LLP, resigned as Supervisory Director. More detailed information with respect to the members of the Supervisory Board can be found in the Supervisory Board report and on *page 94*. LeasePlan believes that the Supervisory Board has sufficient diversity in the background, knowledge and expertise of the individual members to warrant proper supervision of the overall management of the Group by the Managing Board.

Managing Board and Executive Committee

The Managing Board is entrusted with the overall management of the company and its business. The Executive Committee is responsible for the operational management of the company and its business. The Managing Board's responsibility is, inter alia, setting the overall strategy to ensure the company creates value over the short, medium and long term, and that this is supported by the overall business approach and policies of LeasePlan and its Group companies.

It is well aware of the need to ensure its actions are consistent with LeasePlan's culture, ethics and values, and of the positive effects this has for the rest of the organisation. Moreover, the Managing Board is responsible for maintaining proper accounting records, for safeguarding assets and for taking reasonable steps to prevent and detect fraud and other irregularities.

The Managing Board is responsible for selecting suitable accounting policies and applying them on a consistent basis and making judgements and estimates that are prudent and responsible. It is also responsible for establishing and maintaining internal procedures to ensure it is informed of all major information, to ensure the timeliness, completeness and accuracy of external financial reporting. This means the Managing Board is responsible for the system of internal control that is designed to safeguard controlled and sound business operations and ensure the quality of internal and external reporting, and compliance with applicable laws, regulations and codes of conduct.

In devising internal controls, LeasePlan has taken into account the nature and extent of the risks that may affect the soundness of the entire enterprise, the likelihood of risks occurring and the cost of control.

In the event of a conflict of interest with regards to a particular topic, the Managing Board member in question may not participate in deliberations or decision-making on that topic.

As at 31 December 2021, the Managing Board consisted of Mr L.W. (Tex) Gunning as Chief Executive Officer, Mr T. (Toine) van Doremalen as Chief Financial Officer and Mr J.G. (Jochen) Sutor as Chief Risk Officer. More detailed information about the members of the Managing Board can be found on *page 89*.

As at 31 December 2021, the Executive Committee consisted of the Managing Board, as well as B.J.P. (Berno) Kleinherenbrink (Chief Commercial Officer and Cluster Director), I. (Ignacio) Barbadillo Llorens (Chief Operations Officer and Cluster Director), T.R. (Tjahny) Bercx (Chief People & Performance Officer and Cluster Director), F. (Philippos) Zagorianakos (Chief Business Excellence Officer & Cluster Director), L. (Liza) Hoesbergen (Chief Legal Officer & Company Secretary), M.M. (Michel) Alsemgeest (Chief Digital & Information Officer) and J.M. (Matthijs) den Breeje (Chief Risk Manager). J.P. (Jeremy) Rowe (Chief Strategy Officer) is a member of the broader leadership group and attends the meetings of the Executive Committee as a regular guest.

The division of tasks within the Managing Board and the Executive Committee is determined by the Managing Board, within the limits of applicable law and regulations, and has been approved by the Supervisory Board. The members of the Managing Board and Executive Committee are fully supported in performing their duties by the advice and services provided by a mixed and diverse management team.

LeasePlan operates a lifelong learning programme for the members of the Managing Board, the Executive Committee and the Supervisory Board. The various training sessions are conducted by both internal and external experts.

Diversity

LeasePlan is committed to attracting and retaining the finest talent as this ensures top business performance and delivers a competitive advantage. We recruit from a wide range of backgrounds, including cultural, national, racial, social and professional backgrounds as this allows us to meet the needs of our customers, while providing us with valuable knowledge for understanding complex markets. This means that every time a position within either a Managing Board, Executive Committee or a Supervisory Board becomes vacant, the gender diversity aspect will be taken into account during the procedure of selection and appointment of the candidates.

During 2021, 29% of LeasePlan's Supervisory Board and 10% of LeasePlan's Executive Committee was female. There are currently no female members of the Managing Board. Going forward, LeasePlan will continue to strive for an equal division of gender, among others, by considering and taking into account this aim when appointing or nominating individuals for appointment to the Managing Board, Executive Committee and Supervisory Board respectively.

Statement of the Managing Board

The Managing Board is responsible for designing, implementing and maintaining the internal risk management and control systems. The purpose of these systems is to adequately and effectively manage the risks associated with the strategy and activities of the company. In this respect the Managing Board has made an assessment of the design and effectiveness of the internal control and risk management systems, which is described in more detail below. On the basis of this assessment and in accordance with best practice provision 1.4.3 of the Dutch Corporate Governance Code and Article 5:25c of the Financial Supervision Act, the Managing Board believes, to the best of its knowledge, that:

1. the annual report provides sufficient insights into any failings in the effectiveness of the internal risk management and control systems during the financial year 2021;
2. the internal risk management and control systems provide reasonable assurance that the financial statements do not contain any material inaccuracies;
3. based on the current state of affairs, it is justified that the financial statements are prepared on a going concern basis; and
4. the annual report states those material risks and uncertainties that are relevant to the expectations of the company's continuity for the period of 12 months after the preparation of this report.

It should be noted that the above does not imply that these internal risk management and control systems provide absolute assurance as to the realisation of the business objectives, or that they can prevent all misstatements, inaccuracies, errors, fraud and non-compliance with legislation, rules and regulations. Nor can they provide certainty that LeasePlan will achieve its objectives. Furthermore, evaluations on the effectiveness of internal control over financial reporting relating to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In view of all the above the Managing Board confirms that to the best of its knowledge the LeasePlan financial statements give a true and fair view of the position at the balance sheet date, the development and performance of the business during the financial year 2021 and the subsidiaries included in the financial statements, together with a description of the principal risks that LeasePlan is being confronted with.

Amsterdam, the Netherlands, March 2022

Tex Gunning
Jochen Sutor
Toine van Doremalen

Background and explanation

The Managing Board is accountable for the management of all risks associated with the company's strategy and activities. To this end, appropriate risk management procedures and governance have been put in place.

To validate and assure effectiveness, LeasePlan has already in prior years implemented a Financial Control Framework and started in 2021 with the implementation of a new Risk Control Framework around identified processes. The design of controls and the roll out of the new framework are currently ongoing or planned. The development and improvement of controls will be a continuous effort.

As part of the transition to supervision by the European Central Bank several initiatives have started to enhance the control environment. These initiatives and the amount of people involved have contributed to an increase in control awareness within the LeasePlan Group. Next to that, the control functions have started to increase their workforce to support all the initiatives and to roll-out and run the new framework.

Governance

The responsibility for identifying and managing risks lies primarily with LeasePlan's entities. These entities are supported and overseen by our group functions Risk Management and Privacy & Compliance and are periodically assessed by Group Audit. Group Risk Management and Group Privacy & Compliance report directly to the CRO and Group Audit has direct access to the CEO as well as to the Audit Committee of the Supervisory Board. LeasePlan entities are responsible for setting up, maintaining, operating and monitoring an appropriate risk management and internal control system within their area of responsibility. This responsibility includes the management, monitoring, reporting and controlling of risks. Group Audit closes the control cycle through regular assessments of the design and effectiveness of the risk management and internal control systems.

Internal control framework

LeasePlan's internal control framework provides insights into failings in the effectiveness of internal risk management and control systems, based on the results of several Risk Management Instruments like identification, registration, assessments and reporting of risks, controls and losses. The risk management and internal control framework within LeasePlan covers financial (e.g. asset risk, credit risk, etc.) and non-financial risk categories (e.g. legal and compliance risk, information risk, etc). Next to control activities in operative entities the Group has a control framework in place which is continuously being improved and enhanced. Important components and activities of this framework at group level include:

- *Monthly Business Reviews (MBRs):* Due to the international network of subsidiaries, the group performs oversight via monthly business reviews both on strategic objectives and on the performance with respect to local risk appetite.
- *Fleet Risk Assessments:* On a quarterly basis each entity needs to submit a Fleet Risk Assessment (FRA) in which the entity performs an assessment of the expected results at termination date on the portfolio of contracts . These FRA's are centrally assessed and discussed with the entities.
- *Systematic Integrity Risk Assessment (SIRA)* is performed on an annual basis. Every entity needs to submit a Local SIRA which is consolidated into a global overview report. The SIRA is based on identified risks which are connected to scenarios that must be evaluated by all entities. Control measures must be described, effectiveness determined and, if outside risk appetite, mitigating actions described.
- LeasePlan has a uniform set of accounting and reporting principles applied throughout the Group based on its application of International Financial Reporting Standards. As part of our monitoring activities related to the Financial Control Framework, control deficiencies were identified, specifically related to the limitations of legacy IT systems and control documentation. Control deficiencies are remediated as part of the ongoing finance improvement processes.
- *Letter of Representation:* Managers of the entities submit a letter of representation emphasising the compliance with the Group policies and the uniform set of accounting and reporting principles.

- *Policy attestation:* The Group performs a policy attestation process to assess the level of adherence to key risk policies on a local level and within operating units. A report on the outcome of such attestation process and an overview of required actions is provided to the Managing Board on a regular basis.
- *Entity Oversight:* In order to obtain insight to local risk management practices and to determine whether risk – regarding all risk types – is taken in a controlled way, an entity oversight governance structure is in place. Group Risk Management actively monitors the performance of the entities with regard to these risk types, and oversight activities such as CRO oversight meetings are carried out as well. Alignment meetings with Cluster- and local Risk Directors are in place to make sure that the local second line functions are aligned with the Group's second line functions.
- *Risk Performance evaluation:* The ambition to manage and monitor risk on an integrated and holistic basis has been a key driver in the set-up of an independent risk function at entity and Cluster reporting into Group Risk Management. In order to have good insight in particular about the performance of the local Risk Function, entities are monitored on a regular basis with regard to different aspects. The main objectives of the performance evaluation, which consists of KPIs the local Risk Function can influence, are:

  1. to gain insight in the maturity of local risk management practices and
  2. to assess regulatory compliance by adherence to global policies. Entities are challenged where necessary.

- *Strategic Risk Assessment (SRA):* As part of the risk strategy process, LeasePlan identifies and assesses the risks it is exposed to on an annual basis via an SRA, to ensure that we actively manage and mitigate the impact of these risks on our strategic goals, reputation and financial results. The SRA considers the current business, external trends and emerging development and includes a heatmap of the environment (in terms of probability and impact), concludes which risks are part of the risk universe and as such under active management, and defines the taxonomy.
- *Internal Audit:* In LeasePlan Group, internal audits are performed by Group Audit, acting as third line, through a risk-based audit methodology. The objective of the risk-based audit is to reach opinions on the internal control quality of the company. The quality review of the design and effectiveness of internal control procedures has to be planned in such a way that all major entities and processes in these organisations will be analysed periodically. Group Audit executes on a yearly basis the internal audit plan, as approved by the Managing Board and the Audit Committee.

From September to November 2021 an inspection team of De Nederlandse Bank (DNB) on behalf of the European Central Bank has performed an onsite assessment on the functioning of the Management Body (in its both functions) in its oversight over compliance risk management and the Compliance Function. Remedial work on findings and observations is in planning and will be addressed in 2022 and going forward.

For further details, please refer to section 'Highlights 2021' of the Risk Management section on *page 71*.

Financial statements

This copy of the Annual Report 2021 of LeasePlan Corporation N.V. is not in the European single electronic reporting format (ESEF) as specified in the RTS on ESEF (Regulation (EU) 2019/815). The ESEF version of the Annual Report 2021 is available at www.leaseplan.com/corporate/investors/results-reports-and-funding-documents.

Contents

Consolidated statement of profit or loss

for the year ended 31 December

In thousands of euros	Note	2021	2020*
Operating lease income		4,003,528	3,980,379
Finance lease and Other interest income		98,638	100,431
Additional services income		2,278,438	2,321,034
Vehicle sales and End of contract fees		3,536,020	3,043,038
REVENUES	4	**9,916,624**	**9,444,882**
Depreciation cars		3,153,637	3,247,649
Finance cost		290,679	321,208
Unrealised (gains)/losses on financial instruments	16	−75,602	−3,337
Impairment charges on loans and receivables	5	23,175	76,890
Lease cost		3,391,888	3,642,410
Additional services cost		1,421,988	1,552,393
Vehicle and Disposal cost		3,102,201	3,031,758
DIRECT COST OF REVENUES	4	**7,916,076**	**8,226,562**
Lease services		710,278	438,399
Additional services		856,450	768,640
Profit/Loss on disposal of vehicles and End of contract fees		433,819	11,280
GROSS PROFIT	4	**2,000,548**	**1,218,320**
Staff expenses	6	553,651	515,561
Other operating expenses	7	292,501	266,734
Other depreciation and amortisation	8	87,721	99,202
TOTAL OPERATING EXPENSES		**933,874**	**881,497**
Share of profit of investments accounted for using the equity method	23	−5,520	3,613
Other income	9	−8,706	92
PROFIT BEFORE TAX		**1,052,448**	**340,527**
Income tax expenses	10	221,847	25,654
Net result from continuing operations		830,601	314,873
Net result from discontinued operations	11	186,558	−62,360
NET RESULT FOR THE PERIOD		**1,017,159**	**252,514**
Attributable to:			
Equity holders of parent		980,535	215,872
Holders of AT1 capital securities		36,880	36,898
Non-controlling interest		−256	−257

*Comparative information has been restated due to discontinued operations. See ***Note 11*** – Discontinued operations.

Consolidated statement of comprehensive income

for the year ended 31 December

In thousands of euros	Note	2021	2020
NET RESULT		**1,017,159**	**252,514**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of post-employment benefit reserve, before tax	32	1,415	1,484
Income tax on post-employment benefit reserve	10	–309	–801
SUBTOTAL CHANGES IN POST-EMPLOYMENT BENEFIT RESERVE, NET OF INCOME TAX		**1,107**	**683**
Items that may be reclassified to profit or loss			
Changes in cash flow hedges, before tax		1,729	3,388
Cash flow hedges recycled from equity to profit or loss, before tax		15	–10
Income tax on cash flow hedges	10	–436	–828
SUBTOTAL CHANGES IN CASH FLOW HEDGES, NET OF INCOME TAX	10	**1,308**	**2,550**
Exchange rate differences	32	–8,905	–101,490
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX		**–6,490**	**–98,257**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,010,669**	**154,256**
Comprehensive income attributable to:			
Owners of the parent		974,045	117,615
Holders of AT1 capital securities		36,880	36,898
Non-controlling interest		–256	–257
Comprehensive income attributable to owners of the parent arises from:			
Continuing operations		789,582	179,659
Discontinued operations		184,463	–62,044

Consolidated statement of financial position

as at 31 December

In thousands of euros	Note	2021	2020
ASSETS			
Cash and balances at central banks	13	5,447,685	5,169,103
Investments in equity and debt securities	14	177,220	24,273
Receivables from financial institutions	15	687,651	671,264
Derivative financial instruments	16	176,167	171,054
Other receivables and prepayments	17	1,036,805	1,023,686
Inventories	18	370,605	448,133
Lease receivables from clients	20	3,492,981	3,136,556
Property and equipment under operating lease, rental fleet and vehicles available for lease	21	19,739,908	19,191,386
Other property and equipment	22	296,515	387,705
Loans to investments accounted for using the equity method	19	200,000	175,500
Investments accounted for using the equity method	23	16,716	16,337
Intangible assets	24	351,511	262,785
Corporate income tax receivable		18,063	48,418
Deferred tax asset	25	238,147	288,696
Assets classified as held-for-sale	22	–	1,222
TOTAL ASSETS		**32,249,975**	**31,016,117**
LIABILITIES			
Trade and other payables and deferred income	27	3,059,927	2,584,847
Borrowings from financial institutions	28	3,324,010	3,560,531
Derivative financial instruments	16	108,417	150,371
Funds entrusted	26	10,334,671	9,212,495
Debt securities issued	29	9,401,924	10,084,252
Provisions	30	581,713	561,911
Corporate income tax payable		33,046	39,180
Loans from equity investments		25,000	–
Lease liabilities	22	236,085	308,140
Deferred tax liabilities	25	365,290	336,164
TOTAL LIABILITIES		**27,470,083**	**26,837,892**
EQUITY			
Share capital	31	71,586	71,586
Share premium	31	506,398	506,398
Other reserves	32	−147,872	−141,382
Retained earnings	33	3,851,843	3,243,734
EQUITY OF OWNERS OF THE PARENT		**4,281,955**	**3,680,335**
AT1 capital securities	34	497,937	497,937
Non-controlling interest	35	–	−47
TOTAL EQUITY		**4,779,892**	**4,178,225**
TOTAL EQUITY AND LIABILITIES		**32,249,975**	**31,016,117**

Consolidated statement of changes in equity

In thousands of euros	Share capital	Share premium	Other reserves	Retained earnings	Equity of owners of the parent	AT1 capital securities	Non-controlling interest	Total equity
BALANCE AS AT 1 JANUARY 2020	**71,586**	**506,398**	**–43,125**	**3,027,862**	**3,562,720**	**497,919**	**–**	**4,060,639**
Net result	–	–	–	252,771	252,771	–	–257	252,514
Transfer – accrued interest on AT1 capital securities	–	–	–	–36,898	–36,898	36,898	–	–
Other comprehensive income	–	–	–98,257	–	–98,257	–	–	–98,257
TOTAL COMPREHENSIVE INCOME	**–**	**–**	**–98,257**	**215,872**	**117,615**	**36,898**	**–257**	**154,256**
Incorporation of subsidiary with NCI	–	–	–	–	–	–	210	210
Interest coupon paid on AT1	–	–	–	–	–	–36,880	–	–36,880
BALANCE AS AT 31 DECEMBER 2020	**71,586**	**506,398**	**–141,382**	**3,243,734**	**3,680,335**	**497,937**	**–47**	**4,178,225**
BALANCE AS AT 1 JANUARY 2021	**71,586**	**506,398**	**–141,382**	**3,243,734**	**3,680,335**	**497,937**	**–47**	**4,178,225**
Net result	–	–	–	1,017,415	1,017,415	–	–256	1,017,159
Transfer – accrued interest on AT1 capital securities	–	–	–	–36,880	–36,880	36,880	–	–
Other comprehensive income	–	–	–6,490	–	–6,490	–	–	–6,490
TOTAL COMPREHENSIVE INCOME	**–**	**–**	**–6,490**	**980,535**	**974,045**	**36,880**	**–256**	**1,010,669**
Interim dividend declared	–	–	–	–372,425	–372,425	–	–	–372,425
Sale of subsidiary with NCI	–	–	–	–	–	–	303	303
Interest coupon paid on AT1	–	–	–	–	–	–36,880	–	–36,880
BALANCE AS AT 31 DECEMBER 2021	**71,586**	**506,398**	**–147,872**	**3,851,843**	**4,281,955**	**497,937**	**–**	**4,779,892**

Consolidated statement of cash flows

for the year ended 31 December

In thousands of euros	Note	2021	2020
Operating activities			
Net result		1,017,159	252,514
Adjustments			
Interest income and expense	4	187,504	218,765
Impairment charges on receivables	5	23,500	76,319
Valuation allowance on inventory		–8,046	1,262
Depreciation operating lease portfolio and rental fleet	21	3,385,341	3,491,199
Insurance expense		347,377	336,970
Depreciation other property plant and equipment	8	62,679	86,543
Amortisation and impairment on intangibles	8	38,335	36,904
Share of profit in equity accounted investments	23	5,520	–3,613
Gain on sale of subsidiaries/associates	11	–224,953	–
Financial instruments at fair value through profit and loss	16	–71,668	298
Income tax expense		207,572	1,942
Changes in			
Provisions		–329,615	–295,688
Derivative financial instruments		–60,687	4,774
Trade and other payables and other receivables		44,279	589,533
Inventories	18	153,244	231,853
Amounts received for disposal of objects under operating lease	21	2,604,328	2,652,268
Amounts paid for acquisition of objects under operating lease	21	–7,256,129	–6,363,863
Acquired new finance leases		–1,440,006	–1,166,841
Repayment finance leases		1,074,714	1,133,526
Income taxes received		20,659	28,486
Income taxes paid		–109,679	–92,053
Interest received		109,632	118,522
Interest paid		–304,361	–339,350
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES		**–523,301**	**1,000,268**

See continuation of this table on the next page.

Consolidated statement of cash flows *continued*

for the year ended 31 December

In thousands of euros	Note	2021	2020
Investing activities			
Net investment in equity and debt securities		–19,880	390
Loans provided to investments accounted for using the equity method	19	–101,500	–94,000
Redemption on loans to investments accounted for using the equity method	19	258,011	82,000
Dividend received from associates and jointly controlled entities	23	4,694	4,565
Changes in held-for-sale investments		1,268	–
Proceeds from disposal of subsidiaries, net of cash disposed of EUR 95,940	11	222,711	–
Proceeds from sale of other property and equipment	22	21,045	20,339
Acquisition of other property and equipment	22	–43,914	–51,153
Acquisition of intangibles assets	24	–160,459	–97,340
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		**181,976**	**–135,199**
Financing activities			
Receipt from receivables from financial institutions		465,047	816,271
Balances deposited to financial institutions		–468,891	–766,955
Receipt of borrowings from financial institutions	12	3,236,378	3,905,582
Repayment of borrowings from financial institutions	12	–3,312,800	–4,297,847
Receipt of funds entrusted	12	3,832,859	4,069,195
Repayment of funds entrusted	12	–2,710,683	–2,620,307
Receipt of debt securities	12	3,256,535	1,779,156
Repayment of debt securities	12	–3,573,233	–3,206,506
Payment of lease liabilities		–44,773	–45,502
Interest paid AT1 capital securities	34	–36,880	–36,880
NET CASH INFLOW FROM FINANCING ACTIVITIES		**643,557**	**–403,793**
CASH AND BALANCES WITH BANKS AS AT 1 JANUARY		**5,557,401**	**5,093,290**
Net movement in cash and balances with banks		302,232	461,276
Exchange gains/(losses) on cash and balances at banks		2,566	2,835
CASH AND BALANCES WITH BANKS AS AT 31 DECEMBER	13	**5,862,200**	**5,557,401**

General notes

for the year ended 31 December

1 GENERAL INFORMATION

LeasePlan Corporation N.V.

LeasePlan Corporation N.V. (the "company") is domiciled in Amsterdam, the Netherlands and is registered at the Commercial Register of Amsterdam under number 39037076, where its statutory seat is located. The address of its registered office is Gustav Mahlerlaan 360, 1082 ME Amsterdam. The consolidated financial statements of the company as at and for the year ended 31 December 2021 comprise the company and its subsidiaries (together referred to as the "Group") and the Group's interest in investments accounted for using the equity method. The Group consists of an international network of companies engaged in fleet management and mobility services, mainly through operating leasing and car remarketing. At 31 December 2021, the Group employed over 8,000 people worldwide and had offices in 29 countries. There were no major changes in the Groups' composition during the reporting period, except for the sale of the Australian and New Zealand subsidiaries and the carve-out of CarNext (please refer to ***Note 11*** – Discontinued operations).

A list of the principal consolidated participating interests is included in the other information paragraph of the company financial statements.

The Company has held a banking licence in the Netherlands since 1993 and was regulated by the Dutch Central Bank until 31 December 2020. As of 1 January 2021 LeasePlan has been reclassified from being a Less Significant Institution to a Significant Institution and is officially under the direct supervision of the European Central Bank.

Ownership of the company

On 21 March 2016 LP Group B.V. acquired 100% of the shares of the Company from Global Mobility Holding B.V.

LP Group B.V. is the parent of the company and indirectly represents a group of long-term investors. None of these investors alone has a direct or indirect controlling interest in the company:

- **ADIA:** Since 1976, the Abu Dhabi Investment Authority (ADIA) has been prudently investing funds on behalf of the Government of Abu Dhabi, with a focus on long-term value creation. ADIA manages a global investment portfolio that is diversified across more than two dozen asset classes and sub categories, including quoted equities, fixed income, real estate, private equity, alternatives and infrastructure.
- **ATP:** ATP was established in 1964 and is Denmark's, and one of Europe's, largest pension funds.
- **ELQ Investors VIII Ltd:** the previous investor Broad Street Investments was transferred to ELQ Investors VIII on 30 September 2021. The Company's ultimate parent is The Goldman Sachs Group.
- **GIC:** GIC is a leading global investment firm with well over US$100 billion in assets under management. Established in 1981, the firm manages Singapore's foreign reserves and is positioned for long-term and flexible investments across a wide range of asset classes, including public equities, fixed income, real estate and private equity. In private equity, GIC invests through funds as well as directly in companies, partnering with fund managers and management teams to help businesses achieve their objectives. GIC employs more than 1,800 people.
- **PGGM:** PGGM is a cooperative Dutch pension fund service provider. Institutional clients are offered asset management, pension fund management, policy advice and management support. Either alone or together with strategic partners, PGGM develops innovative future provisions by linking together pension, care, housing and work.
- **TDR Capital:** TDR Capital LLP is a highly selective private equity firm with a track record of investing in businesses. TDR Capital LLP was founded in 2002 and currently manages funds totalling over EUR 13.0 billion on behalf of a range of sophisticated investors.

2 BASIS OF PREPARATION

Statement of compliance and restatements

The consolidated financial statements for the year ended 31 December 2021 were authorised for issue by the Managing Board on 17 March 2022. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and their interpretations as endorsed by the European Union (EU) and Part 9 of Book 2 of the Dutch Civil Code.

Functional and presentation currency

Items included in the financial statements of each of the Group companies are measured using the currency of the primary economic environment in which the company operates (the functional currency). The consolidated financial statements are presented in euro, which is the company's functional and presentation currency. Financial information presented in euro has been rounded to the nearest thousand, unless otherwise indicated. Due to rounding, numbers presented throughout these financial statements may not add up precisely to the totals provided.

Use of estimates, assumptions and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The main estimates and underlying data and assumptions relate to the valuation and impairment of fixed assets from operating leases, including the residual values at the end of the contract date, impairment of finance lease receivables, valuation allowance of inventories (terminated cars on stock), defined benefit pensions obligations, the fair value of derivatives, the assessment of the income tax position and damage risk retention provision, the impairment of intangibles and goodwill, estimates in revenue recognition, the assessment of restructuring provisions and litigation provisions. Information on the above-mentioned areas of estimation and judgement is provided in ***Note T*** – Critical accounting estimates, assumptions and judgements.

General notes *continued*

for the year ended 31 December

2 BASIS OF PREPARATION *continued*

The estimates and underlying assumptions are reviewed each financial reporting period. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period of the revision, or in any future periods affected if the revision affects both current and future periods.

Significant impacts on estimates and assumptions, such as the ones related to global crisis (for instance Covid-19 pandemic), are investigated in more depth in the specific notes of the financial statement.

Disclosure of significant judgements and major sources of estimation uncertainty and related sensitivities are included in the specific notes to the statement of financial position.

Changes in accounting policies

Reclassification of Inventories in the presentation on the statement of financial position

Vehicles available for lease reported in the financial statement categories "Inventories" and "Other receivables and prepayments" have been reclassified to "Property and equipment under operating lease and rental fleet" . This reclassification is the result of new business insights. We consider reporting of new vehicles bought for already signed lease contracts or bought with the intention to lease in the near future in the same category as lease contracts under operating lease and rental fleet more appropriate and providing more useful information to the users of our financial statement. The new vehicles bought were previously reported as part of Inventory or considered as a Prepayment for a future lease contracts. These new vehicles are recognised at cost and not depreciated. We refer to the separate notes in these consolidated financial statements.

Segment information

In the segment information LeasePlan identifies Europe and Rest of the world as reportable segments. As per 31 December 2019 annual reporting LeasePlan started voluntarily segment reporting with respect to CarNext. As of 1 July 2021 CarNext was carved out resulting in a non-material part left within LeasePlan. Because of this change LeasePlan no longer reports the additional CarNext versus CaaS segmentation. The revenue from external customers for CarNext and CaaS is disclosed in segment information.

In the segment information transactions of LeasePlan Australia and LeasePlan New Zealand are presented for external revenue and external expenses in discontinued operations after intercompany eliminations as LeasePlan has no significant continuous transactions with those entities after the sale.

Transactions between LeasePlan and CN Group B.V. are presented in continued operations before intercompany eliminations as LeasePlan continues significant transactions with CN Group B.V. after the sale. The additional margin is reported in operating activities of discontinued operations of CN Group B.V.. Reference is made to ***Note 11*** – Discontinued operations.

New and amended standards adopted by the Group effective as from 1 January 2021

The following new or revised standards, amendments and interpretations to published standards became effective as per 1 January 2021 (and are endorsed by the EU). The impacts of those standards and new accounting policies implemented by the Group are disclosed below.

Interest Rate Benchmark Reform

In August 2020, the International accounting standards board issued interest rate benchmark reform – phase 2, which amends IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement", IFRS 7 "Financial Instruments: Disclosures", IFRS 4 "Insurance Contracts" and IFRS 16 "Leases", which are effective as per 1 January 2021.

The Group applied the Phase 2 amendments retrospectively. In accordance with the exceptions permitted in the Phase 2 amendments, the Group has elected not to restate comparatives for the prior periods to reflect the application of these amendments. Since the Group had no transactions for which the benchmark rate had been replaced with an alternative benchmark rate as at 31 December 2021, there is no impact on opening equity balances as a result of retrospective application. The first transitions will be applied as per 1 January 2022.

The amendments provide a number of reliefs that are directly affected by interest rate benchmark reform applied by the Group:

- A change in the basis for determining the contractual cash flows of a financial asset, financial liability or leases for lessees that is required by IBOR reform is recognised by updating the effective interest rate of the financial asset or financial liability.
- When the IBOR phase 1 reliefs cease to apply, the Group amends the hedge documentation to reflect changes that are required by IBOR reform by the end of the reporting period during which the changes are made. Such amendments do not constitute a discontinuation.
- For the purposes of assessing the retrospective effectiveness of a hedge relationship on a cumulative basis, the Group may, on an individual hedge basis, reset to zero the cumulative fair value changes of the hedged item and hedging instrument when ceasing to apply the retrospective effectiveness assessment relief provided by the IBOR phase 1 amendments.
- When amending the hedge relationships for groups of items, hedged items are allocated to sub-groups based on the benchmark rate being hedged, and the benchmark rate for each sub-group is designated as the hedged risk.
- An alternative benchmark rate designated as a non-contractually specified risk component, that is not separately identifiable at the date when it is designated, is deemed to have met the requirements at that date if the entity reasonably expects that it will meet the requirements within a period of 24 months from the date of first designation. The 24-month period will apply to each alternative benchmark rate separately.

General notes *continued*

for the year ended 31 December

2 BASIS OF PREPARATION *continued*

An implementation team is in place, sponsored by the CFO and is led by senior representatives from functions amongst the Group including Strategic Finance, Legal, Treasury, Finance, Risk and Operations. The implementation team performs periodic updates to management.

The Group also investigated the impact on interest rate risk management. The conclusion that the impact is not material is based on our interest rate risk policy that prescribes matched funding which is monitored closely from a risk management perspective.

The Group completed an investigation of local lease contracts in all countries including a legal review of contractual terms and contractual triggers such as fallback events and their impact. New lease contracts in USD, GBP and CHF have been adjusted (if applicable) to include transition rules from IBOR to alternative reference rates . For master lease agreements group companies have been provided with fall back guidance that could be included where LeasePlan could potentially be exposed to transition in other countries.

The Group is well advanced in the process of the transition from the IBOR-based instruments to alternative reference rate (ARR) instruments. The transition from USD, CHF and GBP Libor to ARRs has been broadly completed as at 31 December 2021. As of 1 January 2022 the ARRs SOFR, SARON, SONIA and swap rates derived from SOFR, SONIA, SARON are used solely as the interest rate benchmarks for all new interest-bearing instruments and lease contracts. Spread adjustments based on historical differences between LIBOR and ARR's have been applied aiming to make transition to the new rates result neutral for the Group and clients. Some USD Libors (O/N, 1M, 3M, 6M, 12M) will continue to be published and used by the group companies to re-price floating rate leases concluded before 31 December 2021 until the end of June 2023.

Any developments in other jurisdictions will remain continuously monitored. As at the balance sheet date other relevant interest rate benchmarks the Group applies are expected to continue for the foreseeable future. Those rates will be calculated and administrated in accordance with the European Union Benchmarks Regulation requirements. This allows market participants to continue to use those reference rates for both existing and new contracts.

The table below indicates the nominal amount in Euro and weighted average maturity of derivatives in hedging relationships that will be affected by IBOR reform, analysed by interest basis as at 31 December 2021. The derivative hedging instruments' nominal amount provides a close approximation to the extent of the risk exposure the Group manages through hedging relationships included in the derivative financial instruments in the statement of financial position.

Local currency amounts	Nominal amount (in million)	Average maturity (years)
Interest rate swaps		
USD Libor	687	2.74

Only IBOR rates that cease to be applicable as announced by local legislation of contracts that have yet to transition to an alternative benchmark rate (unreformed rates) are included in the tables below. The table below shows the total amounts in Euro of unreformed derivative not in hedge relationship at 31 December 2021 that expire after the transition date of June 2023.

Derivatives financial instruments not in hedge – Nominal amount (in million)	USD LIBOR
Derivatives financial instruments assets	83.6

The following table shows the total amounts in Euro of unreformed non-derivative financial assets and liabilities at 31 December 2021 that expire after the transition date of June 2023.

Financial assets and liabilities (in million)	USD LIBOR
Lease receivables from clients	545.9
Debt securities issued	35.2

The lease receivables have transition rules from US LIBOR to ARRs in the contract.

Other changes

Amendment to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021, effective as per 1 April 2021. A one-year extension to the practical expedient for Covid-19 related rent concessions under IFRS 16 Leases has been published by the IASB. Covid-19-Related Rent Concessions beyond 30 June 2021 (the 2021 amendment) is a response to the ongoing economic challenges resulting from the Covid-19 coronavirus pandemic.

This amendment has no significant impact on shareholders' equity nor comprehensive income of the Group.

General notes *continued*

for the year ended 31 December

2 BASIS OF PREPARATION *continued*

Most relevant new and amended standards issued that become effective after 1 January 2022

IFRS 17 – 'Insurance contracts'

The Group will implement IFRS 17 'Insurance Contracts' (as issued by the IASB on 18 May 2017); including Amendments to IFRS 17 (issued on 25 June 2020). The standard will be effective after 1 January 2023 and is endorsed by the EU as per 19 November 2021.

IFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts, which was issued in 2005.

The main features of the new accounting model for insurance contracts are as follows:

- The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, remeasured every reporting period (the fulfilment cash flows).
- A Contractual Service Margin (CSM) that is deferring any day one gain in the fulfilment cash flows of a group of contracts, representing the unearned profitability of the insurance contracts to be recognised in profit or loss over the service period (i.e. coverage period).
- Certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby recognised in profit or loss over the remaining contractual service period.
- The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice.
- A simplified premium allocation approach (PAA) may be applied for contracts that meet specific conditions. An important condition is that the coverage of the contracts does not exceed one year. The PAA is quite similar to current accounting under IFRS 4 for non-life products.
- The presentation of insurance revenue and insurance service expenses in the statement of comprehensive income is based on the concept of services provided during the period;
- Insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income or expense.
- Extensive disclosures will provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts.

The Group is currently assessing the impact on shareholders' equity and comprehensive income due to adoption of IFRS 17. Most of the insurance contracts have a coverage period of one year or less and therefore the Group opts to apply the PAA. The changes in revenue recognition and measurement of insurance liabilities under the new standard, such as requirements for initial recognition, discounting, risk adjustment and allocation of overhead expenses are considered to have no significant impact on equity and comprehensive income.

Other changes

The following amendments to standards become effective as per 1 January 2022 and are endorsed by the EU as per 28 June 2021. Those changes relate to:

- Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements 2018-2022 (issued 14 May 2020).

The following amendments to standards are not yet endorsed by the EU and become effective as per 1 January 2023. Those changes relate to:

- Amendments to IAS 1 Classification of Liabilities as Current or Non-Current (issued on 23 January 2020 and 15 July 2020). The IASB has issued an exposure draft to defer the effective date from 1 January 2022 to 1 January 2023.
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021).
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021).
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 7 May 2021).

These changes are not expected to have a significant impact on shareholders' equity nor comprehensive income of the Group.

General notes *continued*

for the year ended 31 December

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently by the Group to all periods presented in these consolidated financial statements, unless otherwise stated.

Note A – Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and its subsidiaries.

Subsidiaries and business combinations

Subsidiaries are all companies (including special purpose companies) over which the Group has control. The Group controls a company when the Group is exposed to, or has rights to, variable returns from its involvement with the company and has the ability to affect those returns through its power over the company. Subsidiaries are fully consolidated from the date on which control commences until the date on which control ceases.

The Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is measured at the aggregate of the fair values at acquisition date of the assets transferred, the liabilities incurred to the former owners of the entity 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. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the entity acquired either at fair value or at the non-controlling interest's proportionate share of the entity's net assets. Acquisition-related costs are expensed as incurred. If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in the statement of profit or loss.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired in case of a bargain purchase, the difference is recognised in the statement of profit or loss.

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Accounting policies of acquired subsidiaries were changed to ensure consistency with the policies adopted by the Group.

Associates

Associates are those companies over which the Group has significant influence but no control, generally accompanying a shareholding between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are reported in "Investments accounted for using the equity method". Under the equity method, the investment is 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.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the statement of profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses exceeds its interest in an equity accounted associate, including any other unsecured receivables, the Group does not recognise further losses, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

For the impairment of non-financial assets, reference is made to ***Note L*** – Impairments.

Joint arrangements

Investments in joint arrangements comprise joint operations or joint ventures, depending on the contractual rights and obligations of each investor. Currently the Group has no joint operations. Joint ventures are accounted for using the equity method and are reported in "Investments accounted for using the equity method" similar to accounting for associates.

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 retains control and 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. These companies are consolidated in the financial statements of the Group based on the substance of the relationship.

Note B – Foreign currency

Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of the transaction. At the end of the reporting period foreign currency monetary items are translated using the closing rates. Non-monetary items that are measured at historical cost are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value are translated using the exchange rate at the date when the fair value was measured.

General notes *continued*

for the year ended 31 December

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

Exchange differences on the settlement or translation of monetary items are recognised in the statement of profit or loss under the caption 'Finance lease and other interest income'. The exchange component on a non-monetary item is recognised in other comprehensive income when the gain or loss is also recognised in other comprehensive income. An exchange component on a non-monetary item is recognised in the statement of profit or loss when the gain or loss is also recognised in the statement of profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign operations

The results and financial position of all foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into euros (the presentation currency of the Group) 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 statement of profit or loss are translated at average 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.

Exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. Such translation differences are recognised in the translation reserve of equity. When a foreign operation is disposed of or sold, in part or in full, the relevant amount of this reserve is reclassified in the statement of profit or loss as part of the gain or loss on disposal or sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and are translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

Note C – Financial assets and liabilities

Recognition

Purchases and sales of financial assets are recognised on settlement date, i.e. the date that a financial asset is received by or delivered to an entity. Loans are recognised when cash is advanced to the borrowers.

A financial liability is recognised when the Group becomes party to a contractual obligation to deliver cash or another financial instrument to another entity.

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.

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.

Classification and measurement

Financial assets are initially recognised at fair value. Subsequent measurement of financial assets depends on the classification, driven by cash flow characteristics and the business model in which an asset is held. The classification categories are held at fair value through profit or loss (P&L), fair value through other comprehensive income (OCI) or amortised cost, and are determined at initial recognition.

A financial asset is measured at amortised cost only if both of the following conditions are met:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows
- The contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Financial assets and financial liabilities at fair value through profit or loss

A financial asset or liability is classified as at fair value through profit or loss if the instrument is acquired principally for the purpose of selling in the short-term or based on the contractual cash flow characteristics of the financial asset.

Investments in equity securities are categorised as fair value through profit or loss.

Derivatives are categorised as fair value through profit or loss. Reference is made to ***Note D*** – Derivative financial instruments and hedge accounting.

The fair value of a financial asset or liability is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

LeasePlan categorises the inputs used in valuation techniques into three levels, which are defined as:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted market prices included within Level I. Level 2 inputs include but are not limited to inputs other than quoted prices that are observable for the asset or liability, such as:
  - Interest rates and yield curves observable at commonly quoted intervals;
  - Implied volatilities;
  - Credit spreads.
- Level 3 inputs are unobservable inputs for the asset or liability.

General notes *continued*

for the year ended 31 December

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

Investments in equity instruments that have a level 1 market observable valuation are valued applying market observable prices. Other equity investments without market observable prices are valued applying a level 3 valuation using financial information received from those entities. Reference is made to ***Note 38*** – Fair value measurement

Transaction costs on initial recognition are expensed as incurred.

Gains and losses arising from changes in the fair value of the 'Financial assets and financial liabilities at fair value through profit or loss' category are included in the statement of profit or loss in the period in which these gains and losses arise and are included in the caption 'Other income' in the statement of profit or loss. Gains and losses comprise of changes in the fair value and include any dividend income from equity instruments when the dividend has been declared.

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 balances at central banks, receivables from financial institutions, investments in debt securities, loans to investments accounted for using the equity method and other receivables.

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.

The following financial liabilities are measured at amortised cost: borrowings from financial institutions, funds entrusted, debt securities issued, and certain items included in trade and other payables and deferred income (trade payables, interest payable). Transaction costs are included in amortised cost using the effective interest method.

Impairment of financial assets

The following debt instruments measured at amortised cost are in scope of the impairment requirements:

- Cash and balances at central banks
- Receivables from financial institutions
- Investments in debt securities
- Loans to investments accounted for using the equity method
- Other receivables
- Lease receivables from clients
- Loan commitments and financial guarantee contracts issued that are not measured at fair value through P&L

Lease receivables from clients, both finance lease receivables and operating lease receivables as included in trade receivables in scope of IFRS 16, are brought in scope of IFRS 9 impairments. Reference is made to ***Note E*** – Lease receivables from clients.

An expected credit loss (ECL) is recognised upon initial recognition of a financial asset and subsequently remeasured at each reporting date. ECL is calculated by multiplying the Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD):

- PD represents the likelihood of a counterparty defaulting on its financial obligations.
- LGD represents the Group's expectation of the extent of the loss on a defaulted exposure. LGD varies by type of counterparty and is expressed as a percentage loss per unit of exposure at the time of default.
- EAD is based on the expected exposure amount at the time of a default.

To measure the ECL based on the General Approach, assets migrate through the following three stages based on the change in credit quality since initial recognition:

Stage 1: 12-months expected credit losses

This stage includes financial assets that have not had a significant increase in credit risk since initial recognition and that are not credit impaired upon origination. For these financial assets, the expected credit losses that result from default events that are expected within 12 months after the reporting date are recognised. Interest revenue is recognised based on the gross carrying amount, that is, without deduction for expected credit losses.

General notes *continued*

for the year ended 31 December

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

Stage 2: Lifetime expected credit losses – not credit impaired

For credit exposures where there has been a significant increase in credit risk since initial recognition of the financial asset but that are not credit impaired, a lifetime expected credit loss is recognised. Interest revenue is recognised based on the gross carrying amount, that is, without deduction for expected credit losses.

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for financial assets since initial recognition. The Group uses both quantitative and qualitative information to determine if there is a significant increase in credit risk based on the characteristics of the financial asset. Quantitative information could be a decrease in credit rating below investment grade. Qualitative information is obtained from the monitoring of existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant (negative) change in the debtor's ability to meet its obligations towards the Group. The Group applies a backstop of 30 days past due as an automatic trigger for significant increase in credit risk.

The Group has exposures to internal counterparties consisting of financial guarantees, loans to subsidiaries and loans to joint ventures entities. As the credit risk is highly dependent on the financial performance of the underlying lease portfolios, these credit risk exposures are monitored following qualitative factors in assessing the significant increase in credit risk:

- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant (negative) change in the entity's ability to meet its debt obligations towards LeasePlan Corporation; and
- An actual or expected significant (negative) change in the operating results of the entity.

In addition, the Group uses its internal credit rating scale to apply quantitative factors in assessing whether there is a significant increase in credit risk. The Group considers that credit risk has increased if the internal credit rating has significantly deteriorated at the reporting date relative to the original internal rating. If a significant increase in credit risk is identified, this triggers in general a transfer for all instruments in scope held with this counterparty from stage 1 to 2.

Stage 3: Lifetime expected credit losses – credit impaired

Financial assets are assessed as credit impaired when one or more events that have a significant impact on the estimated future cash flows of that asset have occurred. Interest revenue is recognised based on the lower amortised cost, including expected credit losses.

The Group applies a forbearance policy based on European banking regulations from the Capital Requirements Directive IV and Capital Requirements Regulation and reported in the credit risk management section.

The Group identifies credit impaired assets under IFRS 9 by applying the definition of default used for credit risk management purposes that is based on the Regulatory framework. The Group defines a default as: a counterparty that is either unable to fulfil its obligations (defined as " unlikely to pay") irrespective of the amount involved or the number of days outstanding), or when counterparties are past due on any material credit obligation for more than 90 consecutive days.

For credit impaired financial assets, interest is recognised in profit or loss based on the amortised cost (net of impairment allowance) rather than the gross carrying amount (gross of impairment allowances) which is the case for stage 1 and 2 assets.

Lease receivables from clients

Lease receivables consist of receivables under finance lease contracts and trade receivables, consisting of amounts invoiced for financial and operating lease receivables. For lease receivables, the Group elected to adopt an accounting policy choice to use the simplified approach, which means recognition of lifetime expected credit losses, irrespective of if a significant increase in credit risk has taken place.

The amount of ECL for lease receivables is measured at the contract level as the probability weighted present value of all cash shortfalls over the expected life of the financial asset discounted at the original implicit interest rate embedded in the lease contract. The cash shortfall is the difference between all contractual cash flows that are due to the Group and all the cash flows that the Group expects to receive.

The Group determines the ECL for lease receivables based on the model used for regulatory capital purposes (see Credit Risk Measurement). This model is adapted to remove prudential conservatism and to include forward looking macro-economic scenarios and multiyear forecast over the lifetime of the lease contracts.

PD, LGD and EAD forecasts are combined to produce the ECL estimate. As such, ECL is highly dependent on the credit quality of counterparties in the portfolio at the reporting date, the types and characteristics of vehicles in the portfolio, the expected maturities and repayment terms of the contracts, the forecasts of future macro-economic variables in various scenarios, the forecast market developments and residual values for used vehicles in various scenarios, and the probability weight assigned to each forecast scenario. The model is periodically updated and developed based on back-testing of previous forecasts.

Write-off

Where there are no reasonable expectations of recovering outstanding receivables that are considered credit-impaired, the gross carrying amount is reduced. Such a write-off constitutes a derecognition of the receivable and is in general recognised 12 months after the debtor is considered in default. The collection management and efforts to recover the asset may still be ongoing after the write-off.

General notes *continued*

for the year ended 31 December

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

Receivables from financial institutions

For receivables from financial institutions, the Group applies the General Approach using the low credit risk assumption. At each reporting date, the Group assesses the appropriateness of this exemption.

Investments in debt securities

The Group applies the General Approach using the low credit risk assumption for its investments in bonds and notes. At each reporting date, the Group assesses the appropriateness of this exemption.

Cash and balances at central banks

For deposits at central banks, the Group has assumed that there is no credit risk as central banks are guaranteed by governments with high credit ratings.

Loans to investments accounted for using the equity method

The Group applies the General Approach to Loans to investments accounted for using the equity method.

Loan commitments and financial guarantees

Expected credit losses for loan commitments and financial guarantees are measured under the General Approach.

Reversal of impairment

An impairment loss is reversed if there has been a change in the estimated expected credit loss and the recoverable amount. An impairment loss is reversed only to the extent of the asset's carrying amount that would have been determined, net of amortisation, if no impairment loss had been recognised.

Presentation

The amount of expected credit losses on financial assets is presented in the statement of financial position as a deduction from the gross carrying amount of the assets. Impairment losses recognised in the statement of profit or loss form part of the 'direct cost of revenues'.

Note D – Derivative financial instruments and hedge accounting

Derivatives are financial instruments, of which the value changes in response to underlying variables. Derivatives require little to no initial investment and are settled at a future date. Derivative financial instruments (derivatives) are initially recognised at fair value on the trade date and are subsequently remeasured at their fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of currency and interest rate swaps is the estimated amount that the Group would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date.

LeasePlan categorises the inputs used in valuation techniques into three levels, which are defined as:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted market prices included within Level 1. Level 2 inputs include but are not limited to inputs other than quoted prices that are observable for the asset or liability, such as:
  - Interest rates and yield curves observable at commonly quoted intervals;
  - Implied volatilities;
  - Credit spreads.
- Level 3 inputs are unobservable inputs for the asset or liability.

For swaps a valuation technique is used maximising the use of relevant observable inputs. The fair values of not-actively-traded instruments are calculated using a generally accepted discounted cash flow method, while considering relevant market observable data such as quoted forward prices and interest rates. As a result of LeasePlan having collateral agreements in place for all of its derivative counterparts, the requirement to reflect other observable market inputs such as CVA, DVA and FVA is eliminated, such that they are not included specifically in the calculations other than the use of an OIS curve for discounting purposes.

As disclosed in the risk paragraph derivatives are used from an economic perspective to mitigate the interest rate and currency exposures associated with the funding of lease contracts. The Group does not hold derivatives for trading purposes, although hedge accounting cannot always be applied.

Changes in the fair value of derivatives that are not designated as a hedging instrument in a cash flow hedge are recognised immediately in the statement of profit or loss in the caption 'Unrealised gains/losses on financial instruments'.

The Group applies cash flow hedge accounting and fair value hedge accounting.

Cash flow hedging

The Group hedges the exposure to variability in future interest payments on recognised floating rate bonds and notes issued and on highly probable forecast transactions (short-term rolling over liabilities) attributable to changes in underlying interest rates. In cash flow hedging, the hedged risks are future changes in cash flows stemming from anticipated repricing and/or roll-overs of borrowings due to interest rate movements. To apply highly effective cash flow hedges the forecast cash flows which are subject to a hedge must be 'highly probable'. Based on the Group's business activities and the financial/operational ability to carry out the transactions, the likelihood that forecast cash flows will take place is very high. These forecast cash flows are expected to occur and to affect the statement of profit or loss over the maturity of the loans. The Group applies cash flow hedging as an aggregate hedging of a similar group of assets/liabilities. A group of derivatives sharing the same characteristics is designated to the hedge with a group of borrowings with the same characteristics. These represent many-to-many hedge relationships.

General notes *continued*

for the year ended 31 December

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

For cash flow hedges, the potential reasons for ineffectiveness are mainly insufficient or excessive cash flows and timing of cash flows, or forecasted cash flows which are no longer highly probable. In order to establish a relationship between the hedge item(s) and hedging instrument(s), the Group will assess the total exposures on hedged item(s)(by currency, re-pricing tenor and maturity) against the hedging instrument(s), to ensure cash flows are equal and opposite.

When derivatives are designated as a hedging instrument in a cash flow hedge, the effective portion of changes in the fair value of derivatives is recognised directly in the related hedging reserve in other comprehensive income. The gain or loss relating to the ineffective portion is recognised in the statement of profit or loss in the caption 'Unrealised gains/losses on financial instruments'.

Amounts accumulated in other comprehensive income are recycled to the statement of profit or loss in the periods in which the forecast transaction in a hedge will affect the statement of profit or loss (i.e. when the forecast sale that is hedged takes place). 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 other comprehensive income is recycled to the statement of profit or loss.

Fair value hedging

Fair value hedge accounting is applied in such a way that the changes in fair value of the recognised liability (issued note) attributable to the hedged interest rate and currency risk fully offset the changes in fair value of the receive leg of the derivative transaction (interest rate swap or cross currency interest rate swap). The fair value change from the cash flows on the note and the receive leg of the swap are equal and opposite.

Fair value hedge accounting entails that the hedged item (i.e. the note) that is measured at amortised cost is adjusted for gains/losses attributable to the risk being hedged. This adjustment is booked in the statement of profit or loss in the caption 'Unrealised gains/(losses) on financial instruments', where it offsets the measurement of the fair value change of the hedging instrument that is also recorded in the statement of profit or loss.

As the hedging period always matches the period of life-time of the note, the basis adjustments are fully reversed at maturity and no further amortisation of basis adjustments is necessary.

For fair value hedges, hedge ineffectiveness arises due to accounting mismatches and differences in fair values applied to the hedged item and hedging instruments, as well as different sensitivities to the changes in external market conditions. The Group uses regression testing for comparing the correlation between the hedged item and hedging instrument, in assessing hedge effectiveness.

Note E – Lease receivables from clients

This caption includes lease receivables from the finance lease portfolio and trade receivables. Trade receivables represent unpaid, current lessee receivables under existing (operating and finance lease) contracts or receivables related to inventory sales.

The 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.

Reference is made to ***Note C*** for the impairment of Lease receivables from clients.

Finance lease receivables

Leases where substantially all the risks and rewards incidental to ownership of an asset are transferred to the lessee are classified as finance leases. The Group as a lessor records a finance lease receivable at the amount of its net investment which equals the present value of the future minimum lease payments receivable (including any guaranteed residual value by the lessee) and the unguaranteed residual value accruing to the Group, after any accumulated impairment losses. Unearned finance income is the difference between the gross investment in the lease and the net investment in the lease.

Over the lease term, the instalments charged to clients are apportioned between a reduction in the net investment in the lease and finance lease income. The finance lease income is calculated using the effective interest method.

Note F – (Non-current) assets held-for-sale and discontinued operations

A non-current asset or disposal group of assets is classified as held-for-sale when its carrying amount will be recovered principally through a sale transaction, whereby the expectation is that the sale will be completed within one year of the classification of assets or disposal groups as held-for-sale, subject to extension in certain circumstances.

On initial and subsequent classification as held-for-sale, (non-current) assets and disposal groups are recognised at the lower of the carrying amount and the fair value less costs to sell. Impairment losses on initial classification as held-for-sale are included in the statement of profit or loss.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held-for-sale, if earlier, and is presented in the balance sheet separately. When an operation is classified as a discontinued operation, the comparative statement of profit or loss is restated as if the operation had been discontinued from the start of the comparative period.

Depreciation and amortisation of assets ceases at the moment of initial classification as held-for-sale.

Note G – Intangible assets

Goodwill

All business combinations are accounted for by applying the acquisition method. Goodwill is recognised on acquisitions of subsidiaries. Goodwill represents the excess of the consideration transferred over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary acquired. Goodwill is measured at cost less any accumulated impairment losses. When the excess is negative (bargain purchase gain), it is recognised immediately in the statement of profit or loss.

General notes *continued*

for the year ended 31 December

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

Goodwill is allocated to cash generating units and is tested for impairment annually and whenever there is an indication that the unit may be impaired. 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 cost of disposal and value in use. The value in use is determined as the present value of forecasted cash flows of the cash generating units over an appropriate period that could be distributed to equity investors. This discounted cash-flow-to-equity valuation methodology is a commonly used methodology for valuation of financial institutions.

Impairment losses are charged to the statement of profit or loss and are not subsequently reversed. Gains and losses on the disposal of a company include the carrying amount of goodwill relating to the company sold.

Software

Capitalised software relates to internally developed software and to purchased software from third parties, or acquired as part of business combinations, for Group use. Expenditure on research activities undertaken to gain new technical knowledge and understanding is recognised in the statement of profit or loss when incurred. The capitalised cost of internally developed software includes all costs directly attributable to developing software and is amortised over its useful life. Capitalised internally developed and externally purchased software are measured at cost less accumulated amortisation and any accumulated impairment. 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 cost of disposal and value in use.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. When subsequent expenditure is capitalised, the carrying value of the replaced part is derecognised. All other expenditure is expensed when incurred.

The estimated useful lives of software for the current and comparative period are between three and ten years.

Assets under construction

Assets under construction relates to the capitalisation of internally developed software and IT platforms that are not ready for use. Expenditure on development is recognised as an asset under construction when the Group can demonstrate its intention and ability to complete the development and use of the software in a manner that will generate future economic benefits and can measure the costs to complete the development.

Assets under construction are allocated to the cash generating units and are tested for impairment on an annual basis, or more frequently if events or changes in circumstances indicate a potential impairment. An impairment loss is recognised in profit or loss 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 cost of disposal and value in use. The value in use is determined as the present value of forecasted cash flows of the cash generating units over an appropriate period that could be distributed to equity investors. Assets under construction are not amortised.

Other intangible assets

Other intangible assets include customer relationship intangible assets, customer contract intangible assets acquired as part of business combinations and recognised separately from goodwill. Customer relationship intangible assets are amortised over 20 years and customer contracts are amortised over the remaining contract period (on average five years).

Other intangible assets that are acquired by the Group are measured at cost less accumulated amortisation and impairment.

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 cost of disposal and value in use.

Amortisation

Intangible assets other than goodwill are amortised on a straight-line basis over the estimated useful lives of the intangible assets from the date they are available for use. The estimated useful life for software is generally three to ten years. The capitalised intangible assets have no estimated residual value.

Note H – Other property and equipment

Measurement

Other property and equipment (including right-of-use assets) are measured at cost less accumulated depreciation and impairment losses. Costs include expenditures that are directly attributable to the acquisition of the asset.

Subsequent expenditure on property and equipment is recognised in the carrying amount of the item only when it increases the future economic benefits embodied in the specific asset to which it relates and its costs can be measured reliably. All other expenditure is expensed when incurred. The costs of the day-to-day servicing of property and equipment are recognised in the statement of profit or loss as incurred.

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset is impaired, when the carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's "fair value less costs to sell" and "value in use". Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in operating income in the statement of profit or loss during the year of disposal.

The Group recognised on the balance sheet the right-of-use asset and the lease liability. The right-of-use is initially measured at cost and subsequently at cost less any accumulated depreciation and impairment losses over the contractual term. The right-of-use asset is adjusted for certain remeasurements of the lease liabilities. For impairment accounting policy please refer to ***Note L*** – Impairment of tangible assets.

General notes *continued*

for the year ended 31 December

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

The lease liabilities are initially measured at the present value of lease payments not yet paid at commencement date and are discounted using an incremental borrowing rate which varies per country within the Group. The liability is subsequently increased by the interest accretion to the lease liability and decreased by lease payments made. The lease liability is remeasured when there is a change in future lease payments or based on changes in assessment of execution of certain extension or termination options in the contracts.

Depreciation

The carrying amount of other property and equipment is depreciated to its estimated residual value and recognised in the statement of profit or loss on a straight-line basis over the estimated useful life of each part of an item of property and equipment. The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

The estimated useful lives for the current and comparative periods are as follows:

Property	30 – 50 years
Furniture and fixtures	3 – 12 years
Hardware	3 – 5 years
Company cars	3 – 4 years

Due to IFRS 16, the right-of-use recognised is depreciated over 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.

Note I – Property and equipment under operating lease, rental fleet and vehicles available for lease

Lease classification

The lease classification is determined on a contract-by-contract basis, taking into consideration the substance of the transaction and the specific details of each lease contract. The key factor is if substantially all the risks and rewards incidental to ownership are transferred.

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.

Finance lease portfolio

Leases where substantially all the risks and rewards incidental to ownership of an asset are transferred to the lessee are classified as finance leases. Reference is made to ***Note E*** – Lease receivables from clients.

Operating lease portfolio

An operating lease is different from a finance lease and is classified as such if it does not transfer substantially all the risks and rewards incidental to ownership. The Group as a lessor presents the assets subject to operating leases in the balance sheet according to the nature of the asset.

The Group leases assets to its clients for durations that normally range between three to four years. In almost all cases, the leased assets are returned to the Group at the end of the contract term. In case of early termination in most of the cases there will be a settlement invoice and the risk is borne by the customer. There are two main types of operating leasing products offered:

(a) Closed calculation contracts

Closed calculation contracts are typically leasing contracts whereby the client is charged a fixed fee for the use of the asset over a period of time. At the end of the lease, the asset is normally returned to the Group and then sold in the second-hand car market. In case of normal termination, the overall risk on the result of the contract, both positive and negative, is borne by the Group.

(b) Open calculation contracts

Open calculation contracts are leasing contracts whereby the client, under particular circumstances, receives a portion of any positive result from the lease contract. The specifics of each contract can differ by country and/or by client. However, in most of these contracts, the result on service income and the sale of the leased asset at the end of the lease are combined and a net positive result is (partially) shared with the client. Most contracts contain certain requirements that the client must fulfil to receive (part of) the net positive result, such as maintaining a certain number of leased objects during the year or that a certain number of leased objects must be included in the calculation of the net result. Open calculation contracts are classified as operating leases based on the (negative) risks being borne by the Group.

Measurement

Property and equipment under operating lease and rental fleet are measured at cost less accumulated depreciation and impairment losses. Cost consists of the purchase price and directly attributable costs. The operating lease and rental fleet assets are depreciated on a straight-line basis over the estimated useful life (normally the contract period for operating leases) to their estimated residual value. The residual value and the useful life of the leased assets are reviewed at least at each financial year-end and, if expectations differ from previous estimates, the changes are accounted for prospectively as a change in accounting estimate (so-called prospective depreciation). Depreciation is recognised in the statement of profit or loss.

Depreciation is not applied to new vehicles available for lease when these vehicles are not in the condition to be leased to customers. This often applies to vehicles bought for signed lease contracts or vehicles bought with the intention to lease that are temporary stored and not ready to be used.

For the impairment accounting policy please refer to ***Note L*** – Impairment of tangible assets. The contract period ranges on average between three to four years. Upon termination of the lease or rental contract the relevant assets are reclassified to the caption 'Inventories' at their carrying amount.

The operating lease instalments are recognised in the financial statements on a straight-line basis over the lease term.

General notes *continued*

for the year ended 31 December

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

Note J – Inventories

Inventories are assets that are held for sale in the ordinary course of our business. Inventories are measured 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 'Property and equipment under operating lease and rental fleet' to the caption 'Inventories' at their carrying amount. Net realisable value is the estimated selling price in the ordinary course of business, less the applicable variable selling expenses. Valuation allowances on inventories are included in 'direct cost of revenues'.

Note K – 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. These amounts are valued at cost. Reference is made to ***Note N*** – Provisions for reinsurance assets. For the ECL accounting policy please refer to ***Note C*** – Financial assets and liabilities.

Note L – Impairment of tangible assets

Assets that have an indefinite useful life are not subject to amortisation and are tested for impairment annually. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be fully 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 of disposal" and "value in use".

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 as the present value of the future cash flows expected to be derived from the cash generating unit.

The recoverable amount of lease contracts is determined as the value in use at customer contract level (cash-generating unit). As debt funding and interest payments are considered to be an essential element of the Group operating lease business the assessment of the value in use is performed based on a discounted cash-flow-to-equity model. This valuation methodology is a commonly used methodology for valuation of financial institutions.

To determine whether any right-of-use asset or assets categorised as other property and equipment should be impaired, the Group considers both external and internal impairment indicators. If such indictors exist, an analysis is performed to assess whether the carrying value of the cash generating unit exceeds the recoverable amount. The recoverable amount is determined as higher of the asset's or cash-generating unit's fair value less costs of disposals and its value in use. Abandoned office spaces, which are ready for lease and no longer used in operating, represent separate cash generating units and are tested for impairment separately.

Reversal of impairment

Any impairment loss on other non-financial assets is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent of the asset's carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Note M – Capital and dividends

Ordinary shares are classified as equity. Dividends are recognised as a liability in the balance sheet after approval of the profit distribution by the shareholders.

The proceeds of the issue of AT1 capital securities are available to LeasePlan in perpetuity and are undated, deeply subordinated, resettable and callable. As the payment of distributions is wholly discretionary, the proceeds received and interest coupon paid on them are recognised in equity. As there is no formal obligation to (re)pay the principal amount or to pay interest coupon, the capital securities are recognised as equity and the distributions paid on these instruments, as well as the transaction costs related to the issuance of the capital securities, are recognised directly in equity.

Note N – Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Damage risk retention

The provision for damage risk retention is a contract provision and includes provisions for insurance risk and own material damage provision. The risks included in the provision are those for motor third party liability, legal defence, motor material damage and passenger indemnity.

Insurance contracts

Insurance contracts are accounted for in accordance with IFRS 4 'Insurance Contracts'. Under IFRS 4, the Group may continue its existing pre-IFRS accounting policies for insurance contracts provided that certain minimum requirements are met. In accordance with this standard, the Group continues to apply the existing non-uniform accounting policies that were applied prior to the adoption of IFRS-EU with certain modifications allowed by IFRS 4 for standards effective after adoption. As a result, specific methodologies applied may differ between the Group's operations as they may reflect local regulatory requirements and local practices for specific product features in these local markets.

Insurance contracts are contracts under which the Group accepts a significant risk – other than a financial risk – from a policyholder by agreeing to compensate the beneficiary on the occurrence of an uncertain future event by which he or she will be adversely affected. Contracts that have been classified as insurance at inception are not reclassified subsequently.

General notes *continued*

for the year ended 31 December

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

Insurance contracts are recognised when the contract is entered into and the premiums are due. The liability is derecognised when the contract expires, is discharged, is disposed or cancelled.

Non-life insurance contract provisions generally include reserves for unearned premiums and outstanding claims and benefits. The reserve for unearned premiums includes premiums received for risks that have not yet expired and inadequate premium levels. Generally, the reserve is released over the coverage period of the premium and is recognised as premium income.

The liability for outstanding claims and benefits is established for all reported claims and damages that have not been settled and any related cash flows, such as claims handling costs. It includes claims that have been incurred but have not been reported (IBNR) to the Group. The liability is calculated at the reporting date using statistical methods based on empirical data and current assumptions to settle all claims, including related internal and external damages handling expenses. The liability may include a prudential margin. Liabilities for claims subject to periodic payment are calculated using actuarial methods consistent with those applied to life insurance contracts. Discounting is applied if allowed by the local accounting principles used to measure the insurance liabilities. Discounting of liabilities at a risk-free rate of interest is generally applied where there is a particularly long period from incident to damage settlement.

The adequacy of the insurance liabilities is evaluated at each reporting period at the level of the individual claims by each subsidiary based on the general principle that the carrying amount of the net liability must be sufficient to meet any reasonably foreseeable obligations resulting from the insurance contracts based on current assumptions.

Reinsurance assets

Reinsurance assets are balances due from reinsurance companies for ceded insurance liabilities. These balances are not offset against the related insurance liabilities and are separately reported as part of 'Other receivables and prepayments'. Reinsurance contracts are contracts entered into by the Group to receive compensation for claims/benefits incurred on contracts written by the Group (outgoing reinsurance). For contracts transferring sufficient insurance risk, a reinsurance asset is recognised for the expected future benefits, less expected future reinsurance premiums. Reinsurance contracts with insufficient insurance risk transfer are accounted for as investments or service contracts, depending on the nature of the agreement.

Reinsurance assets are measured consistently with the assumptions associated with the underlying insurance contracts and in accordance with the terms of each reinsurance contract. The insurance premiums for the original contracts are presented gross of reinsurance premiums paid in the consolidated statement of profit or loss. Reinsurance contracts are derecognised when the contractual rights are extinguished or expire or when the contract is transferred to another party.

Annually the Group assesses whether its amounts recoverable under a reinsurance contract are subject to impairment. The focus of the test is credit risk, which arises from the risk of default by the reinsurer and from disputes regarding coverage. Reinsurance assets are impaired if there is objective evidence, as a result of an event that occurred after initial recognition of the reinsurance asset, that not all amounts due under the terms of the contract may be received. In such a case, the value of the reinsurance asset recoverable is determined based on the best estimate of future cash flows, taking into consideration the reinsurer's current and expected future financial conditions plus any collateral held in trust for the Group's benefit. The carrying value is reduced to this calculated recoverable value, and the impairment loss recognised in the statement of profit or loss.

Post-employment benefits

Group companies operate various employee benefit schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has defined benefit and defined contribution pension plans as well as other post-employment benefits.

Defined contribution pension plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions to a separate company. The Group has no further payment obligations once the pension contributions have been paid. Contributions to defined contribution pension plans are recognised as expenses in the statement of profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Defined benefit pension plans

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 Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefits that employees have earned in return for their services in the current and prior periods. The present value of the defined benefit obligation is calculated using the projected unit credit method. The benefit is discounted at the yield at the balance sheet date on high quality corporate bonds denominated in the currency in which the benefits will be paid.

The net benefit obligation recognised in the balance sheet is the present value of the defined benefit obligation at the balance sheet date less the fair value of the plan assets. For determining the pension expense, the expected return on plan assets is determined using a high quality corporate bond rate identical to the discount rate used in determining the defined benefit obligation.

General notes *continued*

for the year ended 31 December

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

Actuarial gains and losses 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 in the statement of profit or loss when due.

Settlements and curtailments invoke immediate recognition in the statement of profit or loss of the consequent 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.

Other provisions

Other provisions include amounts for other long-term employment benefits plans, termination benefits, litigations, ECL for financial guarantees, restructuring as well as onerous contracts. These provisions have been estimated based on the best estimate of expenditure required to settle the present obligation at the reporting date considering risks and uncertainties and the effect of time value of money. For ECL on financial guarantees see ***Note C*** – Financial assets and liabilities.

Some Group companies provide other post-employment benefits to their employees based on local legal requirements. These benefits mainly comprise termination indemnities which are either payable at retirement age or if the employee leaves. 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 at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognises costs for restructuring that are within the scope of IAS 37 and involve the payment of termination benefits. In the event when an offer is 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.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly.

Regarding onerous contracts, the present obligation under a contract that is onerous is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

Note O – Trade and other payables and deferred income

Other liabilities

The Group recognises a liability and an expense for variable remuneration to employees based on a comparison made at the end of the year between the criteria applied for granting variable remuneration and an assessment of the relevant performance. The Group recognises an accrual where contractually obliged or where there is a past practice that has created a constructive obligation.

The variable remuneration award for the Identified Staff consists of a direct payment in cash and a deferred payment in cash and Phantom Share Units (PSUs). The PSUs represent the underlying value of the company shares which entitle the participant to a payment in cash after a specified period and are recognised as a cash-settled share based payment arrangement. The PSU part of the deferred award is revalued annually by estimating the company's equity value for determining the fair value of the outstanding PSU awards. Liabilities recognised for PSUs are measured at the estimated fair value. This fair value is established once a year by the (Remuneration Committee of the) Supervisory Board and is based on comparing financial performance of the company to publicly available valuation and financial performance of a selected peer group of comparable companies. All changes to the PSUs' liabilities are recognised in the statement of profit or loss under staff expenses.

Note P – Revenues and direct cost of revenues

Revenues

Revenues represent the fair value of the consideration received or receivable for the sale of goods and services in the Group's ordinary course of business.

Operating lease income

Leasing income from operating lease instalments is recognised 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.

Charges to clients may include passed on costs such as fuel, road taxes and other taxes which do not represent the inflow of economic benefits and/or are collected on behalf of third parties and are therefore not presented as revenues.

Finance lease & other interest income

Interest income from finance lease contracts is recognised using the effective interest method. Payments collected from the lease are allocated between reducing the net investment in the lease and recognising interest income.

Other interest income mainly includes income from interest-bearing assets, which is recognised using the effective interest method.

Additional services income

Additional services include fees charged for fleet management services, repair & maintenance services, rental activities and damage & insurance services.

General notes *continued*

for the year ended 31 December

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

Fleet management & other services

Revenue from fleet management services is recognised on a straight-line basis over the term of the fleet management agreement.

Repair & maintenance services

Income related to repair & maintenance services is recognised over the term of the lease contract. The allocation of income over the term is based on the normal repair and maintenance cost profile supported by historical statistics and expected service costs. The difference between the amounts charged to clients and amounts recognised as income is accounted for as deferred leasing income. Cost profiles are reviewed periodically to ensure they remain a fair representation of historical repair and maintenance expenditures, adjusted for reasonable expectations of changes in cost profiles.

If income related to services surrounding open calculation contracts is not certain until final settlement takes place, this income is not recognised until that time and is presented within the sales result. For open calculation contracts, expected losses are recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenues.

Rental

Rental revenues are recognised on a straight-line basis over the term of the rental agreement.

Damage & insurance services

The revenue from the risk retention schemes is recognised based on the monthly lease instalment. This applies for third-party liability and own damage insurance products. Revenue recognition will cease when the contract is terminated by a client or at the end of the contractual term.

Lease incentives

Amounts paid or value provided to lessees as lease incentives are capitalised. Lease incentives are amortised on a straight-line basis over the term of the related lease as a reduction in revenue.

Profit/Loss on disposal of vehicles and End of contract fees

Vehicle sales revenue includes the proceeds of the sale of vehicles from terminated lease contracts. The proceeds from the sale of vehicles are recognised when the objects are sold and control of the vehicles is transferred. End of contract fees may consist of fees charged to clients for mileage variation adjustments and excessive wear and tear of the vehicle. In revenues are also included charges arising from deviations from the contractual terms. The fees are recognised upon termination of the lease contract.

Payment deferral

The changes in lease and service contracts are accounted for as a change in estimate with prospective adjustment of revenue. When terms of a contract are substantially modified the original contract is derecognised and a new contract is recognised. A modification in service contracts is recognised as an adjustment to revenue as from the date of the contract modification. Prospective revenue and related service income accruals are adjusted. Non substantial modifications in finance lease contracts are recognised as change in net present value of the finance lease receivable.

Direct cost of revenues

Direct cost of revenues comprises the cost associated with providing the above-mentioned service components of the lease instalment. Any (volume related) bonuses related to these expenses are credited directly to expenses. Bonuses received on purchases of objects for operating lease contracts are deducted from the purchase consideration and as such result in lower depreciation. Bonuses received on purchases of objects for finance lease contracts are recognised immediately in the statement of profit or loss.

Cost of revenues also includes the carrying amount of the sold vehicles and the costs associated with the rental activities, finance costs for interest-bearing liabilities, impairment charges on loans and receivables and unrealised (gains)/losses on financial instruments.

Finance cost

Finance cost consists of interest expenses and similar charges for interest-bearing liabilities (including interest expenses on lease liabilities) and is recognised in the statement of profit or loss 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 calculation of the effective interest rate includes all fees and points, paid or received, transaction costs and discounts or premiums that are an integral part of the effective interest rate. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

General notes *continued*

for the year ended 31 December

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

Note Q – Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the statement of profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the income tax is also recognised in other comprehensive income or directly in equity, respectively.

Current income tax

Current income tax is the expected income tax payable or receivable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date and any adjustment to income tax payable or receivable in respect of previous years.

Current income tax assets and current income tax liabilities are only offset if there is a legally enforceable right to offset the recognised amounts and if a subsidiary intends either to settle on a net basis; or to realise the asset and settle the liability simultaneously.

Deferred tax

Deferred tax is recognised, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes and providing for unused tax losses and unused tax credits.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversal of existing temporary differences, are considered. Deferred tax assets are reviewed annually and reduced to the extent that it is no longer probable that the related income tax benefit will be realised.

Deferred tax assets and deferred tax liabilities are only offset if there is a legally enforceable right to offset the tax assets against tax liabilities relating to income taxes levied by the same taxation authority on either the same taxable company or different taxable companies which intend either to settle current income tax assets and liabilities on a net basis, or to realise the asset and to settle the liabilities simultaneously (often within one fiscal unity).

Note R – Statement of cash flows

The consolidated statement of cash flows has been drawn up in accordance with the indirect method, classifying cash flows as cash flows from operating, investing and financing activities. Changes in balance sheet items that have not resulted in cash flows have been eliminated for preparing this statement.

Operating cash flows

Operating cash flows comprise all cash flows during the period that do not qualify as either investing cash flows or financing cash flows. In the net cash flow from operating activities, the result before profit is adjusted for those items in the statement of profit or loss and changes in balance sheet items, which do not result in actual cash flows during the year. As the main operating activity of the Group is to provide operating and finance leases, cash payments to acquire underlying assets under operating lease and finance lease are classified as an operating activity. A similar approach is followed for interest received and interest paid, even though these arise on financing balances.

Investing cash flows

Investing activities include cash flows with respect to acquisition and sale of assets under other property and equipment, intangible assets and other long-term assets. Investing activities also include cash flows relating to acquisition, disposal and dividend of equity interests in investments accounted for using the equity method and held-for-sale investments.

Finance cash flows

Finance cash flows include cash flows relating to obtaining, servicing and redeeming sources of finance, but exclude interest received and interest paid as these are included in the operating cash flows. The sources of finance include amounts borrowed from financial institutions and dividends paid. The cash flows related to LeasePlan Bank are included in the cash flow of funds entrusted on a net basis. Next to the cash flows relating to the sources of finance, the cash flows relating to balances deposited to financial institutions are included in the finance cash flows, even though these arise from investing activities.

Cash and balances with banks

Cash and balances with central banks 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. The balance includes cash, central bank deposits, call money and cash at banks. Bank overdrafts and call money that are repayable on demand are included in the cash flows with respect to borrowings from financial institutions.

General notes *continued*

for the year ended 31 December

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

Note S – Segment reporting

Segment reporting is based on the internal reporting to the Group's Managing Board (in its function as the chief operating decision-maker), which makes decisions on the allocation of resources and assesses the performance of the reportable segments. The segment disclosure is included in ***Note 3***.

The segment information is presented in the consolidated financial statements in respect of the Group's leasing activities in two geographical segments distinguished by management: Europe and Rest of the world. Leasing activities comprise the main activity of the Group which is providing leasing and fleet management services including the purchase, financing, insurance, maintenance and remarketing of vehicles, to external customers. The Group offers a mono-line product through all its subsidiaries.

The performance of the segments is measured based on the combination of IFRS and Alternative Performance Measures, such as serviced fleet, revenue and underlying net result. The Alternative Performance Measures are obtained from the internal system of management accounting. All relevant revenues and related costs of the central managed activities, like borrowings, treasury, insurance, information services, supply services and holding activities are allocated to the primary segments.

Inter-segment sales are eliminated at a consolidated level. The revenue from external parties is measured in the same way as in the statement of profit or loss.

As per 31 December 2019 annual reporting LeasePlan voluntarily reported CarNext versus CaaS segmentation. As per 31 December 2021 only sales revenue and lease revenue from external customers for CarNext and CaaS is disclosed in segment information as this is relevant information for LeasePlan's management.

In the segment information transactions between LeasePlan and discontinued operations are presented in continued operations before intercompany eliminations if LeasePlan continues significant transactions with discontinued operations after disposal. Intercompany transactions are eliminated in discontinued operations.

If LeasePlan does not continue significant transactions with discontinued operations after disposal, intercompany transactions are eliminated in both continuing and discontinued operations and external revenues and expenses are presented in discontinued operations.

Note T – Critical accounting estimates, assumptions and judgements

Preparation of the consolidated financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses.

The estimates and assumptions are updated in case of significant impacts, such as global crisis (for instance Covid-19 pandemic) and the key sources of estimation uncertainty are investigated in more depth in the specific notes to the statement of financial position.

Assumptions and estimation uncertainties at 31 December 2021 include, but are not limited to, the following areas:

Impairment of goodwill and intangible assets

Determining whether goodwill or intangible assets are impaired requires an estimation of the value in use of the groups of cash generating units to which the goodwill and intangible assets have been allocated. The key assumptions calculating the value in use are those regarding discount rates, growth rates and other expected changes in cash flows. The estimates and assumptions used are disclosed in ***Note 24*** of the consolidated financial statements of the company.

Review of depreciable amount, residual value and depreciation period of (leased) assets

The basis for the depreciation of an operating lease contract and rental contracts is the investment value at cost less the estimated residual value as included in the contract, in combination with the estimated contract duration. A change in the estimated residual value and/or contract duration leads to a change in depreciation that has an effect in the current period and/or in subsequent periods.

Statistical models and calculations (regression analysis) are used to calculate a vehicle's future value as accurately as possible. The Group has an advanced management information system that closely monitors changes in the contractual residual values used in lease contracts. The existing residual value risks are also periodically assessed at a portfolio level.

Impairment losses on property and equipment under operating lease

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 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 as the present value of the future cash flows expected to be derived from the cash generating unit. Important input is the expected residual value of the assets under operating leases.

General notes *continued*

for the year ended 31 December

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

Impairment of right-of-use assets and other property and equipment

The recoverable amount of right-of-use assets or assets categorised as other property and equipment is determined as the value in use of each cash generating unit. The value in use is determined as the present value of the future cash flows expected to be derived from the cash generating units. The estimates and assumptions used are disclosed in ***Note 22*** of the consolidated financial statements of the company.

Impairment losses on (lease) receivables

The measurement of the ECL allowance for financial assets is an area that requires the use of complex models and significant assumptions and data about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Judgement is required from management for applying appropriate models and setting assumptions for the measurement of ECL.

The methodology, assumptions and data, including any forecasts of future economic conditions, are reviewed regularly by management.

Details about the assumptions and estimation techniques used in measuring ECL for finance lease receivables and trade receivables from operating lease contracts are provided in the section Credit risk management.

The impairment models are subject to annual review to ensure they remain current and fit for purpose and the use and performance continue to meet the Group's standards. In case of significant changes, external model validation is performed.

Post-employment benefits

The actuarial valuation of post-employment benefits and other long-term employee benefits is based on assumptions regarding inflation, discount rates, expected return on plan assets, salary rises and mortality rates. The assumptions may differ from the actual data because of changes in economic and market conditions.

Damage risk retention

The damage risk retention provision is based on estimations with respect to reported and incurred but not reported claims. Techniques applied are statistical modelling based on empirical data and assumptions on future claim development, policyholder behaviour and inflation. The assumptions may differ from the actual data as a result of changes in economic and market conditions.

Income taxes

The Group is subject to income taxes in numerous jurisdictions. Estimates are required in determining the worldwide current and deferred tax positions. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. LeasePlan assumes in the estimates that all tax positions that are not yet final will be examined by tax authorities, that have all relevant information available. The Group recognises deferred tax assets only to the extent that it is probable that future taxable profits will be available. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences are analysed and will impact the income tax and deferred tax provisions in the year in which such determination is made.

Fair value of derivatives

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and makes assumptions that are mainly based on market conditions existing at the end of each reporting period. The Group has mainly used discounted cash flow analysis for calculating the fair value of the derivatives.

Revenue recognition

Income related to lease services is recognised over the term of the contract based on historical statistics and on assumptions regarding expected service costs. The assumptions may differ from the actual data as a result of changes in economic and market conditions and are periodically back tested and adjusted if considered necessary. For details in relation to the accounting of revenue recognition, please refer to ***Note P***.

Other provisions

For litigation, when there is a legal or constructive obligation and it is more likely than not that there will be an outflow of benefits which can be measured reliably, the best estimate of the future outflow of resources has been recognised. In extremely rare situations that no reliable estimate can be made yet on claims expected, no provision is recognised in the balance sheet but information about a contingent liability is disclosed.

Risk management

All amounts are in thousands of euros, unless stated otherwise

A. Risk approach

LeasePlan Group is committed to ensuring regulatory compliance and maintaining a risk profile within the set risk appetite, which is performed by challenging and assisting the business and promoting risk awareness at all levels within the Group. As part of our risk universe, the Group recognises ten categories of risk: asset risk, treasury risk, credit risk, motor insurance risk, operational risk, information risk, strategic risk, legal risk, compliance risk, and reputation risk. Of the ten risk categories, asset risk, treasury risk, credit risk, operational risk and information risk are considered to be primary risks. For Information risk disclosure and further information on risk approach please refer to 'Risk management' section under 'Business' of this Annual Report.

This section of the financial statements describes the Group's approach to the risk management objectives and organisation in general, as well as the Group's policy, appetite and measurement of its risks.

B. Capital management

The primary objective of our capital management strategy is to ensure that capital adequacy requirements are always met and that sufficient capital is available to support the Group's strategy. A financial institution is expected to enhance the link between its risk profile, risk management and risk mitigation systems and its capital. The main principle is that a banking institution assesses the adequacy of its available capital in view of the risks to which it is exposed. The Group's capital management consists of internal quantification of risk capital associated with its business activities, capital planning and monitoring of developments in exposures and capital adequacy ratios, based on targets set during the annual Internal Capital Adequacy Assessment Process (ICAAP).

Internal Risk Capital is the Group's internal quantification of risk capital associated with our business activities. This internal capital is considered the cushion that provides protection against the various risks inherent in our business, to maintain our financial integrity and remain a going concern even in the event of a near-catastrophic 'worst-case' scenario. It is calculated in such a way that we as a minimum can absorb unexpected losses up to a level of confidence as defined by regulatory requirements. The calculation of Internal Risk Capital is not bound by accounting and/or regulatory rules which allows for a better alignment between our risk profile and capital levels.

Capital adequacy

In January 2021, LeasePlan's supervision was transferred from the DNB to the European Central Bank (ECB) following LeasePlan's qualification as a significant institution under the relevant European banking regulations. The Group reports its capital metrics and risk exposures in accordance with Capital Requirements Regulation (Regulation No 575/2013) and comparing the Group's eligible regulatory capital with its risk-weighted assets for credit risk, operational risk and market risk. Furthermore, banking institutions are required to assess the adequacy of available capital in view of the risks to which they are exposed. The periodic process in achieving this objective is referred to as ICAAP.

Capital planning

Based on the strategic planning process, a forecast of the regulatory Common Equity Tier 1 (CET1) and Total Capital (TC) ratio is prepared. The projections of the CET1 and TC ratios are performed to ensure ongoing compliance with the minimum requirements set by the ECB. Next to the projections of the CET1 and TC ratio, a forecast of the development of the minimum requirement is made which takes into account the requirements of the ECB; based on the latest estimates the Group will remain above the minimum CET1 and TC requirement.

The Capital Contingency Plan (CCP) is an important element within the capital risk management framework and sets out the strategies for addressing stress on capital in emergency situations (tactical level). The CCP enforces readiness of the Group's organisation to deal with events of severe stress originated from both company specific and market-wide events. The CCP ensures that contingencies are in place when necessary to ensure the Group will meet the capital requirements on a continuous basis, such as issuance of additional capital instruments or adjusting dividend levels.

Primary objective of the CCP is to ensure both awareness and readiness in the organisation with respect to the ability of the Group to deal with unexpected deterioration of its capital adequacy. The CCP sets the framework for managing the risk of a loss of confidence due to existing or expected capital adequacy issues. To that end, the CCP sets the crisis governance to discuss and implement pre-emptive and corrective actions that could be undertaken to prevent or mitigate a capital adequacy confidence threat and to prepare for capital restoration in case of a weakening capital position.

The CCP strengthens and broadens the scope of the monitoring processes of the capital adequacy of the Group and ensures immediate reporting of any irregularities in capital ratios. The capital position is monitored and reported monthly. In addition, the Group has developed a set of Early Warning Indicators ('EWI') that comprise several events which would prompt immediate action. Among others, they include the deterioration of the CET1 ratio and a credit rating downgrade. EWI are to serve as warning signals following specific internal and external developments.

Risk management *continued*

All amounts are in thousands of euros, unless stated otherwise

B. Capital management *continued*

Eligible capital

The Group's eligible regulatory capital consists of CET1 capital and AT1 instruments which can be bridged to IFRS equity. The following table illustrates this reconciliation.

As at December 31	2021	2020
TOTAL IFRS EQUITY	**4,779,892**	**4,178,225**
Results for the year	–980,535	–215,872
Interim dividend declared	336,684	–
AT1 capital securities	–497,937	–497,937
Non-controlling interest	–	47
TOTAL IFRS EQUITY EXCLUDING RESULTS, INTERIM DIVIDEND PAID, AT1 CAPITAL SECURITIES AND NON-CONTROLLING INTEREST	**3,638,104**	**3,464,463**
Profits for the year added to CET1	35,000	180,131
Regulatory adjustments	–389,538	–341,046
COMMON EQUITY TIER 1 CAPITAL	**3,283,567**	**3,303,549**
Additional Tier 1 capital	494,575	494,575
TOTAL CAPITAL	**3,778,142**	**3,798,124**

Based on EU endorsed frameworks for Basel III (CRR/CRD IV), the Group's CET1 ratio[1] and Total capital ratio[2] as at 31 December is as follows:

As at 31 December	2021	2020
Total risk exposure amount	22,488,601	19,735,342
Common Equity Tier 1 capital	3,283,567	3,303,549
COMMON EQUITY TIER 1 RATIO[3]	**14.6%**	**16.7%**
Total capital	3,778,142	3,798,124
TOTAL CAPITAL RATIO[3]	**16.8%**	**19.2%**

1 *CET1 and TC ratio are presented on a sub consolidated basis.*
2 *For LeasePlan the Total Capital is equal to the Tier1 Capital and the Total capital ratio is equal to the Total Tier1 ratio.*
3 *Please note that the CET1 ratio has increased from 14.4% to 14.6% and the Total Capital ratio from 16.6% to 16.8% compared to the ratios included in the Q4/FY 2021 press release of 11 February 2022. This increase is a reflection of EUR 35 million of the 2021 net result that has been added to the CET1 capital to further strengthen the management buffer.*

The Group analyses the development in risk exposures and in eligible capital; stress testing is an important part of this analysis. Developments in risk exposures typically represent relative movements in the lease portfolio, whereas eligible capital normally grows with retained profits.

Based on the 2021 ICAAP, the Group concludes that it is sufficiently capitalised and resilient to future plausible stress situations. This conclusion is based on the Group's capital assessment methodologies.

Risk management *continued*

All amounts are in thousands of euros, unless stated otherwise

C. Risk management framework

The risk charter defines the Group's governance and decision framework (delegated authorities and mandates) for both financial and non-financial risks. The Group has the following risk governance in place through its Group entities:

Supervisory Board

The Supervisory Board of the Group supervises the direction pursued by the Managing Board of the Group and the general course of affairs. The risk strategy, risk appetite and risk policy for the medium and long term are discussed once a year. The Supervisory Board approves any material changes to the risk strategy, risk appetite and risk policy. The (Risk Committee of the) Supervisory Board is authorised to decide on credit acceptance and renewal above limits as set out in the Regulations for the (Risk Committee of the) Supervisory Board.

The Supervisory Board has a Selection and Appointment Committee, a Remuneration Committee, an Audit Committee and a Risk Committee. The Risk Committee's role is to review the Group's risk appetite and to monitor performance of key risk indicators against the targets and tolerance levels set to support the Supervisory Board's supervision of risk management.

Managing Board

The Managing Board is responsible for the risk strategy and risk management systems and controls. It is also responsible for defining the risk appetite and approving the overall risk management framework. Within the Managing Board of the Group, the Chief Risk Officer (CRO) is responsible for the management and control of risk on a consolidated level, to ensure that the Group's risk profile is consistent with risk appetite and risk tolerance levels. The CRO and the SVP Risk Management can independently decide to escalate risk related issues to the chairman of the Risk Committee of the Supervisory Board.

Risk committees

The Managing Board is supported by several committees: the Group Risk Committee (GRC), the Group Model Risk Committee (GMRC), the Asset and Liability Committee (ALCO) and the Regulatory Committee. The GRC has delegated certain authorities to subcommittees, such as the Combined Risk & Pricing Committee (CRPC) and the Asset Management Committee (AMC). The CRPC's main tasks are to take decisions on the credit proposals exceeding the authority of the Underwriting team and to decide on pricing and profitability proposals. The AMC's main task is to oversee the asset (risk) management practice of the Group.

The main task of the GRC is to enable controlled risk taking and ensure regulatory compliance. The GMRC has a delegated authority to oversee the Group risk models in the domain of credit risk, asset risk, operational risk, strategic risk and stress testing. The ALCO has a delegated authority to take decisions in the field of funding strategy, liquidity management, capital allocation and structuring. The objective of the Regulatory Committee is to centralise regulatory discussions within the organisation and allow all relevant senior management to (i) align on regulatory topics and priorities so that there are no gaps in knowledge within the organisation, (ii) discuss the selection and prioritisation of regulatory projects and matters and (iii) communicate with/task their respective teams with specific regulatory goals.

D. Risks

Asset risk

Asset risk definition

The Group defines asset risk as the combination of residual value risks and risks on RMT services. Residual value risk is considered the main risk and is defined as the Group's exposure to potential losses due to the resale value of assets declining below the estimates made at lease inception minus risk mitigation. For residual value risk the Group also makes the distinction between market risks that are related to developments in the used car market and non-market risks that do not directly relate to market development. The risk related to RMT is the Group's exposure to potential loss due to the actual costs of the services, repair and maintenance and tyres (over the entire contractual period) exceeding the estimates made at lease inception.

Asset risk management policy

The Group has a policy in place with respect to asset risk management, based on principles developed under its Risk Charter. The policy describes, inter alia, the roles and responsibilities of the first and seconds lines of defence with respect to asset risk management, the minimum standards for the management and mitigation of both risks related to the RV market and non-market related risks, and the mandatory frequency of asset risk measurement and reporting. The asset risk management policy is applicable to all Group companies and focuses on all leases (finance or operating) that may expose the Group to market risk of used vehicles and/or repair, maintenance and tyre risk.

Furthermore, this policy describes the risk appetite structure for both the Group as a whole as well as the leasing companies within the Group. This structure includes triggers and limits for market risk taking as well as portfolio composition.

Asset risk management structure and organisation

As part of the Risk Decision Framework, all Group companies have established a local risk management committee, chaired by the local risk director in which the local management team as well as all other relevant disciplines involved in asset (risk) management are represented. This committee has the responsibility of overseeing the adequate management of asset risks on behalf of the local management team. This includes but is not limited to reporting on asset risk measurements and trends in risk mitigation, market prices of used vehicles and vehicle repair, maintenance and tyre replacement results

The local committee assesses asset risk exposure by taking into account both internal influences and external influences (e.g. supply and demand) and, based on its assessment, will decide on the use of appropriate market prices of used vehicles and repair, maintenance and tyre cost estimates and risk mitigating measures to be applied in risk management. The local committees can also decide on the limits regarding commercial price adjustments.

Risk management *continued*

All amounts are in thousands of euros, unless stated otherwise

D. Risks *continued*

Technical valuation and price setting of vehicles, and repair, maintenance and tyre replacement is either directly overseen by the local risk committees or delegated on an operational level to a local technical pricing committee (TPC). In the latter case, the local risk committee will retrospectively sign off on technical pricing of RVs. The TPC defines the technical pricing of RVs for all individual makes, models and types and develops and maintains adequate matrices for the pricing of RVs. Termination result analysis distinguishes internal and external influences in a quantified manner. The vehicle pricing is based on a combination of historical actual costs, statistical analysis and external car market pricing benchmarking and is combined with expert judgement. Finally, external benchmarks are used in many countries as an additional point of reference and expert judgements are applied to challenge the outcome of statistical analysis and to overcome any shortcomings therein.

The Group has also established an Asset Management Committee, which is a delegated committee of the Group Risk Committee. This committee oversees the Group's asset (risk) management practice by preparing Group-level policies, KPIs/KRIs and risk appetite boundaries, by monitoring adherence to policies and boundaries, by monitoring overall market developments, and by providing guidance on technical and contract RV setting.

Asset risk measurement

The asset risk profile and exposure of the Group's portfolio is monitored (locally and centrally) throughout the term of the lease contracts: starting at lease inception, following it through its term up to lease termination. Measuring the asset risk position over the life of the lease contracts enables tracing developments in the various asset risk components and identifying adverse trends, as well as ensuring that the risk position remains within the Group's risk appetite.

The Group monitors the asset risk exposure and its pricing level against current and expected future market development on a continuous basis and adjusts its residual values for new leases accordingly. New leases are originated in general for original terms of three to four years, but are in practice also regularly adjusted during the term of the lease as part of interim contract adjustments.

On a quarterly basis, the Group assesses its exposure to asset risk and evaluates the outcomes against its risk appetite. This assessment also determines the amount of capital that is required as a buffer against residual value market risks. Furthermore, the Group's local leasing companies also assess the exposures and expected results on their local existing lease portfolio for future years using a globally harmonised methodology, assessing the current contracted portfolio against the latest expectations regarding future market prices.

The Group has a number of risk mitigating measures in place to manage and mitigate the exposure to non-market residual value risk. These measures allow the Group to adjust its pricing of contracts to compensate for the effects of (interim) deviations from the contractual mileage and duration terms by customers or allow for charging of fees to compensate for excessive wear and tear to the vehicle and excess mileages at contract-end. These measures therefore mitigate the asset risk associated with deviations from the original contract terms.

Asset risk exposure

The Group is currently exposed to residual value risk in 29 countries. This geographical diversification, in conjunction with being an independent multi-brand company with well-diversified brand portfolio, also partly mitigates the risk related to residual values.

The Group's residual value position in relation to the total operational lease assets can be illustrated as follows:

	2021	2020
Residual value	13,748,227	13,524,810

Treasury risk

Treasury risk definition

Treasury risk consists of three individual risks, being liquidity risk, interest rate risk and currency risk. Liquidity risk is the risk that the Group is not able to meet its obligations for (re)payments. Interest rate risk is the risk that the profitability and shareholders' equity of the Group are affected by movements in interest rates. Currency risk is the risk that currency fluctuations have an adverse impact on the Group's capital ratios, result and shareholders' equity. The Group's risk appetite for treasury risks is low.

Treasury risk management policy

Liquidity risk policy

Liquidity risk is governed by the Internal Liquidity Adequacy Assessment Process (ILAAP). The ILAAP encompasses all underlying elements of liquidity risk management such as liquidity risk appetite, tolerance levels and limits, funding strategy, contingency funding plan and stress testing. The ILAAP is an ongoing process embedded within liquidity risk management, which is part of the overall risk management framework.

The liquidity risk appetite and tolerance levels are based on the following key principles:

1. the primary (overarching) objective in managing funding and liquidity risk is to accommodate the going concern business objectives without incurring unduly exposure to liquidity or refinancing risk;
2. the Group aims to be matched, where the run-off of assets and liabilities are matched within reasonable limits, or longer funded with reasonable (relative) funding costs;
3. the primary objective of the funding strategy is to maintain good market access at all times; and
4. compliance with minimum regulatory liquidity and funding requirements at all times.

Risk management *continued*

All amounts are in thousands of euros, unless stated otherwise

D. Risks *continued*

As liquidity risk is not perceived by the Group as a driver for profit, the policy aims at matched funding and diversification of funding sources. Liquidity risk is managed by seeking to conclude funding that matches on average to the estimated run-off profile of the leased assets. This matched funding principle is applied both at a consolidated Group and at entity level, considering specific mismatch tolerance levels depending on the total of interest-bearing assets (including vehicles under operating lease) of the subsidiary. Local management of Group entities is responsible for adhering to the matched funding policy. To fund its business, local management can take intercompany funding at Group's central Treasury or bi-lateral funding with third-party banks. A Funds Transfer Pricing methodology governs the pricing of intercompany funding, with pricing determined and approved by the Managing Board monthly.

The Group holds a liquidity buffer to mitigate liquidity risk. The liquidity buffer consists of unencumbered cash, cash equivalents and committed facilities. Liquid assets are maintained to meet regulatory liquidity requirements at all times.

The Managing Board considers the liquidity risk management activities that are in place to be adequate to the profile and strategy of LeasePlan. By applying the matched funding principle and by having a diversified funding strategy in place, LeasePlan's refinancing need is spread over time and can be accommodated by several different funding sources. In combination with its liquidity buffer, LeasePlan's survival period comfortably meets regulatory requirements and therefore reflects LeasePlan's minimalist appetite for liquidity risk.

Interest rate risk policy

The Group accepts and offers lease contracts to clients at both fixed and floating interest rates, for various durations and in various currencies. Interest rate risk within the Group is managed separately for:

- Group entities and associates, carrying interest-bearing assets (mainly lease contracts) and funding on their balance sheet, which mainly is intercompany funding supplied by Group's central Treasury;
- Group's central Treasury, concluding external funding, external derivatives and granting intercompany loans to the Group's entities;
- LeasePlan Bank (LPB), supporting the diversified funding strategy by raising retail saving deposits.

The interest rate risk policy is to match the interest rate risk profile of the lease contract portfolio with a corresponding interest rate funding profile to minimise the interest rate risk, as measured by interest rate gap reports per Group entity. Group entities carry interest-bearing assets on their balance sheet, funded by interest-bearing liabilities (loans and other indebtedness). Where interest-bearing liabilities fall short to cover interest-bearing assets, non-interest-bearing working capital and subsidiaries' equity can cover interest-bearing assets, as part of the matched funding policy.

The Group's central Treasury provides loans to the Group's entities and attracts funds from the market in conjunction with interest rate derivatives entered for hedging purposes. Derivative financial instruments are concluded by the Group's central Treasury; the Group does not hold a trading book. Due to the accounting treatment of derivative financial instruments, the Group is exposed to some volatility in its statement of profit or loss, particularly regarding the derivatives that do not qualify for hedge accounting.

To enable the Group's central Treasury to achieve economies of scale, smaller intercompany loans are grouped and financed through larger-sized external funding transactions. Interest rate risk inherent to the central treasury process, such as timing differences and mismatches of interest rate re-pricing, are accepted within set currency and duration limits.

The liquidity and interest typical duration of LeasePlan Bank's (hereafter LPB) flexible savings are modelled through a replicating portfolio and measured from a behavioural perspective. LPB invests the flexible savings funds received by placing deposits with the Group's central Treasury in line with the modelled interest profile of the flexible savings, thereby replicating the flexible savings' maturity profile. The average repricing maturity of LeasePlan's portfolio of Non Maturing Deposits (NMDs) is approximately 15 months for the total portfolio. The longest modelled maturity is 60 months. Maturities for Core and Non-Core portfolios are not separately modelled. LPB does not attract deposits from non-financial wholesale counterparties.

In addition, the Group risk management department monitors the effect of a gradual movement in market interest rates on its earnings at risk and the effect of a sudden parallel shift of the yield curve on its equity at risk. The IRRBB exposures in relation to the limits that are in place are shared with ALCO on a monthly basis.

For information on Interbank offered rates (IBORs) please refer to the Basis of preparation section of this Annual report.

Currency risk policy

The Group's functional currency and the reporting currency for its consolidated financial statements is the euro. However, because of its presence in a significant number of countries outside the Eurozone, the Group has substantial assets, liabilities, revenues and costs denominated in currencies other than the euro. The global nature of the Group's operations therefore exposes the Group to exchange rate volatility as a result of potential mismatches between the currencies in which assets and liabilities are denominated, and as a result of the translation effect on its reported earnings, cash flow and financial condition.

Risk management *continued*

All amounts are in thousands of euros, unless stated otherwise

D. Risks *continued*

The Group is exposed to transactional foreign exchange rate risk when a subsidiary enters into a transaction in a currency other than the subsidiary's functional currency. The Group seeks to manage its transactional foreign exchange rate risk by attempting to limit the Group's exposure to the effects of fluctuations in currencies on its statement of financial condition and cash flows through funding its debt directly or through derivatives in the currency in which assets are originated and allocating capital in the currencies in which assets are denominated.

The Group is also subject to translation risk, which is the risk associated with consolidating the financial statements of subsidiaries that conduct business in currencies other than the euro or have a functional currency other than the euro. On 31 December 2021, 35.6% (2020: 30.2%) of the Group's equity capital was denominated in currencies other than the euro.

As the Group does not hedge its equity positions in foreign currencies, fluctuations in the value of the euro relative to currencies in which LeasePlan conducts operations will affect the Group's financial condition and net equity position resulting from these foreign operations.

The Group hedges against the adverse effect of foreign currencies on LeasePlan's capital adequacy ratio by taking structural equity positions in the local entities, to match the entities' capital adequacy ratio with LeasePlan's capital adequacy ratio. New regulation underlying the calculation of the capital held against Currency risk has been introduced and LeasePlan is preparing to comply with the new regulation per Q1 2022.

In short, the Group has the following risk management approach regarding currency risk:

- Matched funding: The assets on the entity's balance sheet should always be financed in the same currency in which the lease contracts are denominated;
- Structural positions: The positions in non-euro currencies are of a non-trading and structural nature. As a result hereof, the regulatory ratio protection method is applied; to protect the capital ratios rather than the absolute amount of the Group's equity.

Based on the currency risk management approach the Group's capital adequacy ratio is only limited exposed to changes in the exchange rates it is exposed to. The logic behind this is that if the relative assets/equity position in an entity are the same as for the Group, both assets and equity allocated to the non-functional currency will deviate but will not impact Group's CET1 ratio. In regulatory risk management a currency shock will shift TREA and CET1 capital in the opposite direction.

In order to manage its currency risk, the Group has defined triggers and limits on the overall risk exposure, being the sum of all absolute deviations between the local capital ratios and the Group's capital ratio and a trigger on the underlying absolute deviation between the local capital ratios in comparison to the Group's capital ratio.

Treasury risk management structure and organisation

The Group's treasury risk management is driven by monitoring of regulatory and operational (mismatch) limits as set in the risk appetite statement. Compliance with the risk appetite statement of the Group and its entities (including the Group's central Treasury and LeasePlan Bank) is monitored on, at least, a monthly basis by the Group's risk management department, whereas treasury positions of the Group's central Treasury are monitored daily. Group-wide liquidity risk is measured on LeasePlan Corporation level.

The Group's central Treasury provides loans to the Group's entities and attracts funds from the market, thereby acting as the central hub for liquidity management activities. Funds raised through LeasePlan Bank are also placed with Treasury.

The Group risk management department has the responsibility to monitor treasury risk limits, achievement of liquidity targets, and to identify control breakdowns, inadequacy of processes and unexpected events. The treasury risk positions, non-compliance and follow-up measures are discussed within the ALCO and, if necessary, shared with the Managing Board. A Liquidity Risk Policy is in place that describes how liquidity risk is monitored, managed and mitigated.

Whereas the ALCO is meant for going-concern situations, a Crisis Management Response Team (CMRT) is established to manage liquidity and capital levels in crisis scenarios. The Group has developed a trigger and early warning indicator framework. The CMRT decides on the activation of the Alarm Phase 'amber' or Recovery Phase 'red' depending on breached trigger levels. The role and mandate of the CMRT are governed by the Liquidity Contingency Plan (LCP) and the Capital Contingency Plan (CCP), which together with the Recovery Plan are integrated in the Group's risk management framework. The LCP, CCP and Recovery Plan also identify potential management action which can be executed to generate liquidity and/or capital during times of stress.

Within the pre-conditions of the ILAAP, the Strategic Finance department executes the funding strategy. A key instrument in liquidity risk management is the funding planning, which is a recurring item on the ALCO agenda. The funding planning forecasts issuances and redemptions for each funding source, resulting in a multi-year projection of the liquidity position. Apart from a going concern forecast, a forecast based on stress scenario assumptions is calculated monthly. The governance of the liquidity stress testing process is outlined in the liquidity stress testing policy.

The Group maintains a number of stress scenarios addressing idiosyncratic and market wide risk drivers in both specific and combined scenarios. Stress testing results are used both for contingency planning as well as for going-concern funding and risk activities, for instance, to set the target level for the liquidity buffer to meet financial and regulatory obligations during a period of severe stress. Furthermore, these results are used as input for the periodic recalibration of the risk appetite for liquidity risk.

On a quarterly basis the Group's risk management department reports on actual performance of treasury positions against the risk appetite limits to the Risk Committee of the Supervisory Board.

Risk management *continued*

All amounts are in thousands of euros, unless stated otherwise

D. Risks *continued*

Treasury risk measurement

Liquidity risk measurement

The table below presents the Group's contractual undiscounted cash flows payable of the financial liabilities in the relevant contractual maturity groupings. As the effect of discounting is not material these amounts reconcile to the balance sheet positions. Lease liabilities do not reconcile to the balance sheet because the interest component is included in the line and not shown separately.

	Note	0-3 months	3-12 months	1-5 years	> 5 years	Total
FINANCIAL LIABILITIES						
Funds entrusted	26	6,985,563	2,017,759	1,331,334	14	10,334,671
Trade payables	27	851,097				851,097
Borrowings from financial institutions	28	536,898	648,347	2,138,766	–	3,324,010
Debt securities issued	29	839,988	1,526,992	6,923,409	111,535	9,401,924
Loans from equity investments		25,000				25,000
Future payments (interest and commitments fees)		44,936	117,981	218,099	14,788	395,804
Lease liabilities		10,909	33,024	141,784	91,469	277,185
TOTAL AS AT 31 DECEMBER 2021		**9,294,392**	**4,344,102**	**10,753,392**	**217,806**	**24,609,692**

	Note	0-3 months	3-12 months	1-5 years	> 5 years	Total
FINANCIAL LIABILITIES						
Funds entrusted	26	6,408,841	1,719,161	1,084,399	94	9,212,495
Trade payables	27	877,340				877,340
Borrowings from financial institutions	28	591,907	1,208,749	1,759,875	–	3,560,531
Debt securities issued	29	978,540	2,018,633	6,969,850	117,229	10,084,252
Future payments (interest and commitments fees)		48,767	127,637	268,072	20,433	464,908
Lease liabilities		11,740	35,220	163,897	119,493	330,350
TOTAL AS AT 31 DECEMBER 2020		**8,917,135**	**5,109,400**	**10,246,092**	**257,249**	**24,529,877**

In the table below, for interest rate swaps the undiscounted cash inflows and outflows are presented on a net basis into the relevant maturity groupings, whereas the undiscounted cash flows on currency swaps are presented on a gross basis.

In thousands of euros	0 – 3 months	3 – 12 months	1 – 5 years	> 5 years	Total
Interest rate swaps/forward rate agreements	−2,332	9,990	32,289	12,007	51,954
Currency swaps inflows	3,576,537	288,794	1,190,435	–	5,055,765
Currency swaps outflows	−3,588,474	−280,361	−1,215,546	–	−5,084,381
TOTAL AS AT 31 DECEMBER 2021	**−14,269**	**18,423**	**7,178**	**12,007**	**23,338**

In thousands of euros	0 – 3 months	3 – 12 months	1 – 5 years	> 5 years	Total
Interest rate swaps/forward rate agreements	−4,023	−10,351	68,504	16,115	70,246
Currency swaps inflows	3,708,097	412,795	347,657	4,177	4,472,726
Currency swaps outflows	−3,752,107	−407,056	−350,037	−3,696	−4,512,895
TOTAL AS AT 31 DECEMBER 2020	**−48,032**	**−4,613**	**66,124**	**16,597**	**30,076**

As a precaution to the risk of not having continued access to financial markets for funding, the Group maintains a liquidity buffer. This buffer includes unencumbered cash and committed (standby) credit facilities to reduce the Group's liquidity risk. The liquidity buffer as per 31 December is specified as follows:

In million EUR	2021	2020
Unencumbered cash at banks	573	561
Unencumbered cash at Dutch Central Bank	5,350	5,075
TOTAL ON BALANCE LIQUIDITY BUFFER	**5,923**	**5,635**
Committed facilities	1,375	1,500
TOTAL	**7,298**	**7,135**

The Group holds a revolving credit facility with a consortium of 11 banks (EUR 1.4 billion) maturing in November 2024. During 2021 no amounts were drawn under this facility.

Risk management *continued*

All amounts are in thousands of euros, unless stated otherwise

D. Risks *continued*

The European Central Bank sets out minimum liquidity level requirements demanding that available liquidity exceeds required liquidity at all times as well as a Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) of 100%; the Group is in compliance with these minimum liquidity requirements.

The Group's liquidity stress testing programme includes the integration of risk drivers and review of stress scenarios, governance, tools used and documentation of the stress testing process. Stress testing is embedded in the funding planning, taking into account the nine months' minimum regulatory liquidity buffer requirement, in line with the Group's risk appetite statement. At all times during 2021, under regulatory assumption, the Group held enough liquidity to continue business as usual during the most severe stress scenario for a minimum period of nine months.

Interest rate risk measurement

The Group matches the interest rate risk profile of the lease contract portfolio with a corresponding interest rate funding profile to minimise the interest rate risk, where the IRRBB model takes into account lease client behaviour instead of the contractual interest rate risk profile. The Group continues to investigate whether its IRRBB model appropriately reflects its economic reality and the applicable regulatory framework.

The Group monitors the effect of a gradual movement in interest rates on its profitability and the effect of a sudden parallel shift to the yield curve on the Group's capital. . The Group assumes for the effect of a gradual movement in interest rates on its profitability that the monthly development of the lease assets is in line with the predictions in the management forecast.

The impact of a 200-basis points interest rate shock on the Group's earnings at risk and equity at risk is shown below:

	Earnings at risk	
Gradual shock on the yield curve (in million EUR as at 31 December)	**2021**	**2020**
EFFECT WITHIN 1 YEAR		
-200 bps	14.0	9.4
+200 bps	– 14.1	– 9.4
EFFECT WITHIN 2 YEAR		
-200 bps	44.6	33.5
+200 bps	– 49.0	– 33.7

The impact of a gradual movement in interest rates on the Group's Economic Value of Equity is as follows:

	Equity at risk	
	2021	**2020**
-200 bps	144.5	192.1
+200 bps	– 132.7	– 177.0

The decline in Equity at Risk in 2021 is primarily driven by LeasePlan's sale of its entities in Australia and New Zealand which carried some Equity at Risk exposure. Market rates are derived from the relevant swap curves. The Group is monitoring and assessing the possible impact of the IBOR implementation on the applied swap curves.

Risk management *continued*

All amounts are in thousands of euros, unless stated otherwise

D. Risks *continued*

Currency risk measurement

The table below details the Group's net currency positions as at 31 December 2021:

	EUR	GBP	USD	AUD	TRY	Other currencies	Total
Cash and balances at central banks	5,447,683	–	–	–	–	1	5,447,685
Investments in equity and debt securities	177,220	–	–	–	–	–	177,220
Receivables from financial institutions	575,727	38,258	4,260	1,960	704	66,743	687,651
Derivatives – long	4,569,918	1,193,079	11,751	–	293	316,927	6,091,967
Interest to be received	1,544	–	–	–	–	69	1,613
Rebates and bonuses & commissions receivable	252,940	12,570	9,011	–	480	23,886	298,886
Reclaimable damages	32,761	–	–	–	552	4,568	37,880
Lease receivables from clients	1,175,980	641,749	1,332,786	9	3,069	339,388	3,492,981
Investments in equity accounted investments	16,716	–	–	–	–	–	16,716
Loans to other third parties	541	9	–	–	–	–	550
Loans to equity accounted investments	200,000	–	–	–	–	–	200,000
NON-FINANCIAL ASSETS	**14,843,507**	**2,681,185**	**554,438**	**–**	**230,506**	**3,402,990**	**21,712,625**
TOTAL ASSETS	**27,294,537**	**4,566,849**	**1,912,245**	**1,969**	**235,603**	**4,154,572**	**38,165,775**
Funds entrusted	10,334,671	–	–	–	–	–	10,334,671
Total derivatives – short	572,144	3,282,709	677,914	–	72,466	1,418,985	6,024,218
Trade payables	620,966	30,497	31,750	7	9,400	158,477	851,097
Interest payable	55,481	152	3,666	–	473	7,695	67,468
Borrowings from financial institutions	2,292,986	23,758	9,912	–	19,387	977,968	3,324,010
Lease liabilities	149,171	10,674	17,433	–	260	58,547	236,085
Debt securities issued	7,403,726	575,567	763,724	–	–	658,907	9,401,924
Loans from equity investments	25,000	–	–	–	–	–	25,000
NON-FINANCIAL LIABILITIES	**1,116,714**	**625,375**	**406,921**	**–**	**133,498**	**838,901**	**3,121,410**
TOTAL LIABILITIES	**22,570,859**	**4,548,733**	**1,911,320**	**7**	**235,485**	**4,119,480**	**33,385,883**
Net position (excl. net invest. in subsidiaries)	4,723,678	18,116	925	1,962	118	35,092	4,779,892
CURRENCY POSITION		**372,168**	**219,744**	**1,962**	**106,267**	**544,401**	
Net investment in subsidiaries		354,052	218,818	–	106,149	509,309	
Other positions		18,116	925	1,962	118	35,092	

As at 31 December 2020:

	EUR	GBP	USD	AUD	TRY	Other currencies	Total
Non-financial assets	14,431,814	2,497,007	434,582	458,389	249,169	3,265,035	21,335,996
TOTAL ASSETS	**25,114,780**	**2,986,820**	**1,641,198**	**825,483**	**255,973**	**4,178,530**	**35,002,784**
Non-financial liabilities	485,640	553,576	285,118	301,979	132,686	811,196	2,570,197
TOTAL LIABILITIES	**20,905,093**	**2,999,856**	**1,644,335**	**838,222**	**260,530**	**4,176,523**	**30,824,559**
Net position (excl. net invest. in subsidiaries)	4,209,687	–13,036	–3,137	–12,739	–4,557	2,007	4,178,225
CURRENCY POSITION		**318,307**	**166,686**	**164,475**	**95,488**	**518,152**	
Net investment in subsidiaries		331,343	169,823	177,215	100,045	516,145	
Other positions		–13,036	–3,137	–12,739	–4,557	2,007	

Risk management *continued*

All amounts are in thousands of euros, unless stated otherwise

D. Risks *continued*

The Group monitors the relative currency exposure by comparing its capital adequacy ratio per currency to the Group's overall ratio. The Group's aim is to neutralise its capital ratio for currency exchange rate fluctuations. Taking a 10% presumed currency shock on all currencies against the euro, the impact on the Group's capital would be EUR 37.8 million (2020: EUR 49.1 million). Following the sale of LeasePlan Australia and LeasePlan New Zealand in September 2021, AUD is no longer a material currency. The following table shows the net currency position versus the risk exposure amount for which, in absolute terms, under a shock of 10%, the Group's capital can be impacted (considered for the main currencies).

	2021		2020	
	Net open position	**Currency shock**	**Net open position**	**Currency shock**
Great British Pound ("GBP")	354.0	2.7	331.3	5.5
United States Dollar ("USD")	218.8	3.9	169.8	0.9
Australian Dollar ("AUD")	–	–	161.6	7.2
Turkish Lira ("TRY")	106.1	8.8	118.3	7.8
Other[1]	478.5	22.4	469.1	27.7
TOTAL	**1,157.4**	**37.8**	**1,250.1**	**49.1**

[1] *The 'Other' category consists of smaller entities with corresponding currencies. The category does not reconcile with the table showing the Group's net currency position due to the inclusion of an off-balance sheet commitment as part of the total FX risk positions, whereas the position on the previous page only includes on-balance positions.*

Although the Group is aware that, from an absolute equity perspective, currency exposures exist, these exposures are deliberately not fully mitigated following the ratio protection strategy.

Derivatives and hedge accounting

The Group's activities are principally related to vehicle leasing and fleet management. The Group accepts and offers lease contracts to clients at both fixed and floating interest rates, for various periods and in various currencies. For a major part of the funding of the cars, the Group has entered into borrowings from external parties or issued notes to third parties. The Group seeks to balance the spread between interest rates charged in lease contracts and the interest rates paid on various borrowings and, at the same time, needs to control its exposure towards future movements in interest rates and currency exchange rates. Risk control is important to continuously meet the solvency and liquidity requirements and targets as set by the regulator and as expected by external stakeholders. The Group uses various non-derivative and derivative financial instruments to achieve that goal.

Derivatives are used to mitigate the interest rate and currency exposures associated with the funding of lease contracts. Interest rate swaps cover interest rate positions between lease contracts and borrowed funds and currency interest rate swaps cover currency exposures between lease contracts and borrowed funds.

The extent of exposure management is in line with internal risk appetite and limits determined by the Group risk management and reviewed on a regular basis. The Group uses a mixture of one-to-one relationships (for fair value hedging), as well as many-to-many macro hedging (for cash flow hedging). The hedge ratio is calculated by analysing the relationship between the quantity of the hedging instrument and the quantity of the hedged item in terms of their relative weighting. For fair value hedges the hedge ratio is calculated as 1:1, whereas for cash flow hedges the ratio is 0.48:1.

Cash flow hedges

The Group applies cash flow hedges to the interest rate risk and currency risk on the issued debt securities and other borrowings, to mitigate both current and future statement of profit or loss volatility arising from the variability of cash flows attributable to currency and interest rate movements. In cash flow hedging, Group has agreed to exchange interest and currency cash flows, based on an underlying nominal amount.

Risk management *continued*

All amounts are in thousands of euros, unless stated otherwise

D. Risks *continued*

Fair value hedges

The Group applies fair value hedges to mitigate exposure to changes in fair value of recognised liabilities. For fair value hedge relationships, the Group Treasury's risk management policy is to hedge the interest rate risk component of debt capital markets transactions, to comply with the risk objectives as set and reviewed periodically by the Group risk management, and to achieve economic hedging of such transactions.

Risk-weighting

The notional amounts of the derivatives provide an indication of the size of the contracts but do not indicate the extent of the cash flows and risks attached thereto. In determining the capital adequacy requirement, both existing and potential future credit risk is considered. The current potential loss on derivatives, which is the positive fair value at the balance sheet date (positive replacement cost), is increased by a percentage of the relevant notional amounts, depending on the nature and remaining term of the contract (potential future credit risk). This credit risk is risk-weighted based on the credit rating of the counterparty and the remaining term.

The Group maintains control limits from a credit risk point of view and (for a significant part of the derivative portfolio) uses Credit Support Annexes (CSAs) to International Swaps and Derivatives Association (ISDA) master agreements to mitigate the credit risk through regular margin calls. This credit risk exposure is managed as part of the overall lending limits with financial institutions.

It should be noted that while as a result of the above the Group mitigates interest rate risk and currency risk from an economic perspective, these derivatives do not always qualify for hedge accounting from an accounting perspective. The Group has applied hedge accounting if requirements in IFRS are met. Reference is made to ***Note D*** – Derivative financial instruments and hedge accounting.

Credit risk

Credit risk definition

As a result of its normal business activities, the Group is exposed to credit risk, which is the risk that a counterparty will not be able to fulfil its financial obligations when due. In the Group's core business, this credit risk mainly relates to lease receivables from clients. Lease receivables from clients consist of trade receivables and amounts receivable under finance lease contracts. For amounts receivable under finance lease contracts credit risk is mitigated materially by the underlying value of the available collateral (i.e. leased object).

In addition, the Group is exposed to credit risk originating from its banking and treasury activities, which includes deposits placed with financial institutions and hedging instruments, such as derivatives and reinsurance activities. Finally, the Group is exposed to credit risk because of insurance activities as well as to rebates and bonuses to be received from vehicle manufacturers and other suppliers.

The Group's definition of default is aligned with the regulatory definition. From 2021, a customer is reported as default as prescribed by the guidelines on the application of the definition of default. For purposes of assessing, recognising and reporting defaults, a customer shall be considered to be in default when either one or both of the following events occur:

i. the Local LP entity considers the customer unlikely to pay ('UTP') and/or
ii. the customer is past due more than 90 consecutive days on any material credit obligation.

This new definition of default has led to an increase in defaulted customers. However, the impact on our provision level is limited given that the increase in defaults will be triggered by the customers past due for more than 90 consecutive days. For these customers, provision levels were already in line with the provisioning for customers that have material overdue amounts.

For the implementation of the new definition of default, LeasePlan followed a two-step approach. The first step was implementing the new definition of default, which was done as of the 1 of January 2021. The second step is updating our regulatory models (for both the Corporate and Retail counterparties). These updated models have been sent to the regulator and LeasePlan is awaiting the model assessment process of the regulator. Given that LeasePlan still needs to apply the current regulatory models, the regulator imposed an add-on to be included in the total TREA of LeasePlan. This add-on was the result of the SREP process. As a result of this two-step approach, the combination of the new definition of default and the current regulatory models, together with regular changes in the lease portfolio, has increased the total TREA of LeasePlan by EUR 2.7 billion as per year end (of which EUR 439 million is related to the add-on).

Credit risk management policy

The Group has issued policies and standards which regulate the governance of the local credit risk management organisation. Group entities are required to define their credit acceptance criteria and set their limits on counterparty and concentration risks as well as the types of business and conditions thereof in local policies.

For its credit risk management, the Group distinguishes between corporate clients, retail clients, governments, banks and others. In this respect, retail clients are from a regulatory point of view defined as small and medium entities (SMEs) and private households. Except for retail clients, which are assessed whenever a credit application is received, the credit risk of all counterparties is assessed at least once a year.

Risk management *continued*

All amounts are in thousands of euros, unless stated otherwise

D. Risks *continued*

For corporate counterparties, the Group has an internal rating system in place, segmented into 14 non-default rating classes. The Group's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class. The governance framework built around models ensures that the rating tools are kept under constant review and are renewed when necessary. For this purpose, the Group monitors on a quarterly basis whether the performance of the models meets internal and external requirements. The Group's internal ratings scale for corporate counterparties and mapping of external ratings are as follows:

Group's rating	Description of the grade	External rating: Standard & Poor's equivalent
1	Prime	AAA/AA-
2A	Very Strong	A+
2B	Strong	A
2C	Relatively Strong	A-
3A	Very Acceptable	BBB+
3B	Acceptable	BBB
3C	Relatively Acceptable	BBB-
4A	Very Sufficient	BB+
4B	Sufficient	BB
4C	Relatively Sufficient	BB-
5A	Somewhat Weak – Special Attention	B+
5B	Weak – Special Attention	B
5C	Very Weak – Watch	B-
6A	Sub-Standard Watch	CCC+/C

The ratings of Standard & Poor's shown in the table above are mapped to the Group's rating classes based on the long-term average default rates for each external grade. The Group uses the external ratings where available to benchmark its internal credit risk assessment. Observed defaults per rating category vary year on year, especially over an economic cycle.

The Group also applies internal models to determine the credit risk to retail exposures in the United Kingdom and the Netherlands. Where the Group uses internal models to determine the credit rating of a counterparty, capital is calculated based on AIRB models. The models for credit risk relate especially to the determination of:

- Probability of Default – the likelihood of the default of a client in the next 12 months (expressed in %).
- Loss Given Default – the loss the Group expects to incur at the moment of a default (expressed in %).
- Exposure at Default – the expected amount the Group is exposed to when a client goes into default.
- Remaining maturity – the contractual remaining term of the lease contract.

These internal models are used as a basis to comply with IFRS 9 requirements. Reference is made to ***Note C*** – Financial assets and liabilities.

For government, bank and other retail customers' counterparty exposures, the Group does not use internal models. The credit rating of these exposures is determined based on external ratings, being the lowest rating of Standard & Poor's and Moody's (if available). For the determination of the risk-weight of these exposures, the Group applies the Standardised Approach (which prescribes fixed percentages for risk weighting depending on characteristics and conditions of the exposure) to determine capital requirements.

Each local entity is required to maintain a special attention list and a watch list, which are based on the internal rating grades and other available information. These lists are reviewed in regular meetings by the credit committees. A qualitative analysis of total credit exposures, defaults and losses is reported on a monthly basis to the Group's Risk Committee.

As per above, credit risk arising from the use of the relationship with banking and treasury counterparties is laid down in a specific counterparty risk standard. Limits are set on a legal entity basis and are included in the Group's risk appetite and approved on a yearly basis. Key criteria used in setting limits are, among others, large exposure rule, long-term debt ratings, credit risk assessments on the related banks and participation in the revolving credit facility. The Group, equally, puts in place acceptance criteria for reinsurance of motor insurance risks. The Group's treasury risk management monitors the exposures, against the approved limits, on an ongoing basis.

On a daily basis, the treasury risk management department reviews the current spread on credit default swaps (CDS) of all relevant banking counterparties and sovereigns in the market. The spread of a CDS, securing debt holders against a counterparty or sovereign defaulting on its debt, highlights the market participant's perceived credit risk on such a counterparty. Large or unusual volatility is raised to the Senior Treasury Risk Manager for review. For credit risk in reinsurance, reference is made to the section on motor insurance risk.

Credit risk management structure and organisation

The Group's Managing Board sets authority levels for all of the Group's entities, allowing them to decide on counterparty acceptance and renewal. The authority levels are granted based on the relative size of the Group entity and the quality of credit risk management. If a requested facility exceeds the local authority level, the underwriting team of Group Risk Management, Group Risk Committee, the Risk Committee of the Supervisory Board or the Supervisory Board is authorised to decide on credit acceptance and renewal thereof. The Group has a custom built web-based global credit risk management system in place in order to efficiently, and in accordance with granted authorities, handle and monitor credit requests and defaults.

Risk management *continued*

All amounts are in thousands of euros, unless stated otherwise

D. Risks *continued*

Credit risk measurement

In accordance with the CRR/CRD IV regime, the Group measures its credit risk items in the following categories: exposure classes, geographic segmentation, industry segmentation and client concentration (single customers and groups of customers). For the purpose of the financial statements, credit risk exposure on lease receivables is reflected in two separate items based on the accounting classification of the lease, as either a finance or operating lease receivable (see ***Note C*** –Financial assets and liabilities). The property and equipment under operating lease and rental fleet (see ***Note I*** – Property and equipment under operating and rental fleet) are reported as non-financial fixed assets. The following financial assets have provisions for expected credit loss:

- Receivables from financial institutions
- Rebates and bonuses & commissions receivable
- Reclaimable damages
- Lease receivables from clients

For these financial assets further disclosures are provided. Refer to below:

By geography

The following table shows the concentration of the financial assets that have provisions for ECL in geographical sectors as at 31 December:

	Member states of the European Union		Rest of the world	Total
	(euro)	(non-euro)		
Receivables from financial institutions	621,832	53,271	12,549	687,651
Lease receivables from clients	1,168,585	972,673	1,351,723	3,492,981
Rebates and bonuses and commissions receivable	252,940	36,378	9,568	298,886
Reclaimable damages	32,761	5,039	80	37,880
TOTAL AS AT 31 DECEMBER 2021	**2,076,118**	**1,067,361**	**1,373,919**	**4,517,399**

	Member states of the European Union		Rest of the world	Total
	(euro)	(non-euro)		
Receivables from financial institutions	573,699	59,220	38,345	671,264
Lease receivables from clients	886,199	752,712	1,497,645	3,136,556
Rebates and bonuses and commissions receivable	226,395	31,263	10,673	268,331
Reclaimable damages	35,185	5,012	250	40,447
TOTAL AS AT 31 DECEMBER 2020	**1,721,478**	**848,207**	**1,546,913**	**4,116,598**

By industry

A summary of the approximation of the concentration of the financial assets per industry as at 31 December can be shown as follows:

	Financial institutions	Manu-facturing	Wholesale trade	Transport and public utilities	Public sector	Other industries	Total
Receivables from financial institutions	687,651	–	–	–	–	–	687,651
Rebates and bonuses and commissions receivable	–	298,886	–	–	–	–	298,886
Reclaimable damages	37,880	–	–	–	–	–	37,880
Lease receivables from clients	172,376	754,213	340,984	503,065	52,660	1,669,683	3,492,981
TOTAL AS AT 31 DECEMBER 2021	**897,908**	**1,053,099**	**340,984**	**503,065**	**52,660**	**1,669,683**	**4,517,399**
Receivables from financial institutions	671,264	–	–	–	–	–	671,264
Rebates and bonuses and commissions receivable	–	268,331	–	–	–	–	268,331
Reclaimable damages	40,447	–	–	–	–	–	40,447
Lease receivables from clients	190,058	770,737	334,491	360,387	54,613	1,426,270	3,136,556
TOTAL AS AT 31 DECEMBER 2020	**901,769**	**1,039,068**	**334,491**	**360,387**	**54,613**	**1,426,270**	**4,116,598**

Risk management *continued*

All amounts are in thousands of euros, unless stated otherwise

D. Risks *continued*

By credit rating

The table below summarises the credit rating of the most relevant financial assets of the Group:

	2021			
	Not credit impaired (12-months ECL)	**Not credit impaired (Lifetime ECL)**	**Credit impaired**	**Total**
RECEIVABLES FROM FINANCIAL INSTITUTIONS				
AAA-A	663,210			663,210
BBB – B	11,594			11,594
Other	13,237			13,237
LEASE RECEIVABLES FROM CLIENTS				
AAA-A		1,160,050	38,780	1,198,830
BBB – B		1,545,857	46,978	1,592,835
CCC – C		289	30	319
Other		706,418	70,768	777,186
Loss allowance	–390	–15,082	–61,106	–76,578
CARRYING AMOUNT	**687,651**	**3,397,531**	**95,450**	**4,180,632**

	2020			
	Not credit impaired (12-months ECL)	**Not credit impaired (Lifetime ECL)**	**Credit impaired**	**Total**
RECEIVABLES FROM FINANCIAL INSTITUTIONS				
AAA-A	644,370			644,370
BBB – B	14,405			14,405
Other	12,879			12,879
LEASE RECEIVABLES FROM CLIENTS				
AAA-A		1,177,670	709	1,178,379
BBB – B		1,394,350	15,382	1,409,732
CCC – C		404	247	651
Other		574,338	51,723	626,061
Loss allowance	–390	–16,841	–61,425	–78,656
CARRYING AMOUNT	**671,264**	**3,129,921**	**6,636**	**3,807,821**

Operational risk

Operational risk definition

Operational risk within LeasePlan involves the risk of a positive, negative or potential loss resulting from inadequate or failed internal processes, human behaviour, and systems or external incidents. Business continuity risk, financial reporting risk, model risk, and human resources risk are also classified as operational risk categories. Some of the risk categories have separate policies and standards. Operational risk is part of the Non-Financial Risk Management domain within LeasePlan.

Standardised Approach

Operational risk is included under the Pillar 1 capital and total risk exposure amount on the Standardised Approach (STD). In 2021, under Pillar 1 the operational risk regulatory capital requirement is EUR 193 million (for 2020: EUR 203 million).

Operational risk management structure and organisation

The Group's operational risk policy, as set by the Group Risk Committee (GRC), states that local management is responsible for managing the operational risks in their local entity. An operational risk role is appointed as a second line function for each entity, which is the driving force behind the increase in risk awareness and the improvement of operational risk management within the local entity. Group Risk management is responsible for monitoring the operational risk profile and the collation and validation of operational risk reporting. Group Risk management analyses the operational risk incidents reported by local entities and the performance against the risk appetite and reports subsequently to the GRC on a monthly basis and on a quarterly basis to the Risk Committee of the Supervisory Board. This report includes the operational risk position of the Group.

Risk management *continued*

All amounts are in thousands of euros, unless stated otherwise

D. Risks *continued*

Operational risk loss reporting

To ensure that operational risk losses are consistently reported and monitored at Group level, the local entities are required to report all operational risk incidents above the amount of EUR 1,000 (gross impact). Reporting of incidents below this threshold is encouraged. The Group distinguishes between gross impact (the maximum estimated impact known at the moment of identification, irrespective of any potential recovery) and net impact (gross impact minus recovered amounts).

Group Risk ensures the Managing Board and the Supervisory Board are made aware of all material risk developments. Within LeasePlan, the risk types as included in the Risk Type Universe are considered on an integrated basis. The Group Risk Function is responsible for aggregating these risk types and providing an integral view.

Risk mitigation

The overall impact of the mitigating activities is assessed by analysing the frequency and impact of operational losses prior to and after implementation of the additional controls. A process is in place to ensure that mitigating measures are implemented within the agreed timelines.

Based on LeasePlan's risk profile, experience and appetite, insurance coverage is in place for the main high impact, low likelihood events that are inherent to the environment LeasePlan is operating in. Current insurance policies consist of several separate programmes (e.g., General Liability and Property Damage) and participation is mandatory for local entities.

Operational risk measurement

During 2021, the Group recorded 2,338 operational risk incidents (1,400 incidents with a gross impact above EUR 1,000) with a total net impact of EUR 11 million in 2021 (EUR 19 million in 2020). The impact of incidents was within risk appetite.

The majority of the recorded operational risk incidents (83% from the total amount and 87% of the total number of incidents) are classified in the event category 'Execution: Delivery and Process Management'. The distribution of the Group's operational risk incidents is as follows:

	2021		2020	
Basel Category	**% total (EUR)**	**% total (nr)**	**% total (EUR)**	**% total (nr)**
Business Disruption and System Failures	6%	2%	3%	5%
Clients: Products and Business Practices	4%	7%	11%	9%
Damage to Physical Assets	1%	1%	0%	1%
Employment practices and workplace safety	0%	0%	0%	0%
Execution: Delivery and Process management	83%	87%	83%	81%
External Fraud	6%	3%	3%	4%
Internal Fraud	0%	0%	0%	0%
TOTAL	**100%**	**100%**	**100%**	**100%**

Motor insurance risk

The Group arranges multi-national corporate insurance programmes to protect all of its entities. Insurance policies issued are written by leading global insurance companies, on a 'Freedom of Services' basis and apply to all European Union (EU) countries and Norway. For non-EU countries or where local regulations require, the Group has arranged for local policies to be issued, by the same insurers or their authorised agents. Insurance covers purchased on a global level are: Property, Combined General Liability, Employment Practices Liability, Crime, Directors & Officers Liability, Cyber and Professional Indemnity cover. Additionally, where local legislation requires a policy to be in place in a particular entity, such as Employers' Liability Insurance or Workers' Compensation Insurance, such cover is arranged by the local entity and confirmation of the same is provided to the risk department at corporate centre.

Motor insurance risk definition

As a result of its normal business activities the Group is exposed to motor insurance risk. Motor insurance risk is the exposure to potential loss, due to costs related to damages incurred by drivers insured by the Group, exceeding the premiums paid for insurance coverage. This risk consists of long-tail risks (e.g. motor third party liability and legal defence) and short-tail risks (e.g. motor material damage and passenger indemnity).

Additionally, some local entities offer a non-insurance solution referred to as 'risk retention'. For non-compulsory lines of cover, where local regulations permit, the Group may offer a warranty for damage sustained to a vehicle, up to a pre-defined limit, in return for a higher lease charge. This risk also consists of long-tail risks (e.g. motor third party liability and legal defence, where LeasePlan agrees to refund the insurer an agreed amount as a deductible) and short-tail risks (e.g. motor material damage and passenger indemnity).

Risk management *continued*

All amounts are in thousands of euros, unless stated otherwise

D. Risks *continued*

Motor insurance risk management structure and organisation

Group risk management is responsible for monitoring the motor insurance risk profile. Motor insurance risks (referred to as insurance risk) are underwritten by the Group's insurance subsidiary, LeasePlan Insurance (Euro Insurances DAC), based in Dublin, Ireland. In addition, some local entities have a local risk retention scheme for motor material damages and retain the damage risk, whilst also offering additional insurance coverage through either LeasePlan Insurance or external providers. LeasePlan Insurance is regulated by the Central Bank of Ireland and its 'European passport' enables it to support the Group entities in all EU countries and Norway. LeasePlan Insurance is capitalised in accordance with the Standardised Approach of Solvency II. LeasePlan Insurance maintains external reinsurance cover on an excess of loss basis for motor third party liability risks and catastrophic events. LeasePlan Insurance purchases reinsurance cover for these risks up to prescribed coverage limits with an external reinsurance panel to minimise the financial impact of a single large accident and/or event.

Annually, the Group risk management department prepares the risk appetite statement, which includes all risk areas and requires approval of the Managing Board and the Risk Committee of the Supervisory Board. On a quarterly basis, the Group risk management department reports to the Risk Committee of the Supervisory Board on performance against the risk appetite, including developments within motor insurance. The motor insurance position is further discussed in the Insurance Governance Committee, the Group Risk Committee and shared with the Managing Board and the Risk Committee of the Supervisory Board.

Motor insurance risk management policy

The overall approach of the Group is to selectively accept damage and insurable risk within the Group entities and/or LeasePlan Insurance. The Group's objective is to identify and develop the motor insurance risk profile and to continuously monitor and manage these risks in line with the risk appetite for motor insurance risk. Generally, the Group prefers to accept damage and insurance risk positions arising from its own operating and (to a lesser extent) finance lease portfolio. Damage and insurance specialists in each Group entity accept damage or insurance risks in accordance with the strict Risk Selection and Pricing Procedures issued by LeasePlan Insurance, or in accordance with criteria set by the Group risk department and local management teams, for the risk retention schemes. These procedures set out the scope and nature of the risks to be accepted (or not) as well as the local authority rules.

Settlement of damages is generally outsourced to specialised independent damage handling companies in accordance with service level agreements, although some local entities have a specialist team in place to perform this activity. Settlement of damages is performed by specialised damage handling teams, within the Group, when a local risk retention scheme is in place.

To clearly identify, monitor, manage and limit the risks, principles are laid down in a motor insurance risk policy and standard, that must be adhered to by all Group entities. The main requirements are the existence of a risk function, which oversees insurance risk, within all Group entities and which is independent from the insurance pricing department, as well as the existence of a local risk committee to monitor insurance risk, which is required to monitor exposure and discuss trends and developments within the portfolio. Clear authorisation structures are in place for intended launches of and changes in insurance structures and programmes. (Re)insurers are selected based on their financial strength, price, capacity and service and are monitored, in respect of credit ratings, on a quarterly basis. For large fleet requests, entities must refer quotes for fleets above 2,500 units to the Group's Insurance Risk Review Committee, for approval.

Motor insurance risk measurement

The Group monitors the damage and insurance risk acceptance process and the financial performance using actuarial and statistical methods for estimating liabilities and determining adequate pricing levels. Regular analysis of damage, loss ratio statistics, strict compliance with damage handling procedures and policies and, when necessary, reviews of damage and insurance risk pricing ensure a healthy balance between revenues and damages at both an aggregate level and an individual fleet level. The provision for damages is regularly assessed and periodically verified by external actuaries.

The price for acceptance of damage and insurance risk is set in each market based on prevailing local market conditions after determining appropriate levels of reinsurance cover and the expected costs of managing and settling damages. Regular external actuarial assessments support internal actuarial assessments of the individual programme loss ratios, which are influenced by statistical evidence of accident frequency in the local market and the cost per claim of expected and large damages. These support the Incurred But Not Reported (IBNR) and Incurred But Not Enough Reported (IBNER) factors used to determine appropriate reserve levels necessary to meet projected short-tail and long-tail damages.

Under the motor insurance risk policy, Group entities measure and monitor their motor insurance risk exposure by performing a yearly damage and insurance risk self-assessment. On a quarterly basis, LeasePlan Insurance and Group entities measure and report their risk exposures by means of premium developments and loss ratio developments to central management. These loss ratios are consolidated and monitored against the Group's risk appetite.

Annually, Group entities, Group Risk and the Group Insurance agree a Country Based Risk Appetite (CoBRA) for motor insurance risk, for each entity, in which a loss ratio limit for motor insurance risk, against which entities are monitored, is defined for the forthcoming year.

Specific notes

All amounts are in thousands of euros, unless stated otherwise

1 Covid-19 impact

During 2021 LeasePlan experienced growth, mainly due to re-opening of the markets following vaccination programs, a positive used-car market and lower than expected customer defaults due to our high-quality customer base.

In 2021 serviced fleet was up 3.3% to 1.8 million vehicles combined with a record high orderbook. The growth of the order book (partially resulting in fleet growth) is mainly driven by the semiconductor shortage which has delayed new car deliveries. The used-car market has recovered leading to beneficial pricing.

Below the most significant effects of the post-Covid-19 situation on the financial statement of LeasePlan for the year 2021 is summarised:

- **Core leasing business** – During 2020 LeasePlan took an additional impairment on operating lease assets of EUR 47.4 million assuming residual values and used-car sales prices would have been negatively impacted by the Covid-19 crisis. Operating lease assets impairments for the year also included an amount of EUR 32.6 million impairment from book value losses on early terminated cars from defaulted customers. During 2021 an amount of EUR 32.7 million related to the additional impairment of 2020, has been released through Profit/(loss) on disposal of vehicles and a net amount of EUR 4.6 million impairment reversal has been booked related to book value losses on early terminated cars for defaulted operating lease customers.

  Please refer to ***Note 21*** – Property and equipment under operating lease, rental fleet and vehicles available for lease for more information.

- **Customer credit portfolio** – As a result of the Covid-19 pandemic, in 2020 LeasePlan updated the ECL calculations for non credit impaired lease receivables which resulted in an increase of EUR 4.8 million compared to the calculations based on the assumptions applied as at 31 December 2019. The increase of EUR 33.6 million in the ECL allowance for credit impaired lease receivables was mostly caused by an increased number of defaulting customers impacted by Covid-19.

  In 2021, the impairment provision on Lease receivables from clients has decreased by EUR 6.1 million compared to year end 2020, including both a decrease of EUR 4.0 million due to lower invoices under commercial disputes and a lower ECL allowance of EUR 2.1 million. An amount of EUR 23.2 million of impairment charge on loans and receivables is booked.

  Information about our updated assessment of forward looking scenarios, including critical assumptions, parameters and related sensitivities is disclosed in ***Note 20*** – Lease receivables from clients and ***Note 21*** – Property and equipment under operating lease, rental fleet and vehicles available for lease.

- **Used-car market** – As at 31 December 2020 the valuation allowance for used-car inventory was EUR 9.2 million. The favourable used-car pricing in 2021 has led to a release of the valuation allowance of EUR 8.1 million to EUR 1.1 million. The updated assessment on forward looking scenarios we have adopted as of 31 December 2021 to determine the valuation of cars on stock, the valuation of operating lease assets and related impairments, including critical assumptions and sensitivities, is disclosed in ***Note 18*** – Inventories and ***Note 21*** – Property and equipment under operating lease, rental fleet and vehicles available for lease.

Specific notes *continued*

All amounts are in thousands of euros, unless stated otherwise

2 Country by country reporting

This note is pursuant to the 'Besluit uitvoering publicatieverplichtingen richtlijn kapitaalvereisten' that implements articles 89 and 90 of the Capital Requirement Directive (CRD IV). The list of entities is equal to the 'List of principal consolidated participating interests' and 'Principal associates and joint ventures entities that are accounted for under the equity method', except for entities that have been disposed during the period. LeasePlan Australia, LeasePlan New Zealand, CarNext B.V., including its subsidiaries, and PowerD B.V. have been divested during 2021. Please refer to ***Note 11*** – Discontinued operations and ***Note 35*** – Non-controlling interest.

The amount of government subsidies for 2021 consists mainly of a deduction for Italy of EUR 34.2 million related to super depreciation (2020: EUR 103.9 million), with a tax incentive of EUR 8.2 million (2020: EUR 24.9 million), and in a deduction for Netherlands of EUR 1.3 million related to environmental tax credit (2020: EUR 3.2 million), with a tax incentive of EUR 0.3 million (2020: EUR 0.8 million).

2021

Country of activity	Principal subsidiary or participating interest	Main activity	Average FTE (ytd)	Revenues	Profit before tax	Income tax expenses
NETHERLANDS	LeasePlan Corporation N.V.	Holding	1,859	1,237,795	208,861	–43,481
	LeasePlan Finance N.V.	Finance/Treasury services				
	LeasePlan Global B.V.	Holding				
	LeasePlan Nederland N.V.	Leasing				
	LeasePlan Digital B.V.	Digital business & services				
	CarNext B.V. (divested in 2021)	Holding				
	CarNext.com NL B.V. (divested in 2021)	Used cars				
	LeasePlan CN Holding B.V.	Holding				
	PowerD B.V. (divested in 2021)	Smart charging services				
UNITED KINGDOM	LeasePlan UK Limited	Leasing	534	1,305,008	133,712	–18,296
ITALY	LeasePlan Italia S.p.A.	Leasing	525	1,218,844	112,249	–29,654
	CarNext.com IT S.r.l. (divested in 2021)	Used cars				
FRANCE	LeasePlan France S.A.S.	Leasing	498	844,081	52,429	–10,527
	PLease S.C.S.[1]					
	CarNext.com FR (divested in 2021)	Used cars				
SPAIN	LeasePlan Servicios S.A.	Leasing	448	637,534	66,699	–16,539
	CarNext Marketplace Spain SL (divested in 2021)	Used cars				
GERMANY	LeasePlan Deutschland GmbH	Leasing	447	802,649	45,260	–15,517
	CarNext.com DE GmbH (divested in 2021)	Used cars				
AUSTRALIA	LeasePlan Australia Limited (divested in 2021)	Leasing	247	–	–9,225	863
BELGIUM	LeasePlan Fleet Management N.V.	Leasing	274	444,742	51,855	–13,243
	Bizz Nizz BVBA (divested in 2021)	Digital business & services				
PORTUGAL	LeasePlan Portugal Comericio e Aluguer de Automobeis e Equipamentos Uniperssoal Lda.	Leasing	406	422,512	30,205	–7,132
	CNEXT Marketplace PT, Unipessoal LDA (divested in 2021)	Used Cars				
NORWAY	LeasePlan Norge A/S	Leasing	140	359,135	21,837	–4,804
	CarNext.com NO AS (divested in 2021)	Used Cars				
UNITED STATES	LeasePlan USA Inc.	Leasing	576	276,352	45,332	–11,618
SWEDEN	LeasePlan Sverige AB	Leasing	141	207,108	10,266	–2,140
FINLAND	LeasePlan Finland Oy	Leasing	99	198,123	15,579	–3,119
AUSTRIA	LeasePlan Osterreich Fuhrparkmanagement GmbH	Leasing	168	174,826	3,547	–879
	Flottenmanagement GmbH[1]					
SWITZERLAND	LeasePlan (Schweiz) AG	Leasing	77	79,260	765	45
DENMARK	LeasePlan Danmark A/S	Leasing	126	236,974	10,350	–2,187
POLAND	LeasePlan Fleet Management (Polska) Sp.z.o.o.	Leasing	187	203,706	9,736	–819
CZECH REPUBLIC	LeasePlan Ceska republika s.r.o.	Leasing	165	213,273	14,808	–3,121
NEW ZEALAND	LeasePlan New Zealand Limited (divested in 2021)	Leasing	62	–	–2,474	–

Specific notes *continued*

All amounts are in thousands of euros, unless stated otherwise

2 Country by country reporting *continued*

Country of activity	Principal subsidiary or participating interest	Main activity	Average FTE (ytd)	Revenues	Profit before tax	Income tax expenses
IRELAND	Euro Insurances DAC	Motor insurance	302	126,809	84,901	–10,858
	LeasePlan Information Services Limited	Information services				
	LeasePlan Fleet Management Services (Ireland) Limited	Leasing				
LUXEMBOURG	LeasePlan Luxembourg S.A.	Leasing	82	80,457	8,045	4,074
	LeasePlan Global Procurement	Central procurement services				
GREECE	LeasePlan Hellas S.A.	Leasing	162	162,617	20,693	–3,847
BRAZIL	LeasePlan Brasil Ltda.	Leasing	94	67,438	14,961	–5,258
HUNGARY	LeasePlan Hungaria Gempjarmupark Kezelo es Finanscirozo Zartkoru Reszvenytarsasag	Leasing	99	92,496	8,188	–1,669
ROMANIA	LeasePlan Romania SRL	Leasing	150	71,812	1,120	–468
	LeasePlan Service Center S.R.L.	Administration services				
SLOVAKIA	LeasePlan Slovakia s.r.o.	Leasing	61	66,026	3,382	–714
INDIA	LeasePlan India Private Limited	Leasing	72	71,159	–819	225
MEXICO	LeasePlan Mexico S.A. de C.V.	Leasing	164	72,535	9,445	–2,835
RUSSIA	LeasePlan Rus LLC	Leasing	66	38,729	7,957	–1,810
TURKEY	LeasePlan Otomotiv Servis ve Ticaret A.S.	Leasing	186	204,625	70,826	–16,519
UNITED ARAB EMIRATES	LeasePlan Emirates Fleet Management – LeasePlan Emirates LLC[1]	Leasing	–	–	1,959	–
TOTAL AS AT 31 DECEMBER			**8,416**	**9,916,624**	**1,052,448**	**–221,847**

[1] *Investments accounted for using the equity method.*

2020 represented due to discontinued operations

Country of activity	Principal subsidiary or participating interest	Main activity	Average FTE (ytd)	Revenues	Profit before tax	Income tax expenses
NETHERLANDS	LeasePlan Corporation N.V.	Holding	1,578	1,281,318	–13,150	24,298
	LeasePlan Finance N.V.	Finance/Treasury services				
	LeasePlan Global B.V.	Holding				
	LeasePlan Nederland N.V.	Leasing				
	LeasePlan Digital B.V.	Digital business & services				
	CarNext B.V.[2]	Holding				
	PowerD B.V.	Smart charging services				
UNITED KINGDOM	LeasePlan UK Limited	Leasing	544	1,136,381	53,937	–8,217
ITALY	LeasePlan Italia S.p.A.	Leasing	525	1,119,398	30,448	15,480
FRANCE	LeasePlan France S.A.S. PLease S.C.S.[1]	Leasing	468	745,693	42,243	–7,308
SPAIN	LeasePlan Servicios S.A.	Leasing	467	590,575	40,163	–9,992
GERMANY	LeasePlan Deutschland GmbH	Leasing	426	745,172	24,256	–7,896
AUSTRALIA	LeasePlan Australia Limited[2]	Leasing	339	–	–3,826	–910
BELGIUM	LeasePlan Fleet Management N.V.	Leasing	267	434,403	37,231	–9,249
	Bizz Nizz BVBA[2]	Digital business & services				
PORTUGAL	LeasePlan Portugal Comericio e Aluguer de Automobeis e Equipamentos Uniperssoal Lda.	Leasing	417	451,052	13,817	–3,976
	CNEXT Marketplace PT, Unipessoal LDA[2]	Used Cars				
NORWAY	LeasePlan Norge A/S	Leasing	138	315,016	13,883	–3,104
	CarNext.com NO AS[2]	Used Cars				
UNITED STATES	LeasePlan USA Inc.	Leasing	545	335,709	30,721	–7,733

Specific notes *continued*

All amounts are in thousands of euros, unless stated otherwise

2 Country by country reporting *continued*

Country of activity	Principal subsidiary or participating interest	Main activity	Average FTE (ytd)	Revenues	Profit before tax	Income tax expenses
SWEDEN	LeasePlan Sverige AB	Leasing	133	207,598	715	–140
FINLAND	LeasePlan Finland Oy	Leasing	98	201,938	10,494	–2,102
AUSTRIA	LeasePlan Osterreich Fuhrparkmanagement GmbH Flottenmanagement GmbH[1]	Leasing	168	179,861	–8,347	2,493
SWITZERLAND	LeasePlan (Schweiz) AG	Leasing	64	83,360	–936	–354
DENMARK	LeasePlan Danmark A/S	Leasing	116	233,594	2,801	–1,553
POLAND	LeasePlan Fleet Management (Polska) Sp.z.o.o.	Leasing	185	208,441	–13,741	3,062
CZECH REPUBLIC	LeasePlan Ceska republika s.r.o.	Leasing	161	184,590	–7,826	1,430
NEW ZEALAND	LeasePlan New Zealand Limited[2]	Leasing	86	–	–3,383	–
IRELAND	Euro Insurances DAC LeasePlan Information Services Limited LeasePlan Fleet Management Services (Ireland) Limited	Motor insurance Information services Leasing	247	137,744	80,930	–10,432
LUXEMBOURG	LeasePlan Luxembourg S.A. LeasePlan Global Procurement	Leasing Central procurement services	75	80,223	–48,864	11,567
GREECE	LeasePlan Hellas S.A.	Leasing	148	147,495	19,348	–4,638
BRAZIL	LeasePlan Brasil Ltda.	Leasing	99	72,018	10,550	–3,899
HUNGARY	LeasePlan Hungaria Gempjarmupark Kezelo es Finanscirozo Zartkoru Reszvenytarsasag	Leasing	94	83,855	3,687	–889
ROMANIA	LeasePlan Romania SRL LeasePlan Service Center S.R.L.	Leasing Administration services	275	66,009	–4,228	667
SLOVAKIA	LeasePlan Slovakia s.r.o.	Leasing	62	63,443	2,339	–494
INDIA	LeasePlan India Private Limited	Leasing	76	71,549	–20,156	7,711
MEXICO	LeasePlan Mexico S.A. de C.V.	Leasing	154	65,993	7,734	–3,163
RUSSIA	LeasePlan Rus LLC	Leasing	64	37,912	5,152	–1,324
TURKEY	LeasePlan Otomotiv Servis ve Ticaret A.S.	Leasing	175	164,541	32,997	–4,989
UNITED ARAB EMIRATES	LeasePlan Emirates Fleet Management – LeasePlan Emirates LLC[1]	Leasing	–	–	1,676	–
MALAYSIA	LP Fleet Management Sdn. Bhd. (liquidated in 2020)	Leasing	–	–	–140	–
TOTAL AS AT 31 DECEMBER			**8,195**	**9,444,882**	**340,527**	**–25,654**

[1] *Investments accounted for using the equity method.*
[2] *Companies divested during 2021 and represented due to discontinued operations*

Specific notes *continued*

All amounts are in thousands of euros, unless stated otherwise

3 Segment information

LeasePlan's core business activity consists of providing leasing and fleet management services, including the purchase, financing, insurance, maintenance and remarketing of vehicles, to external customers. The Group offers a mono-line product through all its LeasePlan subsidiaries allowing for some differentiation based on the maturity of local markets. The Group's key management is responsible for allocating resources to the segments and assesses its performance.

LeasePlan Australia, LeasePlan New Zealand and CarNext B.V. and its subsidiaries are discontinued operations and are presented under a separate caption of the Profit or loss (net result from discontinued operations) in the tables below (see ***Note 11***). CarNext B.V. has been carved-out from LeasePlan as per 1 July 2021; it was included in the segment Europe. LeasePlan Australia and LeasePlan New Zealand have been divested as per 1 September 2021; both operations were included in the segment Rest of the world.

Segments

The Group identified Europe and Rest of the world as reportable segments (please refer to ***Note S*** – Segment reporting). Operating segments are reported in accordance with the internal reporting provided to the Group's key management.

Europe

Geographies in this segment are all European countries where the Group operates including Turkey, Russia and United Arab Emirates.

Rest of the world

Geographies in this segment are Brazil, India, Mexico and the United States. Australia and New Zealand are included in discontinued operations.

The performance of the segments is measured based on the combination of IFRS and Alternative Performance Measures, such as serviced fleet, revenue and underlying net result. The Alternative Performance Measures are obtained from the internal system of management accounting. This provides management with a comprehensive view of the performance of the segments. Inter-segment transactions are at arm's length and not presented separately given their insignificance. All revenue is from external customers.

The segment information is presented in the table below.

	Europe		Rest of the world		Total	
In millions of euros	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Serviced fleet (in thousands) at period end	1,473	1,442	332	410	1,805	1,852
REVENUES	**9,433**	**8,902**	**484**	**543**	**9,917**	**9,445**
Finance lease and Other interest income	63	58	36	43	99	100
Finance cost	241	253	50	68	291	321
Car and other depreciation and amortisation	3,107	3,105	130	137	3,237	3,242
Underlying taxes	184	61	20	9	204	70
UNDERLYING NET RESULT FROM CONTINUING OPERATIONS	**741**	**429**	**47**	**18**	**787**	**447**
Underlying net result from discontinued operations	–49	–72	24	31	–25	–41
UNDERLYING NET RESULT	**692**	**358**	**71**	**48**	**763**	**406**
Total assets	29,606	27,514	2,644	3,502	32,250	31,016
Total liabilities	25,178	23,871	2,292	2,967	27,470	26,838

The revenue from sale of vehicles to external customers realised through continuing CarNext business amounts to EUR 308.8 million (2020: EUR 2.0 million) and revenue from sale of vehicles to external customers realised through CaaS amounts to EUR 2,977 million (2020: EUR 2,908 million).

The table below presents information about the major countries in which the Group is active. The Netherlands is the domicile country of the Group.

	FTE's (average)		Underlying Revenues		Lease Contracts	
	Units		In millions of euros		In millions of euros	
Country of activity	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
United Kingdom	534	544	1,305	1,136	2,778	2,428
Netherlands	1,859	1,578	1,238	1,281	2,968	3,136
Italy	525	525	1,219	1,119	2,167	1,922
Other	5,498	5,547	6,155	5,908	14,200	13,958
AS AT 31 DECEMBER	**8,416**	**8,195**	**9,917**	**9,445**	**22,114**	**21,444**

Specific notes *continued*

All amounts are in thousands of euros, unless stated otherwise

3 Segment information *continued*

Alternative Performance Measures

In addition to IFRS financial measures, the Group uses certain Alternative Performance Measures to present and discuss our underlying performance and value creation. To arrive at Underlying net result, Net result is adjusted for impacts related to unrealised results on financial instruments, asset impairments and valuation allowance, gain on sale of subsidiaries, restructuring expenses and other special items (like consultancy costs) which arise from events or transactions that management considers distinct from regular operating activities.

The reconciliation from IFRS measures to Alternative Performance Measures for 2021 and 2020 is included in the tables below:

	IFRS results 31 December 2021	Underlying adjustments			Underlying results 31 December 2021
		Restructuring and other special items[1]	Unrealised results on financial instruments	Asset impairments and valuation allowance[2]	
REVENUES	**9,916,624**				**9,916,624**
Direct cost of revenues	7,916,076	–	90,956	4,419	8,011,452
GROSS PROFIT	**2,000,548**	**–**	**–90,956**	**–4,419**	**1,905,173**
Total operating expenses	933,874	–23,023		–2,088	908,763
Other income	–8,706		8,706		–
Share of profit of investments accounted for using the equity method	–5,520				–5,520
PROFIT BEFORE TAX	**1,052,448**	**23,023**	**–82,250**	**–2,331**	**990,889**
Income tax expenses	221,847	5,393	–23,066	–318	203,857
NET RESULT FROM CONTINUING OPERATIONS	**830,601**	**17,629**	**–59,184**	**–2,013**	**787,032**
Net result from discontinued operations	186,558	–206,587	–4,442		–24,471
NET RESULT FOR THE PERIOD	**1,017,159**	**–188,957**	**–63,627**	**–2,013**	**762,562**

[1] *Includes professional consultancy costs related to CarNext (EUR 8.3 million) and other consulting (EUR 14.7 million) for a total of EUR 23.0 million before tax (EUR 17.6 million after tax). EUR 206.6 million (net of tax) included in Net result from discontinued operations relates to EUR 224.5 million of gain on sale of subsidiaries and associates and EUR 17.9 million of allocated costs and professional consultancy costs of CarNext B.V. reclassified to this caption.*

[2] *Includes lease contracts impairment reversal on defaulted operating lease customers (EUR 4.4 million) and impairment charge on non-current assets (EUR 2.1 million) for a total of EUR 2.3 million before tax (EUR 2.0 million after tax).*

	IFRS results 31 December 2020	Underlying adjustments			Underlying results 31 December 2020
		Restructuring and other special items[1]	Unrealised results on financial instruments	Asset impairments and valuation allowance[2]	
REVENUES	**9,444,882**				**9,444,882**
Direct cost of revenues	8,226,562	–	–16,414	–120,307	8,089,841
GROSS PROFIT	**1,218,320**	**–**	**16,414**	**120,307**	**1,355,041**
Total operating expenses	881,497	–19,955		–19,277	842,265
Other income	92				92
Share of profit of investments accounted for using the equity method	3,613				3,613
PROFIT BEFORE TAX	**340,527**	**19,955**	**16,414**	**139,584**	**516,480**
Income tax expenses	25,654	3,377	5,538	34,979	69,547
NET RESULT FROM CONTINUING OPERATIONS	**314,873**	**16,578**	**10,876**	**104,605**	**446,933**
Net result from discontinued operations	–62,360	18,442	2,727		–41,191
NET RESULT FOR THE PERIOD	**252,514**	**35,020**	**13,603**	**104,605**	**405,742**

[1] *Includes professional consultancy costs related to other consulting (EUR 20.0 million) before tax (EUR 16.6 million after tax). EUR 18.4 million (net of tax) of professional consultancy costs of CarNext B.V. have been reclassified to the caption Net result from discontinued operations.*

[2] *Includes operating lease assets impairment (EUR 85.6 million), valuation allowance of inventory (EUR 34.7 million) as this amount significantly increased due to the Covid-19 market disruption which is clearly distinct from the regular operating performance and impairments (EUR 19.3 million) including right-of-use assets (EUR 14.7 million related to office/retail buildings) and (in)tangible assets (EUR 4.6 million) for a total of EUR 139.6 million before tax (EUR 104.6 million after tax).*

Specific notes *continued*

All amounts are in thousands of euros, unless stated otherwise

4 Revenues and direct cost of revenues

Revenues

Revenues comprise the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. In general lease and additional services are provided, invoiced and paid on a monthly basis. The vehicles sold are in general paid before the vehicle is transferred to the customer.

	2021	2020
Operating lease income	4,003,528	3,980,379
Finance lease and other interest income	98,638	100,431
Additional services income	2,278,438	2,321,034
Vehicle sales and End of contract fees	3,536,020	3,043,038
REVENUES	**9,916,624**	**9,444,882**

Finance lease and other interest income includes an amount of EUR 10.4 million (2020: EUR 10.8 million) related to Other interest income.

The Group uses a business function based approach in presenting its revenue streams. Gains and losses upon derecognition of financial assets and those arising from modification of finance lease contracts are not separately disclosed given the undue cost and effort required to produce this information.

Operating lease income includes an amount of EUR 685.0 million (2020: EUR 672.7 million) related to interest component.

Direct cost of revenues

Direct cost of revenues comprises the costs associated with providing the above-mentioned lease and additional services, the sale of vehicles and related finance cost and impairment charges.

	Note	2021	2020
Depreciation cars		3,158,184	3,154,684
Impairment operating lease assets*	21	−4,547	92,966
Finance cost		290,679	321,208
Unrealised (gains)/losses on financial instruments		−75,602	−3,337
Impairment charges on loans and receivables		23,175	76,890
LEASE COST		**3,391,888**	**3,642,410**
Additional services cost		1,421,988	1,552,393
Vehicle and Disposal costs		3,102,201	3,031,758
DIRECT COST OF REVENUES		**7,916,076**	**8,226,562**

** Impairment operating lease assets is included in the line item Depreciation cars in the consolidated statement of profit or loss.*

Gross profit (net lease income and vehicles sales income)

The gross profit (revenues less cost of revenues) can be shown as follows:

	Note	2021	2020
Lease services		630,129	528,027
Impairment operating lease assets*	21	4,547	−92,966
Unrealised gains/(losses) on financial instruments		75,602	3,337
LEASE		**710,278**	**438,399**
Fleet management and other services		218,703	163,097
Repair and maintenance services		287,049	272,462
Damage services and Insurance		350,699	333,082
ADDITIONAL SERVICES		**856,450**	**768,640**
End of contract fees		122,011	131,813
Profit/(loss) on disposed vehicles (PLDV)		311,809	−120,533
PROFIT/(LOSS) ON DISPOSED VEHICLES AND END OF CONTRACT FEES		**433,819**	**11,280**
GROSS PROFIT		**2,000,548**	**1,218,320**

** Impairment operating lease assets is included in the line item Depreciation cars in the consolidated statement of profit or loss.*

Specific notes *continued*

All amounts are in thousands of euros, unless stated otherwise

4 Revenues and direct cost of revenues *continued*

Net finance income

As part of the analysis of the revenues and direct cost of revenues LeasePlan also considers net finance income as a relevant metric for financial reporting purposes. The Net finance income is presented below:

	2021	2020
Operating lease – interest income	684,965	672,732
Finance lease and other interest income	98,638	100,431
Finance cost	–290,679	–321,208
NET INTEREST INCOME	**492,925**	**451,954**
Unrealised gains/(losses) on financial instruments	75,602	3,337
Impairment charges on loans and receivables	–23,175	–76,890
NET FINANCE INCOME	**545,352**	**378,401**

5 Impairment charges on loans and receivables

Net impairment charges can be detailed as follows:

	Note	2021	2020
LEASE RECEIVABLES FROM CLIENTS			
Net charge		23,936	76,912
Recovery after write-off		–1,091	–1,126
SUBTOTAL IMPAIRMENT LEASE RECEIVABLE FROM CLIENTS	*20*	**22,845**	**75,786**
Other		–807	241
		22,038	**76,027**
Reclaimable damages		–387	771
Rebates and bonuses		1,524	93
TOTAL IMPAIRMENT CHARGES ON LOANS AND RECEIVABLES		**23,175**	**76,890**

6 Staff expenses

	2021	2020
Wages and salaries	454,693	397,718
Social security charges and taxes	70,363	62,478
Defined contribution pension costs	22,322	21,281
Defined benefit post-employment costs	2,328	2,298
Other staff expenses	3,945	31,787
TOTAL	**553,651**	**515,561**

The average number of staff (FTEs) employed (including temporary staff) by the Group at the end of the year was 8,416 (2020: 8,195 of whom 445 employed in entities divested in 2021), of whom 1,859 (2020: 1,578) were employed in the Netherlands. At 31 December the total number of staff employed by the Group was 8,102 (2020: 8,413 of whom 470 employed in entities divested in 2021.)

The breakdown of pension and post-employment costs is as follows:

	Note	2021	2020
Current service cost	*30*	2,521	2,555
Interest expense/(income)	*30*	195	210
Curtailments and settlements	*30*	–259	22
Defined benefit post-employment costs		2,456	2,787
Defined contribution pension costs		22,322	21,281
TOTAL PENSION AND POST-EMPLOYMENT COSTS		**24,779**	**24,069**

Specific notes *continued*

All amounts are in thousands of euros, unless stated otherwise

7 Other operating expenses

The breakdown of other operating expenses is as follows:

	2021	2020
Professional services expenses	231,917	197,156
Facilities	20,267	21,935
Marketing and sales	28,798	30,072
Other general and administrative expenses	11,519	17,570
TOTAL	**292,501**	**266,734**

Increased professional services expenses are mainly driven by higher investments in LeasePlan Digital (LPD) for the development of projects (which include LPD general projects, Next Generation Digital Architecture (NGDA), IT Excellence, Customer Journey) amounting to EUR 20 million in 2021. Other general and administrative expenses include travel and entertainment expenses and non-profit related tax.

8 Other depreciation and amortisation

	Note	2021	2020
Depreciation and impairment other property and equipment	*22*	56,559	74,667
Amortisation and impairment of intangible assets	*24*	31,162	24,536
TOTAL		**87,721**	**99,202**

In 2021, a total amount of EUR 3.2 million (2020: EUR 19.7 million) has been recognised as net impairment charge, of which EUR 3.6 million impairment charge related to IT projects and software (2020: EUR 3.1 million) and EUR 0.4 million net impairment reversal for right of use assets related to offices, CarNext retail buildings and other tangible fixed assets (2020: impairment charge of EUR 16.6 million).

Please refer to ***Note 22*** – Other property and equipment for the disclosure related to the impairment reversal recognised on right of use assets.

9 Other income

In 2021 this caption includes the negative fair value adjustment on the investment in equity instruments related to SG Fleet Group for an amount of EUR 8.7 million .

In 2020 other income included the gain on the voluntary liquidation of the Group's subsidiary LeasePlan Fleet Management Sdn. Bhd. (Malaysia) for an amount of EUR 0.1 million.

10 Income tax expenses

The income tax expenses in the statement of profit or loss can be shown as follows:

	2021	2020
Current tax		
Current tax on profits for the year	153,983	95,914
Adjustments in respect of prior years	1,958	−4,817
TOTAL CURRENT TAX	**155,941**	**91,097**
Deferred tax		
Origination and reversal of temporary differences	87,595	−51,456
Changes in tax rates	−15,296	−13,772
Adjustments in respect of prior years	−6,393	−214
TOTAL DEFERRED TAX	**65,906**	**−65,443**
TOTAL	**221,847**	**25,654**

The revaluation of LeasePlan's deferred tax positions in certain countries are caused by changes in tax rates, primarily United Kingdom, France, Turkey and the Netherlands.

The deferred tax adjustments in respect of prior years mainly include: (i) movement in the deferred tax assets in relation to unrecognised tax losses and unrecognised tax credits resulting in a tax credit of EUR 6.9 million (2020: tax charge of EUR 3.2 million) and (ii) a tax credit of EUR 0.9 million mainly due to adjustments in respect of prior years (2020: a tax credit of EUR 3.1 million).

Further information on deferred tax assets and liabilities is presented in ***Note 25***.

Specific notes *continued*

All amounts are in thousands of euros, unless stated otherwise

10 Income tax expenses *continued*

Effective tax rate reconciliation

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the basic nominal tax rate of the domicile country (25.0%) of the parent and is as follows:

	%	2021	%	2020
PROFIT BEFORE TAX:		**1,052,448**		**340,527**
Tax calculated at domicile country nominal tax rate	25.0%	263,112	25.0%	85,132
Effect of different tax rates in foreign countries		–7,930		–4,802
WEIGHTED AVERAGE TAXATION	**24.2%**	**255,182**	**23.6%**	**80,330**
Income not subject to tax		–15,439		–36,580
Expenses not deductible for tax purposes		1,835		707
Changes in tax rates		–15,296		–13,772
Adjustments in respect of prior years:				
Current tax		1,958		–4,817
Deferred tax		–6,393		–214
TOTAL EFFECTIVE TAXATION	**21.08%**	**221,847**	**7.53%**	**25,654**

The weighted average of the local tax rates applicable to the Group for 2021 is 24.2% (2020: 23.6%), which is lower than the domicile country nominal tax rate of 25.0% predominantly as a result of the fact that the Group realises on average, relatively more profits in jurisdictions with a tax rate lower than 25.0%.

Income not subject to tax over 2021 includes the effect of the temporary tax facility in Italy resulting in extra fiscal depreciation on new investments and the deduction of interest on the AT1 instrument.

The tax charge/credit relating to components of other comprehensive income is as follows:

	2021			2020		
	Before tax	Tax (charge)/ credit	After tax	Before tax	Tax (charge)/ credit	After tax
Cash flow hedges	1,744	–436	1,308	3,378	–828	2,550
Post-employment benefit reserve	1,415	– 309	1,107	1,484	–801	683
Exchange rate differences	– 8,905	–	– 8,905	–101,490	–	–101,490
TOTAL	**– 5,746**	**–745**	**– 6,491**	**–96,628**	**–1,629**	**–98,257**

11 Discontinued operations

On 1 July 2021 LeasePlan lost control of CarNext operations in 7 countries when CarNext B.V. was contributed to CN Group B.V. in return for newly issued shares. A consortium of investors contributed cash to CN Group B.V. and LeasePlan retained a non-controlling interest in CN Group B.V.. On 4 October 2021 the participating interest in CN Group B.V. has been acquired by Constellation Automotive Holdings S.a.r.l. in return for newly issued ordinary shares. LeasePlan lost significant influence and retains an equity investment in Constellation Automotive. LeasePlan recognised a gain on both transactions in discontinued operations as the difference between the consideration received and the carrying amount of the net asset value of CarNext B.V. as per 1 July 2021 and participating interest in CN Group B.V. as per 4 October 2021.

On 1 September 2021 LeasePlan sold its subsidiaries LeasePlan Australia and LeasePlan New Zealand to SG Fleet Group. The two subsidiaries were classified as held-for-sale and reported as discontinued operations up until the second quarter of 2021. LeasePlan recognised a gain on the sale as the difference between the consideration received and the carrying amount of the net asset value of the Australian and New Zealand operations at the date of the sale as discontinued operations. LeasePlan retains an equity investment in SG Fleet without significant influence.

Please refer to ***Note 14*** – Investments in equity and debt securities and ***Note 38*** – Fair value of financial instruments for more information.

The comparative condensed consolidated statement of profit or loss and other comprehensive income have been re-presented to show the discontinued operation separately from continuing operations.

Specific notes *continued*

All amounts are in thousands of euros, unless stated otherwise

11 Discontinued operations *continued*

The profit of the period is attributable entirely to the owners of the company:

In thousands of euros	2021	2020
EXTERNAL REVENUES	**467,752**	**489,537**
EXTERNAL EXPENSES	**520,027**	**575,608**
Income tax expenses	–14,275	–23,712
RESULTS FROM OPERATING ACTIVITIES	**–38,000**	**–62,360**
Gain on sale of discontinued operation, after tax*	224,558	–
NET RESULT FROM DISCONTINUED OPERATIONS	**186,558**	**–62,360**

** includes EUR 130 million gain on the divestment of LeasePlan Australia and New Zealand and EUR 95 million gain arising from CarNext transactions.*

The net result from discontinued operations is attributable entirely to the owners of the company.

Cash flow from (used in) discontinued operations:

	31 December 2021	31 December 2020
Net cash inflow/(outflow) from operating activities	–12,906	–4,138
Net cash inflow/(outflow) from investing activities	305,489	67,457
Net cash inflow/outflow from financing activities	–3,788	–37,832
NET MOVEMENT IN CASH AND BALANCES WITH BANKS	**288,795**	**25,487**

Composition of gain on sale of discontinued operations, after tax:

	31 December 2021
Consideration received	
Cash	318,651
Investment in equity securities and investments accounted for using the equity method	151,997
Net asset value and related costs of discontinued operations	(245,696)
GAIN ON SALE OF SUBSIDIARIES	**224,953**
Income tax expenses on gain on sale of discontinued operations	(395)
GAIN ON SALE OF DISCONTINUED OPERATIONS, AFTER TAX	**224,558**

12 Cash flow statement supplementary information

Changes in liabilities arising from financing activities are shown in the table below.

		Movements in 2021				
	Note	Balance as at 1 January	Financing cash flows	Foreign exchange adjustment	Other non – cash movements	Balance as at 31 December
Borrowings from financial institutions	*28*	3,388,314	–76,422	26,018	–173,555	3,164,355
Funds entrusted	*26*	9,212,495	1,122,175	–	–	10,334,671
Debt securities issued	*29*	10,084,252	–316,698	111,332	–476,962	9,401,924

		Movements in 2020				
	Note	Balance as at 1 January	Financing cash flows	Foreign exchange adjustment	Other non – cash movements	Balance as at 31 December
Borrowings from financial institutions	*28*	3,868,848	–392,265	–88,268	–	3,388,314
Funds entrusted	*26*	7,763,597	1,448,887	11	–	9,212,495
Debt securities issued	*29*	11,582,171	–1,427,350	–128,015	57,445	10,084,252

Please note that for Borrowings from financial institutions, the supplemental cash flow information excludes bank overdrafts (see ***Note 13***).

Specific notes *continued*

All amounts are in thousands of euros, unless stated otherwise

13 Cash and cash equivalents

The breakdown of cash and cash equivalents for the purpose of the statement of cash flows is as follows:

	Note	2021	2020
Cash and balances at central banks		5,447,685	5,169,103
Deposits with banks		387,268	380,617
Call money, cash at banks	15	186,903	179,897
Bank overdrafts	28	–159,656	–172,216
BALANCE AS AT 31 DECEMBER FOR THE PURPOSE OF THE STATEMENT OF CASH FLOWS		**5,862,200**	**5,557,401**

All cash and balances at (central) banks are available at call except for the mandatory reserve deposits at the Dutch Central Bank. A monetary policy instrument of the European Central Bank is the minimum reserve requirement, whereby credit institutions in the euro area are obliged to maintain a specified average amount of cash reserves – the so-called minimum reserves – with their respective national banks for successive periods of four to five weeks. The cash reserve requirements serve to create a liquidity shortage in the euro area, so that banks depend on the European Central Bank's liquidity-providing mechanism for their liquidity needs. The mandatory reserve deposits amounting to EUR 98 million (2020: EUR 94 million) form part of 'Cash and balances at central banks'.

Cash and balances at central banks increased over the period, mainly as a consequence of the Group's activities of securing the liquidity position and due to public bond maturities.

The average interest rate on the outstanding cash and balances at central banks is −0.5% (2020: −0.5%).

14 Investments in equity and debt securities

This item includes bonds and notes held at amortised cost and equity instruments measured at fair value through profit or loss.

	Note	2021	2020
Bonds and notes held at amortised cost		43,394	24,273
Equity instruments at fair value through profit or loss	9	133,826	–
BALANCE AS AT 31 DECEMBER		**177,220**	**24,273**

The equity instruments caption includes the interest in SG Fleet Group and the interest in Constellation Automotive Holdings S.a.r.l..

On 1 September 2021 LeasePlan sold its subsidiaries LeasePlan Australia and LeasePlan New Zealand to SG Fleet Group and received an equity interest in SG Fleet as part of the consideration received. The equity investments in SG Fleet are publicly traded and have a level 1 fair valuation.

On 4 October 2021 LeasePlan received an equity interest in Constellation Automotive Holdings S.a.r.l. in return for a participating interest in CN Group B.V.. Since more than an insignificant part of the inputs in terms of the overall valuation are not market observable, a level 3 fair valuation is applied.

Please refer to ***Note 11*** – Discontinued operations and ***Note 38*** – Fair value financial instruments for more information on the valuation and related assumptions.

15 Receivables from financial institutions

This caption includes amounts receivable from Dutch and foreign banks. Amounts receivable from financial institutions includes call money and current account bank balances that form part of the cash and balances with banks in the cash flow statement.

	Note	2021	2020
Deposits with banks		387,268	380,617
Call money, cash at banks	13	186,903	179,897
Cash collaterals deposited for securitisation transactions		56,429	63,957
Cash collaterals deposited for derivative financial instruments		53,128	43,095
Other cash collateral deposited		3,923	3,697
BALANCE AS AT 31 DECEMBER		**687,651**	**671,264**

The cash collateral deposited for securitisation transactions relates to the Bumper securitisation transactions; reference is made to the Risk section (treasury risk). The cash collateral deposited for derivative financial instruments originates from Credit Support Annexes (CSAs) to International Swaps and Derivatives Association (ISDA) master agreements and reference is made to the Financial risk paragraph (strategy in using financial instruments).

The average interest rate on the receivables from financial institutions is −0.3% (2020: 0.2%).

The receivables from financial institutions all reside in Stage 1, there is no significant increase in credit risk as at 31 December 2021. The provision for expected credit losses amounts to EUR 0.4 million (2020: EUR 0.4 million).

Specific notes *continued*

All amounts are in thousands of euros, unless stated otherwise

15 Receivables from financial institutions *continued*

The maturity analysis is as follows:

	2021	2020
Three months or less	632,563	612,412
Longer than three months, less than a year	31,189	9,792
Longer than a year, less than five years	23,866	48,840
Longer than five years	34	220
BALANCE AS AT 31 DECEMBER	**687,651**	**671,264**

16 Derivative financial instruments

Below is a summary disclosure of the hedging instruments. The carrying amounts of all hedging instruments of the Group are included in the balance sheet line item 'Derivative financial instruments' for both asset and liability positions.

Hedging gains or losses are recognised in the statement of profit or loss in the caption 'Unrealised gains/(losses) on financial instruments'. Below the impact is shown of hedging gains or losses including the de-designation adjustment which for 2021 is EUR 0.7 million (2020: nil).

Hedging instruments

	31 December 2021						
	Notional amounts	Fair value		Change in FV used in calculating hedge ineffectiveness	Change in value of the hedging instrument recognised in OCI	Amounts reclassified from the hedge reserve to profit or loss	Hedge ineffectiveness recognised on hedge relationships, in profit or loss
		Assets	Liabilities				
FAIR VALUE HEDGE							
Interest rate swaps	6,774,611	51,715	40,147	−91,482			1,514
Cross currency swaps/forwards	78,263	–	2,862	−1,489			−17
CASH FLOW HEDGES							
Interest rate swaps	–	–	–	1,729	1,744	−1,729	15
TOTAL DERIVATIVES IN HEDGE	**6,852,875**	**51,715**	**43,009**	**−91,242**	**1,744**	**−1,729**	**1,512**
Interest rate swaps	26,664,647	56,840	24,717	79,984	–	–	–
Cross currency swaps/forwards	4,718,169	67,612	40,692	−1,137	–	–	–
TOTAL DERIVATIVES NOT IN HEDGE	**31,382,815**	**124,451**	**65,409**	**78,847**	**–**	**–**	**–**
TOTAL	**38,235,690**	**176,167**	**108,417**	**−12,395**	**1,744**	**−1,729**	**1,512**

	31 December 2020						
	Notional amounts	Fair value		Change in FV used in calculating hedge ineffectiveness	Change in value of the hedging instrument recognised in OCI	Amounts reclassified from the hedge reserve to profit or loss	Hedge ineffectiveness recognised on hedge relationships, in profit or loss
		Assets	Liabilities				
FAIR VALUE HEDGE							
Interest rate swaps	5,625,472	109,259	2,410	50,815			−2,678
Cross currency swaps/forwards	148,811	1,194	4,570	2,037			−262
CASH FLOW HEDGES							
Interest rate swaps	771,608	32	2,778	3,388	3,379	5,321	−10
TOTAL DERIVATIVES IN HEDGE	**6,545,891**	**110,486**	**9,758**	**56,240**	**3,379**	**5,321**	**−2,950**
Interest rate swaps	21,379,122	14,038	70,591	−17,354	–	–	–
Cross currency swaps/forwards	4,155,032	46,530	70,022	19,986	–	–	–
TOTAL DERIVATIVES NOT IN HEDGE	**25,534,154**	**60,568**	**140,613**	**2,632**	**–**	**–**	**–**
TOTAL	**32,080,045**	**171,054**	**150,371**	**58,872**	**3,379**	**5,321**	**−2,950**

Specific notes *continued*

All amounts are in thousands of euros, unless stated otherwise

16 Derivative financial instruments *continued*

Hedged items

Below is a summary disclosure of the hedged items. A number of fixed rate bonds included in fair value hedges are measured at amortised cost and are constantly being adjusted for gains/losses attributable to the interest rate being hedged.

31 December 2021	Notional amounts	Fair value Assets	Fair value Liabilities	Change in value of the hedged item (calculating hedge ineffectiveness)	Amount of FVH* adjustment included in the carrying amount	CFH* reserve from hedge relationships (continuing hedges)
FAIR VALUE HEDGE						
Interest rate swaps	6,774,611	–	6,804,202	92,996	–8,421	–
Cross currency swaps/forwards	74,298	–	75,377	1,472	–215	–
TOTAL DERIVATIVES IN HEDGE	**6,848,910**	**–**	**6,879,578**	**94,467**	**–8,636**	**–**

31 December 2020	Notional amounts	Fair value Assets	Fair value Liabilities	Change in value of the hedged item (calculating hedge ineffectiveness)	Amount of FVH* adjustment included in the carrying amount	CFH* reserve from hedge relationships (continuing hedges)
FAIR VALUE HEDGE						
Interest rate swaps	5,625,472	–	5,754,995	–53,493	–101,417	–
Cross currency swaps/forwards	142,437	–	145,404	–2,299	–1,686	–
CASH FLOW HEDGES						
Interest rate swaps	–	–	–	–	–	1,308
TOTAL DERIVATIVES IN HEDGE	**5,767,909**	**–**	**5,900,399**	**–55,792**	**–103,103**	**1,308**

** FVH Fair value hedge – CFH Cash flow hedge*

Specific notes *continued*

All amounts are in thousands of euros, unless stated otherwise

17 Other receivables and prepayments

This item includes prepayments in respect of expenses attributable to a subsequent period and amounts still to be received, rebates and bonuses receivable, as well as to amounts that are not classified under any other asset.

The majority of the other receivables and prepayments have a remaining maturity of less than one year.

	2021	2020
Rebates and bonuses and commissions receivable	298,886	268,331
Prepaid lease related expenses	234,736	280,852
VAT and other taxes	125,590	133,247
Reclaimable damages	37,880	40,447
Other prepayments and accrued income	214,112	185,496
Interest to be received	1,613	1,400
Reinsurance assets	39,357	30,868
Other receivables	84,631	83,045
BALANCE AS AT 31 DECEMBER	**1,036,805**	**1,023,686**

For prior period comparatives a reclassification has been made as per 31 December 2020 for the amount of EUR 137 million of vehicles available for lease reported in prepaid lease related expenses to Property and equipment under operating lease, rental fleet and vehicles available for lease. Reference is made to the Basis of preparation.

Balances written-off from other receivables were not significant for the years 2021 and 2020.

The Expected Credit Losses for Rebates and bonuses and commission receivable, Reclaimable damages and Reinsurance assets amounts to EUR 7 million (2020: EUR 7 million).

18 Inventories

	Note	2021	2020
Cars and trucks from terminated lease contracts	*21*	280,463	402,286
Valuation allowance		–1,102	–9,148
CARRYING AMOUNT CARS AND TRUCKS FROM TERMINATED LEASE CONTRACTS		**279,361**	**393,138**
New cars and trucks in stock		57,184	15,220
Other inventories		34,061	39,775
BALANCE AS AT 31 DECEMBER		**370,605**	**448,133**

During 2020, the Covid-19 pandemic caused high levels of disruption to the functioning of used-car markets across the world, with many markets effectively shut and others experiencing abruptly reduced levels of demand and dislocations to used-car prices. In 2021 due to beneficial pricing the used-car market has recovered, despite a second wave of country lockdowns which caused temporary store closures across our core markets.

Compared to 31 December 2020 the valuation allowance for inventory decreased by EUR 8.0 million to EUR 1.1 million, or 0.4% of the gross book value of cars and trucks from terminated lease contracts. The allowance represents the impact of the write down to the lower net realisable value of the inventories. The release is booked on the Vehicle and disposal costs report line in the Direct cost of revenues.

The sensitivity of an additional 1% decline in used-cars prices will translate into EUR 0.4 million additional allowance for inventory. The 1% decline is not a linear variable.

For prior period comparatives a reclassification has been made as per 31 December 2020 for the amount of EUR 168 million of vehicles available for lease reported in inventories to Property and equipment under operating lease, rental fleet and vehicles available for lease. Reference is made to Basis of preparation.

Specific notes *continued*

All amounts are in thousands of euros, unless stated otherwise

19 Loans to investments accounted for using the equity method

The loans to investments accounted for using the equity method are accounted for at amortised cost (less impairment) and the maturity analysis is as follows:

	2021	2020
Loans deposited	200,000	175,500
CARRYING AMOUNT AS AT 31 DECEMBER	**200,000**	**175,500**

	2021	2020
Three months or less	24,500	16,500
Longer than three months, less than a year	65,000	55,500
Longer than a year, less than five years	110,500	103,500
BALANCE AS AT 31 DECEMBER	**200,000**	**175,500**

No impairment recognised in 2021 (nil in 2020).

Credit facilities have been concluded with investments accounted for using the equity method amounting to EUR 200 million (2020: EUR 180 million) which is fully drawn (2020: EUR 175.5 million) as at 31 December.

20 Lease receivables from clients

This item includes amounts receivable under lease contracts and trade receivables, after deduction of allowances for impairment, where necessary.

	2021	2020
Amounts receivable under finance lease contracts	2,784,194	2,575,086
Trade receivables	791,454	650,217
Impairment	−82,667	−88,747
BALANCE AS AT 31 DECEMBER	**3,492,981**	**3,136,556**

The maturity analysis is as follows:

	2021	2020
Three months or less	1,143,727	1,027,553
Longer than three months, less than a year	834,098	780,726
Longer than a year, less than five years	1,583,329	1,399,523
Longer than five years	14,493	17,502
Impairment	−82,667	−88,747
BALANCE AS AT 31 DECEMBER	**3,492,981**	**3,136,556**

Reference to the fair value of the receivables is made in ***Note 38*** – Fair value of financial instruments.

Trade receivables represent unpaid, current lease receivables under existing operating lease contracts or receivables related to inventory sales.

The impairment allowance of EUR 82.7 million (2020: EUR 88.7 million) includes EUR 6.5 million (2020: EUR 10.5 million) related to invoices under commercial disputes and EUR 76.2 million (2020: EUR 78.3 million) of expected credit loss (ECL) recognised under IFRS 9.

Impairment allowance

The ECL allowances include lifetime expected credit losses amounting to EUR 15.1 million (year-end 2020: EUR 16.8 million) for non-credit impaired lease receivables and EUR 61.1 million (year-end 2020: EUR 61.4 million) for credit impaired lease receivables. In≈2021, changes in the ECL allowance mainly relate to net remeasurements on existing contracts and ECL on new contracts recognised during the period. The decrease in the ECL allowance for credit impaired lease receivables is mainly caused by revised macro-economic projections used in the ECL calculation, due to a recovery after Covid-19 during 2021.

Specific notes *continued*

All amounts are in thousands of euros, unless stated otherwise

20 Lease receivables from clients *continued*

The table below summarises the movements in the expected credit loss allowances related to lease receivables.

Changes in loss allowance	Lease receivables from clients that are not credit impaired	Lease receivables from clients that are credit impaired	Total
BALANCE AS AT 1 JANUARY 2020	**12,020**	**27,782**	**39,803**
Transfers (credit impaired vs non-credit impaired)	–262	262	–
Increases due to origination and acquisition of lease contracts	5,153	–	5,153
Decreases due to derecognition of lease contracts	–2,136	–12,699	–14,835
Changes due to change in credit risk (net remeasurement)	–5,934	69,210	63,276
Changes due to modifications without derecognition (net)	–8	280	271
Decrease in allowance due to write-offs	–	–35,758	–35,758
Currency translation adjustments and other	8,008	12,348	20,356
BALANCE AS AT 31 DECEMBER 2020	**16,841**	**61,425**	**78,266**
Transfers (credit impaired vs non-credit impaired)	–987	987	–
Sale of subsidiaries	864	23	887
Increases due to origination and acquisition of lease contracts	3,622	–	3,622
Decreases due to derecognition of lease contracts	–	–9,476	–9,476
Changes due to change in credit risk (net remeasurement)	–4,603	30,524	25,921
Decrease in allowance due to write-offs	–	–24,237	–24,237
Currency translation adjustments and other	210	996	1,206
BALANCE AS AT 31 DECEMBER 2021	**15,946**	**60,242**	**76,188**

The following table provides information on the changes in gross carrying values of lease receivables.

	Lease receivables from clients that are not credit impaired	Lease receivables from clients that are credit impaired	Total
BALANCE AS AT 1 JANUARY 2020	**3,403,046**	**30,994**	**3,434,040**
Transfers between stages	–44,742	44,742	–
Additions	1,172,950	–	1,172,950
Terminated contracts	–387,866	–1,577	–389,443
Redemptions	–742,607	–1,365	–743,972
Write-offs	–	–25,133	–25,133
Currency translation adjustments	–146,158	–1,167	–147,325
Other movements	–97,388	21,568	–75,820
BALANCE AS AT 31 DECEMBER 2020	**3,157,235**	**68,061**	**3,225,297**
Transfers between stages	–34,580	34,580	–
Sale of subsidiaries	–333,439	–744	–334,182
Additions	1,374,590	–	1,374,590
Terminated contracts	–343,941	–6,877	–350,818
Redemptions	–628,144	–8,119	–636,263
Write-offs	–	–21,011	–21,011
Currency translation adjustments	140,409	1,840	142,249
Other movements	175,263	524	175,787
BALANCE AS AT 31 DECEMBER 2021	**3,507,393**	**68,255**	**3,575,648**

Specific notes *continued*

All amounts are in thousands of euros, unless stated otherwise

20 Lease receivables from clients *continued*

The Group has developed three models to estimate expected credit losses for lease receivables, for corporate clients in all countries, retail clients in the Netherlands and retail clients in the United Kingdom. The calculation of expected credit losses also includes the explicit incorporation of forecasts of future economic conditions in all our subsidiaries with different scenario weighting applied. Reference is made to ***Note C*** – Financial assets and liabilities. Sensitivities of ECL amounts calculated via these models to different macro-economic scenarios are analysed in the table below.

The Group has updated the ECL calculations for non-credit impaired lease receivables with revised macro-economic projections of Gross Domestic Product, unemployment rates and central bank interest rates for each relevant country with the latest available data as at 31 December 2021. The Group uses the macro-economic information and forecasts from data provider IHS Markit as input to its expected credit loss models, next to developments in parameters such as defaults and amounts overdue.

The Group applied a 100% weighting to a pessimistic scenario in each country, due to the continued uncertainty around the Covid pandemic at the end of December 2021. The base scenario assumes a gradual recovery in 2021, the optimistic scenario assumes a more rapid rebound and the pessimistic scenario assumes a weaker recovery. These updated calculations resulted in an ECL allowance reversal for non-credit impaired lease receivables of EUR 1.7 million compared to the calculations based on the assumptions applied as at 31 December 2020.

If a 100% optimistic scenario is applied, the ECL allowance for non-credit impaired lease receivables is EUR 3.7 million lower.

The sensitivity of credit impaired lease receivables to a decline in value of collateral is not material as the allowance covers almost the total exposure and collateral values are insignificant.

2021	Corporate clients		Retail clients – UK		Retail clients – NL		Other	Total	
	ECL	Sensitivity	ECL	Sensitivity	ECL	Sensitivity	ECL	ECL	Sensitivity
Carrying value of ECL	6,560	–	6,579	–	48	–	1,895	15,082	–
ECL base	4,941	–	5,488	–	46	–	1,796	12,271	–
Optimistic scenario	–296	–6%	–527	–10%	–1	–1%	–27	–851	–7%
Adverse scenario	1,619	33%	1,091	20%	2	5%	98	2,811	23%

2020	Corporate clients		Retail clients – UK		Retail clients – NL		Other	Total	
	ECL	Sensitivity	ECL	Sensitivity	ECL	Sensitivity	ECL	ECL	Sensitivity
Carrying value of ECL	7,876	–	7,494	–	60	–	1,411	16,841	–
ECL base	5,944	–	6,481	–	48	–	1,337	13,810	–
Optimistic scenario	–68	–1%	–2,237	–35%	18	37%	–	–2,287	–17%
Adverse scenario	2,385	40%	807	12%	15	32%	–	3,207	23%

Finance lease contracts

The amounts receivable from clients include finance lease receivables, which can be analysed as follows:

Gross investment in finance leases, with remaining maturities.

	2021	2020
Not longer than a year	1,183,389	1,159,092
Longer than a year, less than two years	764,759	754,359
Longer than two years, less than three years	489,550	422,535
Longer than three years, less than four years	303,908	225,375
Longer than four years, less than five years	209,405	144,550
Longer than five years	31,050	39,229
	2,982,061	**2,745,140**
Unearned finance income on finance lease	220,706	187,531
NET INVESTMENT IN FINANCE LEASES	**2,761,355**	**2,557,609**

Specific notes *continued*

All amounts are in thousands of euros, unless stated otherwise

20 Lease receivables from clients *continued*

Net investment in finance leases, with remaining maturities

	2021	2020
Not longer than a year	1,103,083	1,082,211
Longer than a year, less than five years	1,628,508	1,438,017
Longer than five years	29,764	37,381
BALANCE AS AT 31 DECEMBER	**2,761,355**	**2,557,609**

A part of the finance lease assets is encumbered (securitised) because of the asset backed securitisation transactions concluded by the Group. The total value of the securitised finance lease assets amounts to EUR 332 million (2020: EUR 450 million). For further details on the transactions refer to ***Note 40*** and ***Note 21*** of the consolidated financial statements.

21 Property and equipment under operating lease, rental fleet and vehicles available for lease

	Note	Operating lease	Rental fleet	Vehicles available for lease*	Total
Cost		25,955,566	268,803	306,783	26,531,152
Accumulated depreciation and impairment		−6,833,066	−51,230	–	−6,884,296
CARRYING AMOUNT AS AT 1 JANUARY 2020		**19,122,501**	**217,573**	**306,783**	**19,646,857**
Purchases/additions		6,128,369	96,739	304,963	6,530,071
Disposals		−2,560,692	−91,575	–	−2,652,268
Transfer from vehicles available for lease		306,783	–	−306,783	–
Transfer to inventories	*18*	−402,286	–	–	−402,286
Depreciation		−3,361,020	−37,228	–	−3,398,247
Impairment charge		−97,964	–	–	−97,964
Impairment reversal		5,013	–	–	5,013
Currency translation adjustments		−433,958	−5,832	–	−439,790
CARRYING AMOUNT AS AT 31 DECEMBER 2020		**18,706,745**	**179,677**	**304,963**	**19,191,386**
Cost		25,835,836	228,129	304,963	26,368,929
Accumulated depreciation and impairment		−7,129,091	−48,452	–	−7,177,543
CARRYING AMOUNT AS AT 31 DECEMBER 2020		**18,706,745**	**179,677**	**304,963**	**19,191,386**
Sale of subsidiary		−562,948	–	–	−562,948
Purchases/additions		6,711,230	163,594	381,305	7,256,129
Disposals		−2,574,218	−30,110	–	−2,604,328
Transfer from vehicles available for lease		304,963	–	−304,963	–
Transfer to inventories	*18*	−280,463	–	–	−280,463
Depreciation		−3,347,877	−42,010	–	−3,389,888
Impairment charge		−3,006	–	–	−3,006
Impairment reversal		7,553	–	–	7,553
Currency translation adjustments		126,383	−2,721	1,811	125,473
CARRYING AMOUNT AS AT 31 DECEMBER 2021		**19,088,362**	**268,431**	**383,115**	**19,739,908**
Cost		26,390,760	344,695	383,115	27,118,571
Accumulated depreciation and impairment		−7,302,399	−76,264	–	−7,378,663
CARRYING AMOUNT AS AT 31 DECEMBER 2021		**19,088,362**	**268,431**	**383,115**	**19,739,908**

** Prior year amounts included in this column are related to the reclassification from inventories and other receivables and prepayments. Reference is made to the Basis of preparation for more information.*

The depreciation of the rental fleet is presented in the consolidated statement of profit or loss in the line item "Additional service cost".

The Group periodically assesses whether, as a result of changes in the estimated residual value and/or the useful life of the property and equipment under operating leases, prospective adjustments to the depreciation charges are required at consolidated level. For 2021 this did not result in prospective adjustments (2020: nil).

Further information about asset risk is included in the Risk Management section.

Specific notes *continued*

All amounts are in thousands of euros, unless stated otherwise

21 Property and equipment under operating lease, rental fleet and vehicles available for lease *continued*

Impairments

The impairment charge as at 31 December 2020 amounted to EUR 97.9 million, including an impairment of EUR 65.3 million based on expected losses on the operating lease portfolio and loss making contracts and an impairment of EUR 32.6 million recognised for book value losses on early terminated cars for defaulted operating lease customers.

After the Covid-19 pandemic in 2020, which has caused high levels of disruption to the functioning of used-car markets across Europe, in 2021 we have seen the used-car market strongly recover across most of our core markets as B2B and B2C business activities resumed.

The net impairment reversal for 2021 amounted to EUR 4.5 million (2020: net charge of EUR 93 million) related to reversal of book value losses on early terminated cars for defaulted operating lease customers. During 2021 an amount of EUR 32.7 million related to the additional impairment recognised in 2020 has been released through Profit/(loss) on disposal of vehicles.

The impairment analysis is based on an assessment of the value in use of the lease contracts determined using country specific discount rates ranging from 8.3% to 12.8%. For our projections of cash flows, including the cash flows from residual values upon termination of the lease contract, we have considered the (negative) impact of the Covid-19 outbreak as history and 2022 onwards outlook business as usual back to pre-Covid level. The recoverable amount related to impaired lease agreements amounted to EUR 1.4 billion as at 31 December 2021 (31 December 2020: EUR 1.7 billion).

The sensitivity of an additional 1% decline in used-car prices over the remaining useful life of lease contracts on the valuation of non-impaired lease contracts is not linear as it is also dependent on other contractual cash flows such as service income as well as the ability to mitigate losses, for example through fleet extensions and optimisation of the channel mix (B2B, B2C, driver sales) over time.

The sensitivity of a 1% decline in used-car prices of the impaired lease contracts will translate into EUR 7 million additional impairment for the total remaining duration.

Asset backed securitisation transactions

The Group concluded a number of asset backed securitisation transactions hereinafter identified as the Bumper transactions. These transactions involve the sale of future lease instalment receivables and related residual value receivables originated by various LeasePlan subsidiaries to special purpose companies (which are included in the consolidated financial statements of the company).

As a result of this sale this caption includes encumbered (securitised) operating lease assets amounting to EUR 2.3 billion (2020: EUR 3.0 billion), which can be detailed as follows:

	2021	2020
Bumper Australia Trust No.1	–	288,968
Bumper BE	643,400	558,163
Bumper DE S.A. 2019-I	464,460	678,463
Bumper 10 France FCT	–	273,633
Bumper 9 (NL) Finance B.V.	–	186,734
Bumper NL 2020-I B.V.	558,261	647,169
Bumper UK 2019-I Finance PLC	185,533	356,820
Bumper UK 2021-I Finance PLC	494,693	–
TOTAL	**2,346,348**	**2,989,950**

For further information about the asset backed securitisation transactions reference is made to ***Note 29***.

An approximation of the future minimum lease payments under non-cancellable operating leases in aggregate and for each of the following periods can be summarised as follows:

	2021	2020
Not longer than a year	3,033,421	3,222,394
Longer than a year, less than five years	5,462,652	5,470,518
Longer than five years	50,625	75,165
TOTAL MATURITY	**8,546,697**	**8,768,077**

Undiscounted lease payments to be received under operating leases, with remaining maturities:

	2021	2020
Not longer than a year	7,340,371	7,027,556
Longer than a year, less than two years	5,418,549	5,783,150
Longer than two years, less than three years	4,476,441	4,242,635
Longer than three years, less than four years	2,595,320	2,396,438
Longer than four years, less than five years	698,169	643,489
Longer than five years	128,182	227,937
TOTAL MATURITY	**20,657,032**	**20,321,204**

Specific notes *continued*

All amounts are in thousands of euros, unless stated otherwise

22 Other property and equipment

The composition between owned and leased assets is presented in the following table:

	31 December 2021	31 December 2020
Owned	88,053	111,070
Leased	208,462	276,635
TOTAL	**296,515**	**387,705**

	Note	Property	Equipment	Total
CARRYING AMOUNT AS AT 1 JANUARY 2020		**289,110**	**103,825**	**392,935**
Purchases/additions		76,452	44,793	121,244
Disposals		–13,402	–20,695	–34,097
Impairment charge		–14,771	–1,807	–16,578
Impairment reversal		476	–	476
Transfer to held for sale		–1,136	–85	–1,222
Depreciation	*8*	–43,418	–27,023	–70,441
Currency translation adjustments		–3,328	–1,285	–4,612
CARRYING AMOUNT AS AT 31 DECEMBER 2020		**289,981**	**97,724**	**387,705**
Cost		398,394	263,413	661,808
Accumulated depreciation and impairment		–108,413	–165,689	–274,102
CARRYING AMOUNT AS AT 31 DECEMBER 2020		**289,981**	**97,724**	**387,705**
Sale of subsidiary		–40,906	–17,785	–58,691
Purchases/additions		22,255	43,485	65,740
Disposals		–20,642	–18,188	–38,830
Impairment charge		–1,929	–22	–1,950
Impairment reversal		1,363	965	2,328
Transfer		–776	776	–
Depreciation	*8*	–39,478	–23,578	–63,057
Currency translation adjustments		3,270	–1	3,270
CARRYING AMOUNT AS AT 31 DECEMBER 2021		**213,138**	**83,377**	**296,515**
Cost		337,988	206,251	544,239
Accumulated depreciation and impairment		–124,849	–122,874	–247,723
CARRYING AMOUNT AS AT 31 DECEMBER 2021		**213,138**	**83,377**	**296,515**

The title to the other property and equipment is not restricted and these assets are not pledged as security for liabilities.

The administrative building including related land and other assets that was classified as Assets held-for-sale at 31 December 2020 for an amount of EUR 1.2 million, was sold in the last quarter of 2021.

Specific notes *continued*

All amounts are in thousands of euros, unless stated otherwise

22 Other property and equipment *continued*

Below is presented the disclosure related to IFRS 16. The leased assets mainly include property such as buildings and IT and other equipment. Information regarding leased assets is presented in the table below:

	Property	Equipment	Total
CARRYING AMOUNT AS AT 1 JANUARY 2020	**277,829**	**4,683**	**282,512**
Purchases/additions	68,559	310	68,870
Disposals	−13,309	−450	−13,758
Impairment charge	−14,256	−291	−14,547
Impairment reversal	476	–	476
Depreciation	−42,250	−1,350	−43,599
Currency translation adjustments	−3,305	−13	−3,318
CARRYING AMOUNT AS AT 31 DECEMBER 2020	**273,745**	**2,891**	**276,635**
Sale of subsidiary	−34,837	−466	−35,303
Purchases/additions	21,735	91	21,826
Disposals	−17,680	−105	−17,785
Impairment charge	−1,929	–	−1,929
Impairment reversal	1,363	–	1,363
Depreciation	−38,456	−1,136	−39,592
Currency translation adjustments	3,245	1	3,246
CARRYING AMOUNT AS AT 31 DECEMBER 2021	**207,187**	**1,276**	**208,462**

At the end of 2021 several office spaces (right of use) were not used for administrative purposes by the Group. It was negotiated with the landlords to provide these office spaces to a sublease. At the end of the year these office spaces were abandoned and available for lease. The Group also engaged real estate agents to actively sublease them. The Group tested these office spaces for impairment and recognised an impairment loss of EUR 0.8 million (2020: EUR 6.1 million). These office spaces were tested for impairment separately being separate cash-generating units as no longer used in ongoing operations and to be recovered through a rental income. The recoverable amount was estimated based on its value in use, determined by discounting the future cash flows to be generated from the rental income. An incremental borrowing rate of 0.6% was applied as the discount rate. The effect of the increase/decrease of discount rate is not material.

In 2021 due to a recovery in the use of office spaces, an impairment amount of EUR 1.4 million was reversed.

At the end of 2021 and 2020 CarNext.com results in certain countries (CGU) were expected to be negative based on updated budgets. The Group tested the CGUs for impairment and recognised an impairment of EUR 1.1 million (2020: EUR 8.4 million). The recoverable amounts of the CGU were estimated based on the present values of the future cash flows expected to be generated by CarNext.com in those countries (value in use), discounted by a pre-tax discount rate of 10.2%.

The maturity of the discounted lease liabilities is shown below:

	31 December 2021	31 December 2020
Not longer than a year	35,763	43,764
Longer than a year	200,323	264,376
TOTAL	**236,085**	**308,140**

For maturity analysis of undiscounted contractual cash flow of lease liabilities refer to Treasury risk measurement in the Risk management paragraph.

Amounts recognised in statement of profit or loss:

	31 December 2021	31 December 2020
Interest on lease liabilities	−4,377	−5,286
Income from sub-leasing right-of-use assets	1,114	816
Expenses relating to short-term leases	94	288
Expenses relating to leases of low-value assets	−121	−129
TOTAL	**−3,290**	**−4,312**

Specific notes *continued*

All amounts are in thousands of euros, unless stated otherwise

23 Investments accounted for using the equity method

Principal investments in the consolidated financial statements are:

	% of ownership interest		Country of business and incorporation	Activity
	2021	2020		
EQUITY ACCOUNTED INVESTMENTS				
LeasePlan Emirates L.L.C.	49.0%	49.0%	Emirate of Abu Dhabi	Leasing
Flottenmanagement GmbH	49.0%	49.0%	Austria	Leasing
PLease S.C.S.	99.3%	99.3%	France	Leasing

All investments accounted for using the equity method in the table above are interests in joint ventures.

The investment in Flottenmanagement GmbH is considered not material.

PLease S.C.S.

PLease is a Société en Commandite Simple (S.C.S.) under French law, whereby the Group is one of the partners. PLease is governed by a steering committee and a strategic committee whereby the Group can nominate two of the four members of each committee. In the steering committee decisions require a majority of its member votes and in the strategic committee decisions can only be taken unanimously.

The amounts recognised in the balance sheet are as follows:

	2021	2020
Equity accounted investments	16,716	16,337
BALANCE AS AT 31 DECEMBER	**16,716**	**16,337**

The amounts recognised in the statement of profit or loss are as follows:

	2021	2020
Equity accounted investments	–5,520	3,613
BALANCE AS AT 31 DECEMBER	**–5,520**	**3,613**

A negative result of EUR 9.5 million is included in Equity accounted investments and relates to the share in the net loss of CarNext. For more information reference is made to ***Note 11***.

The summarised financial information below does not represent the proportionate share of the entity but the actual amount included in the separate financial statements of the material interests in investments accounted for using the equity method.

	2021	2020
	Equity accounted investments	Equity accounted investments
Other current assets	30,951	33,417
TOTAL CURRENT ASSETS	**30,951**	**33,417**
TOTAL NON-CURRENT ASSETS	**323,917**	**268,351**
Current financial liabilities	23,391	15,175
Current liabilities other	49,152	44,892
TOTAL CURRENT LIABILITIES	**72,543**	**60,067**
Non-current financial liabilities	246,085	206,771
Other non-current financial liabilities	2,661	2,151
TOTAL NON-CURRENT LIABILITIES	**248,746**	**208,922**
NET ASSETS (100%)	**33,579**	**32,780**

Specific notes *continued*

All amounts are in thousands of euros, unless stated otherwise

23 Investments accounted for using the equity method *continued*

The total assets of joint venture entities amount to EUR 355 million (2020: EUR 302 million), of which EUR 259 million (2020: EUR 226 million) relate to PLease S.C.S.

The summarised statement of comprehensive income below does not represent the proportionate share of entity but the actual amount included for the material interests in investments accounted for using the equity method.

	2021	2020
	Equity accounted investments	Equity accounted investments
REVENUES	**98,645**	**99,636**
Depreciation and amortisation	–445	–462
Interest income	484	308
Interest expense	–3,519	–3,918
Profit before tax	8,186	7,541
Income tax expenses	–190	–248
PROFIT FOR THE PERIOD	**7,997**	**7,293**
Other comprehensive income net of tax	168	–239
TOTAL COMPREHENSIVE INCOME (100%)	**8,165**	**7,054**
Dividend received by the Group	4,694	4,565

The reconciliation to the proportional share of the Group included in the summarised financial information is as follows:

	2021	2020
	Equity accounted investments	Equity accounted investments
Net assets (100%) as at 1 January	32,780	37,770
Dividend paid	–9,601	–9,420
Result for the year	7,997	7,293
Exchange rate differences	2,403	–2,864
Net assets (100%) as at 31 December	33,579	32,780
Percentage of interest	various	various
Interest in associates/jointly controlled entities	16,716	16,337
CARRYING VALUE	**16,716**	**16,337**

The amount of net assets is mainly related to LeasePlan Emirates L.L.C. EUR 31 million (2020: EUR 30.3 million).

Specific notes *continued*

All amounts are in thousands of euros, unless stated otherwise

24 Intangible assets

	Note	Internally developed software	Software licenses	Customer relationships	Customer contracts	Goodwill	Assets under construction	Total
CARRYING AMOUNT AS AT 1 JANUARY 2020		**36,640**	**32,300**	**3,388**	**258**	**98,604**	**32,197**	**203,387**
Acquired through business combinations		–	3,832	–	–	–	–	3,832
Purchases/additions		14,073	5,901	–	–	–	73,534	93,508
Amortisation	*8*	−23,492	−9,207	−963	−111	–	–	−33,772
Impairment charge	*8*	–	–	–	–	–	−3,131	−3,131
Assets available for use		17,792	69	–	–	–	−17,861	–
Currency translation adjustments		−568	−418	–	–	–	−52	−1,038
CARRYING AMOUNT AS AT 31 DECEMBER 2020		**44,445**	**32,477**	**2,425**	**147**	**98,604**	**84,685**	**262,785**
Cost		205,737	97,512	14,441	8,790	98,604	84,685	509,769
Accumulated depreciation and impairment		−161,292	−65,035	−12,016	−8,643	–	–	−246,986
CARRYING AMOUNT AS AT 31 DECEMBER 2020		**44,445**	**32,477**	**2,425**	**147**	**98,604**	**84,685**	**262,785**
Sale of subsidiary		−16,296	−9,222	–	–	–	−8,317	−33,835
Purchases/additions		4,248	4,107	–	–	–	152,109	160,464
Amortisation	*8*	−26,735	−7,084	−812	−111	–	–	−34,742
Impairment charge	*8*	−861	–	–	–	–	−3,142	−4,004
Impairment reversal	*8*	410	–	–	–	–	–	410
Assets available for use		54,286	17	–	–	–	−54,303	–
Currency translation adjustments		604	−207	–	–	–	34	430
CARRYING AMOUNT AS AT 31 DECEMBER 2021		**60,100**	**20,090**	**1,613**	**37**	**98,604**	**171,067**	**351,511**
Cost		170,851	77,552	14,441	8,790	98,604	171,067	541,305
Accumulated depreciation and impairment		−110,751	−57,462	−12,828	−8,753	–	–	−189,794
CARRYING AMOUNT AS AT 31 DECEMBER 2021		**60,100**	**20,090**	**1,613**	**37**	**98,604**	**171,067**	**351,511**

The remaining amortisation period for the majority of the intangible assets with a finite life is approximately six years. The title to the intangible assets is not restricted and the intangible assets are not pledged as security for liabilities.

Assets under construction as at 31 December 2021 mainly include the investments in New Generation Digital Architecture (NGDA) and IT Excellence. The Group checks feasibility, availability and intention in respect of finalisation of assets under construction each year. Based on this analysis the Group recognised impairment of EUR 3.1 million. Please refer to ***Note 8*** for the disclosure related to the impairment recognised on intangibles assets.

In addition, annually, or more frequently if events or changes in circumstances indicate a potential impairment, assets under construction are assessed for impairment. The impairment calculation is based on fair value less cost of disposal. Assets under construction are treated as corporate assets, which cannot be allocated on a consistent basis to individual cash generating units and are allocated to the group of cash generating units being the Europe segment. The impairment test is done in two steps: the impairment test on individual country level included in the Europe segment without allocation of assets under construction and the impairment test on Europe segment level with allocated assets under construction. The recoverable amount is determined by discounting future cash flows generated from the continuing use of the group of cash generating units. Cash flows were projected based on actual results and 5-year business plans and forecasts. The pre-tax discount rate of 10.2% (post-tax of 12.8%) was applied. Based on this assessment no additional impairment was recognised in 2021 (2020: nil).

Specific notes *continued*

All amounts are in thousands of euros, unless stated otherwise

24 Intangible assets *continued*

Goodwill relates to acquisitions in previous years. All acquired companies were engaged in providing lease services. Goodwill is allocated to the Group's cash generating units which have incorporated the acquisitions. Cash generating units are the individual countries in which LeasePlan has an entity. The cash generating units to which goodwill is allocated are listed in the table below:

	Key assumptions applied in fair value less cost of disposal			
	Goodwill	Post-tax discount rate	Pre-tax discount rate	Terminal growth rate
LeasePlan Italy	46,646	10.8%	15.3%	0.0%
LeasePlan Portugal	27,232	10.8%	14.6%	0.0%
LeasePlan Spain	14,413	10.3%	13.7%	0.0%
LeasePlan France	10,313	9.4%	13.1%	0.0%
TOTAL	**98,604**			

Annually, or more frequently if events or changes in circumstances indicate a potential impairment, goodwill is assessed for impairment. There was no impairment recognised in 2021 (2020: nil). The impairment test is identical for all cash generating units and is based on fair value less cost of disposal. The fair value less cost of disposal was determined by discounting future cash flows generated from the continuing use of the cash generating units in which the acquired operating companies were incorporated. Cash flows were projected based on actual results and five-year business plans and forecasts. The growth rates included in the business plans and forecasts exceed the long-term average growth rate for this business. As of 2019/2020 LeasePlan embarked on a fully digitized mobility service provider with the aim to reach digital service levels by 2025. That means that in the next few years LeasePlan will invest in its Next Generation Digital Architecture, further improving profitability. After the five-year forecast period, one-year stabilisation and a terminal growth rate of 0.0% was assumed.

A post-tax discount rate was applied which is built up from a (i) risk free rate (0.1%), (ii) a market premium (6.5%) multiplied by a market specific beta (1.36) and (iii) a country risk premium (ranging between 0.4% and 1.8%).

The recoverable amounts of all cash generating units with goodwill exceed their carrying amounts.

25 Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities as at 31 December are attributable to the following:

	Deferred tax assets		Deferred tax liabilities	
	2021	2020	2021	2020
Goodwill	4,626	3,117	–	–
Other intangible fixed assets	595	–	–	289
Property and equipment under operating lease	57,312	48,762	676,593	586,696
Other property and equipment	8,040	9,521	15,075	8,211
Provisions	28,371	34,151	293	253
Deferred leasing income	76,261	66,939	9,314	3,539
Tax value of losses carry forward recognised	371,458	336,938	–	–
Tax credits and prepayments	7,320	3,066	–	138
Other Receivables	15,781	27,196	40,997	31,678
Other Payables	56,675	64,785	11,309	11,139
TAX ASSETS/LIABILITIES	**626,438**	**594,475**	**753,581**	**641,943**
Offset of deferred tax assets and liabilities	–388,291	–305,780	–388,291	–305,780
BALANCE AS AT 31 DECEMBER	**238,147**	**288,695**	**365,290**	**336,163**
NET TAX POSITION:			**127,143**	**47,468**
Movement net tax position	–79,675	68,004		

The movement in the net deferred tax position can be summarised as follows:

	Note	2021	2020
BALANCE AS AT 1 JANUARY		**–47,468**	**–115,474**
Statement of profit or loss (charge)/credit	*10*	–65,906	65,443
Tax (charge)/credit relating to components of other comprehensive income	*10*	–745	–1,629
Other movements		–22,893	–6,759
Exchange rate differences		9,869	10,952
BALANCE AS AT 31 DECEMBER		**–127,143**	**–47,468**

Specific notes *continued*

All amounts are in thousands of euros, unless stated otherwise

25 Deferred tax assets and deferred tax liabilities *continued*

The statement of profit or loss (charge)/credit can be broken down as follows:

	Deferred tax assets		Deferred tax liabilities	
	2021	**2020**	**2021**	**2020**
Goodwill	1,509	–1,361	–	–
Other intangible fixed assets	595	–	–289	289
Property and equipment under operating lease	8,260	–16,491	89,458	95,191
Other property and equipment	–1,481	1,226	6,760	–1,659
Provisions	–6,004	12,726	–104	–649
Deferred leasing income	8,985	–1,402	5,775	–2,369
Tax value of losses carried forward recognised	26,084	117,634	–20,729	–12,130
Tax credits and prepayments	4,254	–619	–191	–187
Other receivables	–12,390	9,961	8,881	467
Other payables	–8,110	–1,144	–1,954	–23,865
MOVEMENT IN DEFERRED TAX	**21,702**	**120,531**	**87,608**	**55,088**
Movement in deferred tax liabilities	–21,702	–55,088	–21,702	
STATEMENT OF PROFIT OR LOSS (CHARGE)/CREDIT		**65,443**	**65,906**	

Exchange rate differences can be broken down as follows:

	Deferred tax assets		Deferred tax liabilities	
	2021	**2020**	**2021**	**2020**
Property and equipment under operating lease	290	27,224	–	–
Other property and equipment	–	372	104	–
Provisions	224	–	–	349
Deferred leasing income	337	–	–	3,845
Tax value of losses carried forward recognised	8,436	–	–	12,130
Tax credits and prepayments	–	–	53	325
Other receivables	974	735	–	–
Other payables	–	–	236	730
TAX (ASSETS)/LIABILITIES	**10,261**	**28,330**	**393**	**17,379**
Offset of deferred tax assets and liabilities	–393	–17,379		
EXCHANGE RATE DIFFERENCES	**9,869**	**10,952**		

The Group recognises deferred tax assets for the tax value of losses and tax credits carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group has not recognised deferred tax assets in respect of tax losses of EUR 47.9 million (2020: EUR 48.2 million) and has not recognised tax credits for an amount of EUR 17 million (2020: EUR 23.4 million) as the Group considers it is not probable that future taxable profits will be available to offset these tax losses and to settle tax credits with current tax liabilities (also taking into account expiry dates when applicable). The majority of the unrecognised losses of EUR 47.9 million do not have an expiry date (EUR 7.6 million of the unrecognised losses have an expiry date) and the utilisation of tax credits is limited in time.

The expiration profile of the tax credits not recognised can be illustrated as follows:

	2021	**2020**
Expire within one year	335	492
Expire after a year, less than five years	14,616	12,472
Expire after five years	2,076	10,453
TOTAL	**17,026**	**23,417**

The expiration profile of the losses carried forward can be illustrated as follows:

Losses	**2021**	**2020**
Expire after a year, less than five years	79,864	68,265
Expire after five years	64,331	445,309
No expiry date	1,543,848	994,528
TOTAL	**1,688,044**	**1,508,102**
TAX VALUE	**371,458**	**336,938**

Specific notes *continued*

All amounts are in thousands of euros, unless stated otherwise

25 Deferred tax assets and deferred tax liabilities *continued*

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 as shown in the first table of this note).

The deferred tax liability relating to property and equipment under operating leases reverses over the remaining term of the operating lease contracts, which ranges from three to four years.

Breakdown of certain net deferred tax asset positions by jurisdiction:

	2021	2020
Netherlands	63,495	115,772
Spain	34,442	36,396
United Kingdom	38,050	31,138
Italy	55,429	78,730
TOTAL	**191,415**	**262,036**

The table above includes a breakdown of certain net deferred tax asset positions by jurisdiction for which the utilisation is dependent on future taxable profits whilst the related entities have incurred losses in either the current or the preceding year. In 2021, the aggregate amount for the most significant entities is EUR 191.4 million (2020: EUR 262.0 million). Recognition is based on the fact that it is probable that the entity will have taxable profits before expiration of the deferred tax assets.

26 Funds entrusted

This item includes non-subordinated loans from banks and saving deposits.

For the maturity analysis refer to the Treasury risk measurement in the Risk management paragraph.

Savings deposits raised by LeasePlan Bank amount to EUR 10.2 billion (2020: EUR 9.1 billion) of which 39.4% (2020: 41.1%) is deposited for a fixed term. LeasePlan Bank is the brand name under which savings deposits are raised by LeasePlan Corporation N.V., which holds a banking licence in the Netherlands. As of September 2015, LeasePlan Bank also operates on the German savings deposit market with a cross border offering from the Netherlands.

The average interest rates on the outstanding balances of the savings deposits in original maturity terms are as follows:

	2021	2020
Three months or less	0.03%	0.08%
Longer than three months, less than a year	0.38%	0.57%
Longer than a year, less than five years	0.73%	0.88%

The interest rate of the on-demand accounts is set monthly.

The interest payable in the amount of EUR 12.7 million (2020: EUR 16.5 million) is presented in the line item trade and other payables and deferred income of the statement of financial position.

The funds entrusted outstanding balance is all denominated in EUR. In 2020 EUR 0.9 million was denominated in non-euro currency as at 31 December. Reference is made to the Risk section (Treasury risk).

Specific notes *continued*

All amounts are in thousands of euros, unless stated otherwise

27 Trade and other payables and deferred income

	2021	2020
Trade payables	851,097	877,340
Deferred leasing income	506,446	571,557
Lease related accruals	795,822	698,121
Other accruals and other deferred amounts owed	705,340	255,653
Interest payable	67,468	74,565
Accruals for contract settlements	111,909	83,586
VAT and other taxes – payable	21,845	24,024
BALANCE AS AT 31 DECEMBER	**3,059,927**	**2,584,847**

The majority of the trade and other payables and deferred income, except for deferred leasing income, have a remaining maturity of less than one year. Deferred leasing income relates to amounts received in advance, as part of the monthly lease instalments, to cover lease expenses in a subsequent period. Lease related accruals mainly consist of accruals for lease related service expenses.

Other accruals and other deferred amounts owed contain accruals for a number of different staff expenses, including for the variable remuneration. The accrual for variable remuneration also contains the liability for Phantom Share Units ('PSUs'). The fair value of the accrual is EUR 13.4 million at the end of 2021 (2020: EUR 6.4 million).

Variable remuneration

Variable remuneration cannot exceed 100% of fixed remuneration. For staff who are employed by one of the Dutch operating entities this maximum is further capped at 20% on average and for some specific control functions it is capped at 50%. Variable remuneration for senior management consists of cash (50%) and non-cash elements (50%), i.e. PSUs. 50% of the variable remuneration of senior management is paid upfront and 50% of the variable remuneration is deferred for a period of four years, whereby every year one-fourth vests. The Managing Board has a deferral period of five years and at least 60% is paid in PSUs. PSU have a retention period of one year after vesting.

The movements in the number of PSUs outstanding are as follows:

	2021	2020
OUTSTANDING AS AT 1 JANUARY	**136,220**	**114,036**
Granted	71,006	89,800
Settled during the year	(60,513)	–67,616
OUTSTANDING AS AT 31 DECEMBER	**146,713**	**136,220**

The PSU result recognised during 2021 relating to PSU revaluation amounts to EUR 1.4 million (2020: EUR -1.6 million).

28 Borrowings from financial institutions

This item includes amounts owed to banks under government supervision.

For maturity analysis refer to Treasury risk measurement in the Risk management paragraph.

On demand amounts owed to financial institutions relating to call money and bank overdraft balances form part of the cash and balances with banks in the cash flow statement. Borrowings from financial institutions include an outstanding balance of EUR 1.0 billion (2020: EUR 1.2 billion) which is non-euro currency denominated as at 31 December. The remainder of the borrowings from financial institutions is denominated in euro.

The interest payable in the amount of EUR 9.5 million (2020: EUR 8.8 million) is presented in the line item trade and other payables and deferred income of the statement of financial position.

In addition to centrally arranged credit facilities at a Group level, the Group also has credit facilities in place at the level of some of its subsidiaries.

Specific notes *continued*

All amounts are in thousands of euros, unless stated otherwise

29 Debt securities issued

This item includes negotiable, interest bearing securities, held at amortised cost.

	2021	2020
Bond and notes – originated from securitisation transactions	1,850,740	2,457,558
Bonds and notes – other	7,542,547	7,523,591
Bonds and notes – other (fair value adjustment)	8,636	103,103
BALANCE AS AT 31 DECEMBER	**9,401,924**	**10,084,252**

There is no pledge nor security for these debt securities except for the bonds and notes which are originated from securitisation transactions.

The debt securities issued include an outstanding balance of EUR 2.0 billion (2020: EUR 2.6 billion) which is non-euro currency denominated as at 31 December. The remainder of the debt securities is denominated in euros. The fair value adjustment is attributable to the hedged risk on bonds and notes in fair value hedges. This fair value hedging policy is described in the Risk section (Strategy in using financial instruments).

The average interest rates applicable to the outstanding balances can be summarised as follows:

	2021	2020
Average interest rate	1.1%	1.2%

The interest payable in the amount of EUR 45.2 million (2020: EUR 49.0 million) is presented in the line item trade and other payables and deferred income of the statement of financial position.

For the maturity analysis refer to the Treasury risk measurement in the Risk management section.

The caption 'Bonds and notes – originated from securitisation transactions' can be detailed as follows:

	2021	2020
Bumper BE	532,500	450,000
Bumper 10 France FCT	–	199,626
Bumper DE S.A. 2019-I	325,176	532,357
Bumper 9 (NL) Finance B.V.	–	73,788
Bumper NL 2020-I B.V.	419,207	500,000
Bumper UK 2019-I Finance PLC	100,749	326,908
Bumper UK 2021-I Finance PLC	476,399	–
Bumper Australia Trust No.1	–	377,944
TOTAL	**1,854,030**	**2,460,623**

In March 2021, Bumper UK 2021-1 was concluded for a total of GBP 400 million of ABS notes. In October 2021, Bumper BE 2021-1 replaced Bumper BE 2020-I for a total of EUR 500 million of ABS notes.

In 2021, two five-year Green Bonds were concluded for a total of EUR 2.0 billion (EUR 1.0 billion each).

These Bumper transactions involve the sale of future lease instalment receivables and related residual value receivables originated by various LeasePlan subsidiaries to special purpose companies. Debt securities were issued by most of these special purpose companies to finance these transactions. The special purpose companies are responsible for making interest and principal payments to the noteholders. The noteholders do not have recourse to the company or other Group companies in case of non-performance or default by the special purpose companies. The Group has deposited cash collateral for these securitisation transactions; reference is made to ***Note 15*** of the consolidated financial statements. The higher rated notes are sold to external investors and the other (non-rated) notes are bought by the company. The company provided funding to facilitate the purchase of Bumper notes by Group companies.

A number of fixed rate bonds are included in a fair value hedge whereby the bonds (hedged items) are measured at amortised cost and are constantly being adjusted for gains/losses attributable to the risk being hedged. This adjustment is recognised in the statement of profit or loss, where it offsets (to a large extent) the remeasurement of the fair value of the hedging instruments that is also recognised in the statement of profit or loss.

Transaction costs related to issued bonds and new Bumpers are equal to EUR 3.3 million (2020: EUR 3.1 million) and they are fully capitalised and amortised over the duration of the deals.

Specific notes *continued*

All amounts are in thousands of euros, unless stated otherwise

30 Provisions

	2021	2020
Damage risk retention provision	525,065	494,174
Post-employment benefits	24,291	26,428
Other provisions	32,357	41,310
BALANCE AS AT 31 DECEMBER	**581,713**	**561,911**

The majority of provisions are expected to be recovered or settled within 12 months.

Damage risk retention provision

	2021	2020
Provision for third party liability (TPL)	194,399	189,277
Incurred but not reported (IBNR) – TPL	182,058	162,702
Provision for damage claims	96,743	81,020
Incurred but not reported (IBNR) – damage claims	51,865	61,174
BALANCE AS AT 31 DECEMBER	**525,065**	**494,174**

The damage risk retention provision breaks down as follows:

	2021			2020		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Damages reported	291,142	−28,878	262,264	270,298	−20,830	249,468
Damages IBNR	233,923	−10,479	223,445	223,876	−10,037	213,839
TOTAL DAMAGE RISK PROVISIONS	**525,065**	**−39,357**	**485,709**	**494,174**	**−30,868**	**463,306**
Current	148,829	−5,967	142,862	142,285	−6,574	135,711
Non-current	376,236	−33,389	342,847	351,889	−24,294	327,596
TOTAL DAMAGE RISK PROVISIONS	**525,065**	**−39,357**	**485,709**	**494,174**	**−30,868**	**463,306**

The development of the third-party liability (TPL) exposures provides a measure of the Group's ability to estimate the ultimate value of damages. The top half of the table below illustrates how the Group's estimate of total damages outstanding for each accident year has changed at successive year ends. The bottom half of the table below reconciles the cumulative damages to the amounts appearing in the balance sheet for TPL. The accident year basis is considered the most appropriate for the business written by the Group.

Underwriting years	< 2015	2016	2017	2018	2019	2020	2021	Total
At end of accident year	726,367	114,677	153,266	166,308	175,843	125,528	155,053	
one year later	734,710	133,315	144,870	161,867	181,717	124,811	–	
two years later	746,354	124,011	128,599	160,582	184,403	–	–	
three years later	737,323	115,061	131,106	151,494	–	–	–	
four years later	729,120	111,187	122,704	–	–	–	–	
five years later	718,217	107,810	–	–	–	–	–	
more than five years later	721,443	–	–	–	–	–	–	
Estimate of cumulative claims	721,443	107,810	122,704	151,494	184,403	124,811	155,053	
Cumulative payments to date	−670,837	−94,789	−99,264	−110,603	−107,849	−67,441	−40,478	
GROSS OUTSTANDING CLAIM LIABILITIES	**50,606**	**13,020**	**23,440**	**40,891**	**76,554**	**57,370**	**114,576**	**376,457**
Less: IBNR	15,427	4,114	7,176	16,524	44,088	28,171	66,558	182,058
TOTAL PROVISION FOR TPL (EXCLUDING IBNR)	**35,179**	**8,906**	**16,264**	**24,367**	**32,466**	**29,199**	**48,018**	**194,399**
Reinsurance	17,378	342	1,926	3,630	3,601	6,513	65	33,454
GROSS OUTSTANDING CLAIM LIABILITIES NET OF REINSURANCE	**33,228**	**12,678**	**21,514**	**37,261**	**72,953**	**50,858**	**114,511**	**343,003**

Specific notes *continued*

All amounts are in thousands of euros, unless stated otherwise

30 Provisions *continued*

The total provision for TPL, excluding IBNR and reinsurance for the year prior to 2015 can be detailed as follows:

	Gross outstanding damage liabilities	Less: IBNR	Total provision for TPL, excluding IBNR
2015	12,783	4,409	8,374
2014	6,345	3,315	3,030
2013	4,654	2,324	2,331
2012	5,114	2,000	3,114
2011	1,873	870	1,003
< 2010	19,837	2,509	17,328
TOTAL	**50,606**	**15,427**	**35,179**

The expected maturity analysis of the gross outstanding damage liabilities excluding reinsurance is as follows:

	2021	2020
Not longer than 1 year	205,610	192,318
Between 1-2 years	69,136	67,678
Between 2-5 years	67,725	57,856
Longer than 5 years	33,987	34,129
TOTAL	**376,457**	**351,980**

Provision for post-employment benefits

The provision for post-employment benefits comprises both defined benefit pension plans and other post-employment benefits. The Group operates a number of pension plans around the world. Most of these pension plans are defined contribution plans. The Group has sponsored defined benefit pension plans and the total number of participants in these pension plans is 1,670 (2020: 1,649) of whom 1,314 are active employees and 350 are inactive participants. The plans are final salary pension plans, which provide benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement. In the plans, pensions generally do not receive inflationary increases once in payment. The benefit payments are from trustee administered funds. Plan assets held in trusts are governed by local regulations and practice, as is the nature of the relationship between the company and the trustees (or equivalent) and their composition. In addition, the Group operates other post-employment benefit plans in three countries for legally required termination indemnities, which are payable at either the retirement date or the date the employee leaves the Group. The amount of the benefit depends on the length of service of the employee at the dismissal or retirement date. The majority of these plans are unfunded where the company meets the benefit payment obligation as it falls due. The total number of participants of these other post-employment benefit plans is 343 (2020: 297).

The provision for the defined benefit liability recognised in the balance sheet is as follows:

	2021	2020
Present value of funded obligations	47,450	45,405
Fair value of plan assets	−38,035	−35,304
Deficit of funded plans	9,415	10,101
Present value of unfunded obligations	14,876	16,327
TOTAL DEFICIT OF DEFINED BENEFIT PLANS AS PER 31 DECEMBER	**24,291**	**26,428**

The impact of minimum funding requirement/asset ceiling is nil in 2021 (2020: nil).

The valuations of provisions for post-employment benefits are performed by independent qualified actuaries on an annual basis.

Specific notes *continued*

All amounts are in thousands of euros, unless stated otherwise

30 Provisions *continued*

The following tables summarise the impact on the balance sheet, payment obligations, assets and economic assumptions in respect of the main post-employment benefits in the various countries.

	Note	Present value of obligation	Fair value of plan assets	Total
BALANCE AS AT 1 JANUARY 2020		**59,983**	**–31,350**	**28,633**
Current service cost	6	2,541	14	2,555
Interest expense/(income)	6	388	–179	210
Past service costs and gains and losses on settlements	6	22	–	22
		2,952	**–164**	**2,787**
Return on plan assets, excluding amounts included in interest income/expense		–	–713	–713
Gain/loss from changes in demographic assumptions		–1,221	–	–1,221
Gain/loss from changes in financial assumptions		246	–	246
Experience (gains)/losses		346	–142	204
		–630	**–855**	**–1,484**
REMEASUREMENTS				
Contributions – Employers		–	–2,594	–2,594
Contributions – Plan participants		310	–310	–
Benefit payments		–760	–30	–791
Currency translation adjustments		–122	–1	–124
BALANCE AS AT 31 DECEMBER 2020		**61,731**	**–35,304**	**26,428**
BALANCE AS AT 1 JANUARY 2021		**61,731**	**–35,304**	**26,428**
Sale of subsidiary		–471	233	–238
Current service cost	6	2,509	12	2,521
Interest expense/(income)	6	335	–140	195
Past service costs and gains and losses on settlements	6	–259	–	–259
		2,114	**104**	**2,218**
Return on plan assets, excluding amounts included in interest income/expense		–	–1,370	–1,370
Gain/loss from changes in demographic assumptions		–382	–	–382
Gain/loss from changes in financial assumptions		–1,082	–	–1,082
Experience (gains)/losses		1,547	–151	1,396
		82	**–1,521**	**–1,438**
REMEASUREMENTS				
Contributions – Employers		–	–2,420	–2,420
Contributions – Plan participants		273	–273	–
Benefit payments		–2,286	1,686	–599
Currency translation adjustments		411	–308	103
BALANCE AS AT 31 DECEMBER 2021		**62,326**	**–38,035**	**24,291**

Reference is made to ***Note 6*** for the details on the amounts recognised in the statement of profit or loss in respect of the Group's post-employment defined benefit plans. Expected contributions to post-employment defined benefit plans are EUR 2.7 million for the year ending 31 December 2021.

There are no defined benefit pension plans that are wholly unfunded and none of the collective and individual pension plans in the various countries are fully funded.

Specific notes *continued*

All amounts are in thousands of euros, unless stated otherwise

30 Provisions *continued*

The averages of the main actuarial assumptions used to determine the value of the provision for post-employment defined benefits as at 31 December were as follows:

	2021	2020
Discount rate	1.7%	1.4%
Inflation	2.3%	2.3%
Salary growth rate	3.3%	3.0%
Pension growth rate	1.7%	1.6%

The rates used for interest discount factors, inflation, salary developments and future pension increases reflect country specific conditions. The expected return on plan assets is determined by considering the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk-free premium associated with the respective asset classes and the expectations for future returns on each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets. The expected returns of the individual plans have been weighted based on the fair value of the assets of the plans to determine the average expected return on plan assets. All other assumptions are weighted based on the post-employment benefit obligations.

The following table shows the sensitivity of the defined benefit liability to a change of 0.5% in the following assumptions:

	0.5% decrease of assumption	0.5% increase of assumption
Discount rate change	27,645	21,884
Inflation change	23,989	25,278
Salary growth rate change	23,413	26,010
Pension growth rate change	20,203	20,623

Assumptions regarding future mortality experience are set based on published statistics and actuarial advice. The average life expectancy in years of a pensioner at the retirement date on the balance sheet date is as follows:

	2021	2020
Male	30.5	30.5
Female	32.3	32.4

Plan assets comprise the following:

	2021			2020		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Equity instruments	2,611	–	2,611	1,935	–	1,935
Debt instruments	4,219	37	4,256	3,905	34	3,939
Property	515	1,401	1,915	470	1,029	1,499
Investment funds	536	28,717	29,253	436	27,495	27,932
TOTAL ASSETS	**7,880**	**30,155**	**38,035**	**6,746**	**28,558**	**35,304**

The expected maturity analysis of undiscounted post-employment benefits is:

	Not longer than a year	Longer than a year, less than two years	Longer than two years, less than five years	Longer than five years	Total
Expected maturity undiscounted post-employment benefits	2,305	1,764	7,785	84,653	96,508

The cumulative actuarial result recognised in the combined statements of comprehensive income is EUR 1.4 million (2020: EUR 1.5 million).

Specific notes *continued*

All amounts are in thousands of euros, unless stated otherwise

30 Provisions *continued*

Other provisions

	Other long-term employee benefits	Termination benefits	Litigation	Miscellaneous	Total
BALANCE AS AT 31 DECEMBER 2019	**10,806**	**1,940**	**4,212**	**12,220**	**29,178**
Additions	869	3,064	7,320	9,800	21,052
Reversals	–10	–174	–777	–3,051	–4,011
Usage	–609	–2,031	–590	–300	–3,530
Currency translation adjustments	22	–99	–506	–796	–1,379
BALANCE AS AT 31 DECEMBER 2020	**11,078**	**2,700**	**9,660**	**17,872**	**41,310**
Sale of subsidiary	–3,791	–	–	–1,582	–5,373
Additions	1,007	1,684	2,047	3,062	7,800
Reversals	–135	–5	–863	–1,469	–2,473
Usage	–2,230	–2,711	–2,168	–2,135	–9,243
Currency translation adjustments	22	–91	201	204	336
BALANCE AS AT 31 DECEMBER 2021	**5,952**	**1,577**	**8,877**	**15,951**	**32,357**
Usage within a year	1,423	1,383	1,384	2,784	6,974
Usage after a year	4,529	194	7,493	13,167	25,382

Other long-term employee benefits

Other long-term employee benefits include provisions for medium-term bonus schemes, jubilee payments and extra leave entitlements.

Termination benefits

The provision for termination benefits relates to expected payments to terminate the employment of an employee or group of employees before the normal termination date. The balance relates to a small number of employee related litigations and obligations of relatively small size.

Litigation

Litigation provisions have been set up to cover legal and administrative proceedings that arise in the ordinary course of business. These provisions are not employee related. Legal provisions depend on court proceedings so no assumptions related to future events have been disclosed.

Miscellaneous

Miscellaneous provisions include a provision for restructuring related expenses as well as items which cannot be classified under one of the other captions such as provisions for guarantee payments. The provision for restructuring related expenses is in the amount of EUR 1 million (2020: EUR 2.5 million).

Specific notes *continued*

All amounts are in thousands of euros, unless stated otherwise

31 Share capital and share premium

At 31 December 2021, the authorised capital amounted to EUR 250 million (2020: EUR 250 million), divided into 250,000,000 ordinary shares with a nominal value of EUR 1.00 each, of which EUR 71.6 million is issued and paid up. The holders of the ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company. The share premium includes the amount paid in excess of the nominal value of the share capital.

32 Other reserves

	Translation reserve	Post-employment benefit reserve	Hedging reserve	Total
BALANCE AS AT 31 DECEMBER 2019	**–30,978**	**–8,289**	**–3,859**	**–43,125**
Gains/(losses) arising during the year	–101,490	1,484	3,379	–96,628
Related income tax	–	–801	–828	–1,629
BALANCE AS AT 31 DECEMBER 2020	**–132,468**	**–7,606**	**–1,308**	**–141,382**
Gains/(losses) arising during the year	–8,905	1,415	1,744	–5,746
Related income tax	–	–309	–436	–745
BALANCE AS AT 31 DECEMBER 2021	**–141,372**	**–6,499**	**–**	**–147,872**

Translation reserve

The movement in 2021 is caused by appreciation of the euro against the main local currencies, mainly the Turkish lira. An amount of EUR 8.5 million was released because it related to LeasePlan Australia and LeasePlan New Zealand, divested in Q3 2021.

Post-employment benefit reserve

The post-employment benefit reserve comprises the actuarial gains and losses recognised on defined benefit post-employment plans.

Hedging reserve

The hedging reserve comprises the effective portion of cash flow hedging instruments. Gains/losses on the cash flow hedge reserves in their entirety relate to the interest rate swaps hedging interest rate risk. The hedging reserve is nil in 2021 since the hedges have matured.

33 Retained earnings

Dividend

In 2021 LeasePlan has declared dividends for an amount of EUR 372.4 million for which EUR 35.7 million is related to the last quarter of 2020, and EUR 336.7 million is related to the Group's reported net income up to the second quarter of 2021, after AT1 interest expense.

In 2020 LeasePlan decided not to pay any interim or final dividend relating to 2019.

Profit appropriation

Reference is made to the company financial statements on the appropriation of profits for the year and the movements in the reserves.

Transfer

During 2021 a transfer has been made from retained earnings for the accrual of the interest coupon on AT1 capital securities in an amount of EUR 36.9 million (2020: EUR 36.9 million).

Specific notes *continued*

All amounts are in thousands of euros, unless stated otherwise

34 AT1 capital securities

In May 2019 LeasePlan Corporation N.V. (fully owned by LP Group B.V.) issued EUR 500 million in capital securities, including transaction costs in the amount of EUR 5 million. The capital securities qualify as Additional Tier 1 capital (AT1) and are undated, deeply subordinated, resettable and callable. Redemption is discretionary to LeasePlan Corporation N.V. five years after the issue date, unless permitted by applicable banking regulations or on each interest payment date thereafter at their prevailing principal amount, together with accrued and unpaid interest.

There is a fixed interest coupon of 7.375 % per annum, payable semi-annually.

Accrued interest in 2021 on AT1 capital securities amounts to EUR 36.9 million. In 2021 an amount of EUR 36.9 million was paid related to the period November 2020 – November 2021, including EUR 3.4 million accrued in 2020. The remaining part of EUR 3.4 million is payable in May 2022, therefore as at the reporting date this amount does not yet represent a liability.

Interest is non-cumulative and fully at the discretion of LeasePlan Corporation N.V. so any failure by the issuer to pay interest or the prevailing principal amount when due in respect of the capital securities shall not constitute an event of default and does not give holders any right to demand repayment of the prevailing principal amount.

For all the reasons above, LeasePlan Corporation N.V. classified and accounted the capital securities and related interest accruals, as equity and not debt.

35 Non-controlling interest

During the second quarter of 2020 LeasePlan and Faraday Keys Holding B.V. ('FK') incorporated PowerD B.V., in line with the strategy to achieve zero emissions from total fleet by 2030. The share distribution is 72.8% and 27.2% respectively and the investment in equity was EUR 0.6 million.

In December 2021 the investment including the non-controlling interest was divested.

36 Commitments

The Group has entered into commitments relating to the forward purchase of property and equipment under operating lease and rental fleet amounting to EUR 4.8 billion (2020: EUR 2.7 billion) as at the balance sheet date. The increase is driven by high order book impacted by semiconductor chips shortage initially caused by Covid-19. These commitments are entered into in the ordinary course of business and the majority is back-to-back matched with lease contracts entered into with customers.

The commitments relating to short-term leases and low-value leases are EUR 3.4 million and EUR 0.5 million respectively.

The Group has issued guarantees to the total value of EUR 412 million (2020: EUR 429 million) of which EUR 411 million (2020: EUR 428 million) is related to residual value guarantees issued to clients.

37 Related parties

Identity of related parties

Related parties and enterprises, as defined by IAS 24, are parties and enterprises which can be influenced by the company or which can influence the company.

As of 21 March 2016, LP Group B.V. became the shareholder of the company. LP Group B.V. represents a group of long-term responsible investors and includes ADIA, ATP, Broad Street Investments, GIC, PGGM and TDR Capital. None of these investors has (an indirect) controlling interest in the company. Business relations between the company, LP Group B.V. and their indirect shareholders and their subsidiaries are handled on normal market terms.

TDR Capital has a controlling interest in Constellation Automotive Group. In October 2021 Constellation Automotive Group, which already had a controlling interest in British Car Auction (BCA), acquired LeasePlan's participating interest in CN Group B.V. and brought all entities in Constellation Automotive Holdings. In return LeasePlan obtained newly issued ordinary shares in Constellation Automotive Holdings. LeasePlan continues doing business with BCA and CN Group B.V. and selling ex-lease vehicles on an arm's length basis under a long term service agreement. The result of the transactions with Constellation Automotive Holdings for 2021 is not material at Group's level. The amount of accounts receivables outstanding with Constellation Automotive Holdings is EUR 14 million. During 2021, sales revenues from transactions with Constellation Automotive Holdings amount to EUR 1.2 billion.

Transactions between the company and its subsidiaries mainly comprise long-term funding and cost allocation of Group activities as described in ***Note 3***. All business relations with the Group's subsidiaries are conducted in the ordinary course of business and on arm's length basis.

Specific notes *continued*

All amounts are in thousands of euros, unless stated otherwise

37 Related parties *continued*

Transactions between LeasePlan Corporation N.V. and its subsidiaries are eliminated on consolidation. Reference is made to ***Note 11*** of the company financial statements for further details with respect to investments in and loans to subsidiaries. For a list of the principal consolidated participating interests, reference is made to Other information to the financial statements.

All business relations with investments accounted for using the equity method are in the ordinary course of business and are handled on normal market terms. An amount of EUR 200 million (2020: EUR 175.5 million) is provided as loans to investments accounted for using the equity method (***Note 19***). In relation to the loans to investments accounted for using the equity method in the company financial statements, reference is made to its ***Note 12***.

The interest income recognised by the Group on these funding transactions amounts to EUR 1.9 million (2020: EUR 2.1 million). Furthermore, the Group charged a service fee amounting to EUR 0.5 million (2020: EUR 0.4 million) to the investments accounted for using the equity method.

Transactions with the Managing Board

The Managing Board consists of the key management personnel. In addition to their salaries, the Group provides non-cash benefits to the Managing Board and contributes to post-employment defined contribution plans on their behalf. The Managing Board is also the statutory executive board of the Company. Remuneration of the Managing Board is disclosed, as required by Part 9 Book 2 of the Dutch Civil Code.

The statutory board remuneration is as follows:

	2021	2020
Fixed remuneration	3,480	2,505
Other short-term employee benefits	1,065	657
Post-employment benefits	39	17
Other long-term employee benefits	1,701	118
Termination benefits*	–	700
TOTAL**	**6,285**	**3,997**

** includes remuneration relating to the period after the board membership ended and severance of former board members.*
*** 2021's total aggregated managing board remuneration includes appointment of an additional board member compared to 2020.*

The Group has not granted any loans, guarantees or advances to members of the Managing Board. The Managing Board does participate in a management investment plan (details provided in the Management Investment Plan section below).

For information on the remuneration principles of the Managing Board, please refer to the Remuneration Report.

Remuneration of the members of the Supervisory Board

The following table summarises the income components for the seven independent members of the Supervisory Board.

In euros	2021	2020
Mr Jos Streppel	195,000	178,000
Dr Herta von Stiegel	108,500	100,000
Mr Steven van Schilfgaarde	128,000	105,000
Mrs Allegra van Hövell-Patrizi	104,500	84,000
Mr Paul Scholten	106,500	89,500
Mr Manjit Dale	100,500	96,000
Mr Eric-Jan Vink	96,500	85,000

The remuneration awarded to each Supervisory Board member is reflective of the meetings attended; in 2021 more meetings took place than in 2020.

Specific notes *continued*

All amounts are in thousands of euros, unless stated otherwise

37 Related parties *continued*

Management Investment Plan

Selected members of LeasePlan management, including the Managing Board members, (the 'participants) have been provided with an opportunity to make an indirect investment alongside a consortium of financial investors (the 'Consortium') in LeasePlan through a Management Investment Plan (the 'MIP'). To facilitate the allocation of the MIP investment to individual employees, the investment in the MIP is held indirectly via a management holding company ('ManCo'). ManCo issues shares to a specially incorporated foundation that issues depositary receipts to each participant as evidence of the investment. These depositary receipts entitle a participant to the full economic benefit of the underlying shares held by ManCo in an indirect parent company of LeasePlan.

The ability of a participant to dispose of the share investment is linked to the Consortium's exit. Typically, a participant will be able to sell a proportion of the investment equal to the proportion sold by the Consortium at exit. Furthermore, there are specific provisions governing an exit through an IPO where the ability to dispose of shares may be restricted by customary lock-up periods. If a participant ceases to be employed by a LeasePlan Group company prior to an exit, the participant may be required to sell part or all of the shares. The price payable for the shares will depend on a vesting schedule where 20% of the shares vest each year over a period of five years. Vested shares would be sold at fair market value and unvested shares would be sold at the lower of i) cost and ii) fair market value. As LeasePlan has no obligation to repurchase shares from a participant or to make any other cash payments to the participants under the MIP, the arrangement is classified as an equity-settled share-based payment.

ManCo is capitalised with a mix of ordinary shares, preference shares and a loan. Management participants subscribed for ordinary shares, while the Consortium subscribed for ordinary shares and preference shares in ManCo. When the Consortium exits its investment in LeasePlan, the preference shares will automatically convert into ordinary shares in ManCo. The rate at which the preference shares convert will depend on the returns achieved by the Consortium at the time of exit. If the Consortium's returns at exit are above a pre-defined threshold, the conversion ratio will be adjusted to deliver a greater share of the equity value to the management investors.

The movements in the number of shares that the participants have indirectly acquired under the MIP are as follows:

	2021	2020
BALANCE AS AT 1 JANUARY	**21,317,347**	**21,602,000**
Issued	3,294,000	1,304,347
(Re)purchased	–77,000	–1,589,000
BALANCE AS AT 31 DECEMBER	**24,534,347**	**21,317,347**

The participants have indirectly invested EUR 24.5 million via ManCo in LeasePlan Corporation N.V. (2020: EUR 21.3 million). Of that amount, the total aggregated investment amount of Managing Board members amounts to EUR 4.7 million (2020: EUR 4.7 million).

The acquisition price of the ordinary shares in ManCo represents the fair market value of those shares, being the same subscription price as paid by the Consortium for their interest in the ordinary shares. Accordingly, there is no impact on the Group's results or its financial position from the MIP.

The company or another Group entity will under no circumstances be required to settle in cash. Accordingly, this arrangement is classified as an equity-settled share-based payment arrangement. The company therefore determines the fair value of the shares at the grant date and recognises, if applicable, an expense for the services received over the service period with a corresponding increase in equity.

The total amount to be expensed is determined by reference to the fair value of the awards granted including the impact of any non-vesting conditions and market conditions. For this purpose, the company analyses whether the price paid by a manager is in line with the market price of the shares acquired. If a positive difference exists between (i) the actual market value of the shares and (ii) the purchase price, this results in a fair value to be reported as a share-based payment expense.

Service conditions and non-market performance conditions are taken into account in the number of awards expected to vest. At each reporting date, the company revises its estimates of the number of awards that are expected to vest. The impact of the revision of vesting estimates, if any, is recognised in the statement of profit or loss for the period.

Specific notes *continued*

All amounts are in thousands of euros, unless stated otherwise

38 Fair value of financial instruments

The table below summarises the Group's financial assets and financial liabilities, of which the derivatives 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 2021. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Fair value of financial instruments

As at 31 December 2021

In thousands of euros	Carrying value	Fair value Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS MEASURED AT FAIR VALUE					
Derivatives financial instruments in hedge	51,715	–	51,715	–	51,715
Derivatives financial instruments not in hedge	124,451	–	124,451	–	124,451
Investments in equity securities	133,826	71,326	–	62,500	133,826
FINANCIAL ASSETS NOT MEASURED AT FAIR VALUE					
Cash and balances at central banks	5,447,685				
Investments in debt securities	43,394	43,788	–	–	43,788
Receivables from financial institutions	687,651				
Lease receivables from clients	3,492,981	–	3,450,053	–	3,450,053
Loans to investments using the equity method	200,000	–	204,200	–	204,200
Investments in equity accounted investments	16,716				
Other receivables and prepayments*	338,930	–	338,930	–	338,930
TOTAL FINANCIAL ASSETS	**10,537,349**	**115,114**	**4,169,350**	**62,500**	**4,346,964**
FINANCIAL LIABILITIES MEASURED AT FAIR VALUE					
Derivatives financial instruments in hedge	43,009	–	43,009	–	43,009
Derivatives financial instruments not in hedge	65,409	–	65,409	–	65,409
FINANCIAL LIABILITIES NOT MEASURED AT FAIR VALUE					
Funds entrusted	10,334,671	–	10,375,499	–	10,375,499
Trade and other payables and deferred income*	918,565				
Borrowings from financial institutions	3,324,010	–	3,335,665	–	3,335,665
Debt securities issued	9,401,924	–	9,590,006	–	9,590,006
Loans from equity investments	25,000				
TOTAL FINANCIAL LIABILITIES	**24,112,588**	**–**	**23,409,587**	**–**	**23,409,587**

** Other receivables and Other payables that are not financial assets or liabilities are not included*

Specific notes *continued*

All amounts are in thousands of euros, unless stated otherwise

38 Fair value of financial instruments *continued*

As at 31 December 2020

	Carrying value	Fair value		
		Level 1	Level 2	Total
FINANCIAL ASSETS MEASURED AT FAIR VALUE				
Derivatives financial instruments in hedge	110,486	–	110,486	110,486
Derivatives financial instruments not in hedge	60,568	–	60,568	60,568
FINANCIAL ASSETS NOT MEASURED AT FAIR VALUE				
Cash and balances at central banks	5,169,103			
Investments in debt securities	24,273	24,743	–	24,743
Receivables from financial institutions	671,264			
Lease receivables from clients	3,136,556	–	3,165,784	3,165,784
Loans to investments using the equity method	175,500	–	178,923	178,923
Investments in equity accounted investments	16,337			
Other receivables and prepayments*	316,018	–	316,027	316,027
Assets held-for-sale	1,222			
TOTAL FINANCIAL ASSETS	**9,681,326**	**24,743**	**3,831,788**	**3,856,531**
FINANCIAL LIABILITIES MEASURED AT FAIR VALUE				
Derivatives financial instruments in hedge	9,758	–	9,758	9,758
Derivatives financial instruments not in hedge	140,613	–	140,613	140,613
FINANCIAL LIABILITIES NOT MEASURED AT FAIR VALUE				
Funds entrusted	9,212,495	–	9,265,742	9,265,742
Trade and other payables and deferred income*	951,905			
Borrowings from financial institutions	3,560,531	–	3,592,458	3,592,458
Debt securities issued	10,084,252	–	10,287,344	10,287,344
TOTAL FINANCIAL LIABILITIES	**23,959,554**	**–**	**23,295,914**	**23,295,914**

** Other receivables and Other payables that are not financial assets or liabilities are not included*

Specific notes *continued*

All amounts are in thousands of euros, unless stated otherwise

38 Fair value of financial instruments *continued*

For certain other receivables (Rebates and bonuses and commissions receivable, Reclaimable damages and Interest to be received) and payables (Trade payables and Interest payable) with a remaining term well below one year, the carrying value is deemed to reflect the fair value.

There were no changes in valuation techniques during the year nor transfers between levels.

Financial instruments in level 1

The fair value of level 1 financial instruments is based on quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement 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 acquired equity investment in SG Fleet and investments in debt securities are measured using level 1 input.

Financial instruments in level 2

Level 2 inputs are inputs other than quoted market prices included within Level I. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques that maximise the use of observable market input data available and rely only for insignificant input on entity specific estimates. Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of the interest rate swaps and cross currency swaps calculated as the present value of the estimated future cash flows based on observable yield curves at commonly quoted intervals, while considering the current creditworthiness of the counterparties.
- The yield curve for all collateralised derivatives is based on the overnight index swap (OIS) rate (the vast majority of the Group's derivatives are collateralised, and therefore the necessity for other observable market inputs such as CVA, DVA, FVA adjustments is negated).
- The valuation methodology of the cross-currency swaps includes a liquidity premium (which swaps less liquid currencies into those that are considered more liquid in the market and vice versa).
- The counterparty's Probability of Default is estimated using market CDS spreads resulting in credit valuation adjustments.
- The Group's own creditworthiness and Probability of Default are estimated using input such as secondary spreads and cost of funding curve as well as information from counterparties resulting in a debit valuation adjustment.
- Other techniques, such as discounted cash flow analysis based on observable interest rates or yield curves at commonly quoted intervals, are used to determine the fair value for the remaining financial instruments.

Specific notes *continued*

All amounts are in thousands of euros, unless stated otherwise

38 Fair value of financial instruments *continued*

Financial instruments in level 3

This category includes financial instruments whose fair value is determined using a valuation technique for which a significant part of the inputs in terms of the overall valuation are not market observable. Unobservable in this context means that there is little or no current market data available from which to derive a price that an unrelated, informed buyer would purchase the asset or liability at.

The equity securities in Constellation Automotive Holdings S.a.r.l., included in Investments in equity securities, are measured using a level 3 fair value.

As at 4 October 2021 the 20% participating interest in CN Group B.V. was exchanged for an interest with no significant influence in Constellation Automotive Holdings S.a.r.l.. The fair value of the interest in CN Group B.V. measured as at 1 July 2021 is the deemed fair value at initial recognition of the equity securities in Constellation Automotive Holdings S.a.r.l..

The fair value of the participating interest in CN Group B.V. was determined in a discounted cash flow method based on the business plan and forecasted expected cash flows of CarNext until 2025. Normalised cash flows were applied to the period thereafter, discounted at a cost of capital rate of 25% reflecting the time value of money and the risks inherent to the cash flows. The assumptions applied and outcome of these projections were validated with market observable assumptions from a peer group of companies that have similar business as CarNext such as traditional car dealers and comparable business propositions selling via internet platforms.

For the subsequent valuation of the share in Constellation Automotive Holding S.a.r.l. the Group applies a level 3 market approach using an enterprise value to revenue multiple observed in the market for comparable companies to the Constellation Automotive Holdings S.a.r.l. business being valued. The deal multiple implied in the initial transaction price at 4 October 2021 was compared to the enterprise value to revenue multiples of the group of listed peer companies at that date. A company-specific discount compared to the market multiple was determined as at 4 October 2021 to reflect the characteristics of Constellation Automotive Holdings S.a.r.l. and will be applied to adjust the market multiple in subsequent measurement. Relevant assumptions such as market multiple, company specific discount and peer group will be reviewed in subsequent reporting periods. The net debt position of Constellation Automotive Holdings S.a.r.l. that impacts the equity value is updated every reporting period.

In order to avoid volatility and to reflect the inherent uncertainty around market valuations, the Group applied the initial deal multiple in the valuation as at 31 December 2021 as the market multiple did not change outside a corridor of +/-10% of the initial multiple.

The fair value of the share in Constellation Automotive Holdings S.a.r.l. as at 31 December 2021 is EUR 62.5 million.

The sensitivity of the fair value to a change in the multiple of 10% amounts to approximately EUR 10 million.

39 Offsetting financial assets and financial liabilities

The following financial assets and financial liabilities are subject to offsetting, enforceable master netting agreements and similar agreements.

				Related amounts not offset in the balance sheet		
	Gross amounts of recognised financial instruments	Gross amounts of recognised financial instruments offset in the balance sheet	Net amounts of financial instruments presented in the balance sheet	Financial instruments	Cash collateral received	Net amount
AS AT 31 DECEMBER 2021						
Derivative financial assets – 2021	176,167	–	176,167	−108,417	42,590	110,339
Derivative financial liabilities – 2021	108,417	–	108,417	−108,417	–	–
AS AT 31 DECEMBER 2020						
Derivative financial assets – 2020	171,054	–	171,054	−150,371	56,150	76,833
Derivative financial liabilities – 2020	150,371	–	150,371	−150,371	–	–

For the financial assets and liabilities subject to enforceable master netting agreements or similar agreements above, each agreement between the Group and the counterparty allows for net settlement of the relevant financial assets and liabilities when both intend to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party. Except for derivative financial instruments, there are no other financial assets or liabilities subject to offsetting.

Specific notes *continued*

All amounts are in thousands of euros, unless stated otherwise

40 Transfer of (financial) assets

The Group engages in various securitisation transactions (reference is made to ***Note 15***, ***Note 20*** and ***Note 21*** of the consolidated financial statements of the Group and ***Note 13*** of the company financial statements). Because of such transactions (financial) assets are transferred from the originating LeasePlan subsidiaries to special-purpose companies. The special-purpose companies are controlled by the company and included in the consolidated financial statements, and, in view of this, the transferred (financial) assets are not de-recognised in their entirety from a Group perspective.

	Loans and receivables			
	Receivables from clients (finance leases)	Receivables from financial institutions (collateral deposited)	Property and equipment under operating lease	Total
AS AT 31 DECEMBER 2021				
Carrying amount				
Assets	331,799	56,429	2,346,348	2,734,576
Associated liabilities				
Bonds and notes originated from securitisation transactions				1,850,740
NET CARRYING AMOUNT POSITION				**883,836**
For those liabilities that have recourse only to the transferred assets				
Fair value				
Assets	315,829	56,429	2,297,088	2,669,345
Associated liabilities				
Bonds and notes originated from securitisation transactions				1,859,323
NET FAIR VALUE POSITION				**810,022**
AS AT 31 DECEMBER 2020				
Carrying amount				
Assets	449,945	63,957	2,989,950	3,503,853
Associated liabilities				
Bonds and notes originated from securitisation transactions				2,457,558
NET CARRYING AMOUNT POSITION				**1,046,295**
For those liabilities that have recourse only to the transferred assets				
Fair value				
Assets	453,403	63,957	2,979,158	3,496,519
Associated liabilities				
Bonds and notes originated from securitisation transactions				2,475,824
NET FAIR VALUE POSITION				**1,020,695**

41 Contingent assets and liabilities

LeasePlan has made available to companies for which a non-controlling interest is held, a credit facility of EUR 5.6 million, that has not been drawn as at 31 December 2021.

The probability of any inflow of economic benefits arising from the contingent assets is difficult to estimate and remote. Accordingly, no asset is recognised in the balance sheet.

42 Events occurring after balance sheet date

In January, LeasePlan's shareholders and LeasePlan signed a Memorandum of Understanding with ALD and Société Générale to create a leading global player in mobility. The transaction is expected to close by the end of 2022. Closing of the proposed transaction is subject to information and consultation of relevant works councils and customary closing conditions (e.g. regulatory and anti-trust approvals).

Given the continuing war in Ukraine, LeasePlan has taken the decision to wind down its operations in Russia for the time being, and is committed to taking care of its colleagues and customers in the region throughout this process. Currently it is too early to identify any impact on the business of LeasePlan. At the end of 2021 LeasePlan's exposure amounts to EUR 46 million (equity and loans). Based on the actual FX rate as of date of publication, this is close to EUR 35 million.

From day one of the crisis, LeasePlan has been active in providing humanitarian assistance to those impacted and displaced by the war, including our colleagues and business partners in the region. This included launching a global campaign to raise funds for the Red Cross, as well as supporting dedicated teams of LeasePlanners who have gone to the Ukrainian border to deliver aid and provide refugees with transport to safe zones within the EU.

Company financial statements

Statement of profit or loss of the company

For the year ended 31 December

Amounts in thousands of euros	Note	2021	2020
REVENUES		**271,176**	**281,677**
Finance cost	*3*	243,367	269,972
Unrealised (gains)/losses on financial instruments		–95,507	21,107
DIRECT COST OF REVENUES		**147,860**	**291,078**
GROSS PROFIT		**123,316**	**–9,401**
Other operating expenses	*5*	13,030	17,066
Other depreciation and amortisation	*14*	1,082	3,154
TOTAL OPERATING EXPENSES		**14,112**	**20,220**
Other income	*7*	142,958	92
RESULT BEFORE TAX AND SHARE IN RESULT IN INVESTMENTS		**252,162**	**–29,529**
Income tax expenses	*8*	–7,162	27,055
Share of profit in equity accounted investments	*11&12*	772,414	255,244
NET RESULT		**1,017,415**	**252,771**

An amount of EUR 186.6 million of gain (2020 represented EUR 62.4 million of loss) included in Share of profit in equity accounted investments is related to discontinued operations. Please refer to ***Note 11*** of the consolidated financial statements.

Company financial statements *continued*

Statement of financial position of the company

As at 31 December

Amounts in thousands of euros	Note	2021	2020
ASSETS			
Cash and balances at central banks	9	5,447,677	5,169,094
Investments in equity and debt securities	7	71,326	–
Receivables from financial institutions	10	87,966	55,468
Loans to subsidiaries	11	15,440,521	14,245,816
Investments subsidiaries	11	3,578,975	3,320,585
Loans to and investments in notes issued by special purpose companies	13	193,312	193,655
Loans to investments accounted for using the equity method	12	200,000	175,500
Investments accounted for using the equity method	12	15,179	14,861
Intangible assets	14	1,265	1,813
Other assets	15	668,936	485,592
TOTAL ASSETS		**25,705,157**	**23,662,384**
LIABILITIES			
Borrowings from financial institutions	16	1,129,408	1,123,281
Funds entrusted	17	10,236,609	9,111,021
Debt securities issued	18	7,559,545	7,635,954
Provisions	19	17,143	15,552
Other liabilities	20	1,982,560	1,598,304
TOTAL LIABILITIES		**20,925,265**	**19,484,112**
EQUITY			
Share capital		71,586	71,586
Share premium		506,398	506,398
Legal reserves		1,229,845	1,074,490
Other reserves		−147,872	−141,382
Retained earnings excluding net result		1,641,463	1,953,371
Net result current year		980,535	215,872
EQUITY OF OWNERS OF THE PARENT	21	**4,281,955**	**3,680,335**
AT1 capital securities		497,937	497,937
TOTAL EQUITY		**4,779,892**	**4,178,272**
TOTAL EQUITY AND LIABILITIES		**25,705,157**	**23,662,384**

Notes to the company financial statements

All amounts are in thousands of euros, unless stated otherwise

1 General

For certain notes to the company's balance sheet, reference is made to the notes to the consolidated financial statements.

The company's financial statements are prepared pursuant to the provisions in Part 9, Book 2, of the Dutch Civil Code, by applying the accounting policies used in the consolidated financial statements under IFRSs pursuant to the provisions of Article 362 sub 8, Part 9, Book 2, of the Dutch Civil Code.

In accordance with Article 362 sub 8, Book 2 of the Dutch Civil Code, the recognition and measurement principles applied in these company financial statements are the same as those applied in the consolidated financial statements, reference is made to ***Note 2*** – Basis of preparation of the consolidated financial statements.

Under reference to Article 362 sub 8, Part 9, Book 2 of the Dutch Civil Code, the investments accounted for using the equity method are also measured in accordance with IFRS as applied in the consolidated financial statements of the company.

Investments in subsidiaries and in investments accounted for using the equity method

The investments in subsidiaries are accounted for in accordance with the net value of assets and liabilities, based upon accounting policies used in the consolidated financial statements. If the net asset value is negative, it will be stated at nil. If and insofar as the Group can be held fully or partially liable for the debts of the subsidiary, or has the firm intention of enabling the subsidiary to settle its debts, a provision is recognised for this.

The company applies RJ 100.107a, which implies that the expected credit losses on intercompany loans and receivables in the company financial statements are eliminated according to the Dutch accounting standards chapter 260 'De verwerking van resultaten op intercompany-transacties in de jaarrekening'.

Loans to and investments in notes issued by special purpose companies

Loans provided to special purpose companies and investments in notes issued by special purpose companies do not meet the condition in IFRS 9 that the cash flows represent solely payments of principal and interest. As a consequence, these loans and investments are measured at fair value through profit or loss. The impact of the change in fair value measurement of these intercompany loans and investments in debt securities, is adjusted in the investments in subsidiaries. The fair value changes are eliminated in accordance with RJ 100.107a.

2 Interest and similar income from subsidiaries and other interest income

In 2021 the company recognised EUR 4.7 million (2020: EUR 7.0 million) as other interest income.

3 Finance cost

	2021	2020
Interest expenses on debt securities	99,059	112,886
Interest expenses on funds entrusted	27,882	35,578
Interest expenses on borrowings from financial institutions and other	116,426	121,508
TOTAL	**243,367**	**269,972**

4 Managing Board remuneration

Detailed information on remuneration of the Managing Board and the members of the Supervisory Board is included in ***Note 37*** – Related parties to the consolidated financial statements. For information on the remuneration policy of the Managing Board, please refer to the Group Remuneration Report.

5 Other operating expenses

Other operating expenses include professional fees, office overheads and other general expenses. The company does not directly employ any staff.

Notes to the company financial statements *continued*

All amounts are in thousands of euros, unless stated otherwise

6 Audit fees

The table below shows the fees attributable for services provided by the Group auditors. The fees are presented as part of the caption Other operating expenses.

	2021			2020
	KPMG NL	KPMG Other	Total KPMG	Total KPMG
Audit services	3,321	4,835	8,156	7,202
Audit related services	234	184	418	1,219
Tax advice	–	–	–	44
TOTAL SERVICES	**3,555**	**5,019**	**8,574**	**8,464**

For the period to which the statutory audit relates, KPMG has provided the following services to LeasePlan Corporation:

- Audit of financial statements;
- Quarterly reviews and the audit for regulatory purposes;
- Procedures relating to prospectuses;
- Agreed upon procedures for regulatory purposes;
- Agreed upon procedures on certain intercompany cost charging for foreign tax purposes.

7 Other Income

In 2020 other income included the gain on the voluntary liquidation of the Group's subsidiary LeasePlan Fleet Management Sdn. Bhd. (Malaysia).

In 2021 this caption includes the unrealised fair value adjustment on the investment in equity instruments related to SG Fleet Group for a total amount of EUR 8.7 million.

Please refer to ***Note 14*** – Investments in equity and debt securities of the consolidated financial statement for more information related to the investments in SG Fleet Group limited for a total amount of EUR 71.3 million.

8 Income tax

The company forms a fiscal unity with LeasePlan Corporation. N.V. regarding corporate income tax and VAT. Reference is made to ***Note 10*** of the consolidated financial statements.

	2021	2020
CURRENT TAX		
Current tax on result for the year	–10,483	–254
Adjustment in respect of prior years	–8,687	–3,818
TOTAL CURRENT TAX	**–19,170**	**–4,072**
DEFERRED TAX		
Origination and reversal of temporary differences	28,030	–16,540
Changes in tax rates	–1,698	–997
Adjustments in respect of prior years	–	–5,446
TOTAL DEFERRED TAX	**26,332**	**–22,983**
TOTAL	**7,162**	**–27,055**

9 Cash and balances at central banks

The majority of this amount is cash deposited at the Dutch Central Bank of which a part is the mandatory reserve deposit that amounts to EUR 98 million (2020: EUR 94 million) which is not available for use in the Group's day-to-day operations.

10 Receivables from financial institutions

A breakdown of this caption is as follows:

	2021	2020
Amounts receivable from banks	34,838	12,373
Cash collateral deposited for derivatives	53,128	43,095
BALANCE AS AT 31 DECEMBER	**87,966**	**55,468**

Notes to the company financial statements *continued*

All amounts are in thousands of euros, unless stated otherwise

11 Investments in and loans to subsidiaries

Movements in investments in Group companies are as follows:

	2021	2020
BALANCE AS AT 1 JANUARY	**3,320,585**	**3,207,312**
Result for the year	752,320	271,723
Sale of subsidiary	–228,837	–
Capital contribution	100,144	16,897
Dividend received	–351,173	–86,129
Direct changes in equity	1,113	683
Revaluations	2,587	11,122
Currency translation adjustments	–17,763	–101,023
BALANCE AS AT 31 DECEMBER	**3,578,975**	**3,320,585**

Reference is made to the list of principal consolidated participating interests.

During 2021 the participating interests in LeasePlan Australia, LeasePlan New Zealand and CarNext B.V. have been sold. Please refer to ***Note 11*** – Discontinued operations of the consolidated financial statements.

Revaluations relate to the negative net asset value of subsidiaries based on Group accounting standards. The direct changes in equity relate to the actuarial gains and losses recognised on defined benefit post-employment plans.

The maturity analysis on loans to subsidiaries is as follows:

	2021	2020
Three months or less	2,008,018	2,302,452
Longer than three months less than a year	4,288,502	4,072,627
Longer than a year, less than five years	9,144,001	7,866,615
Longer than five years	–	4,123
BALANCE AS AT 31 DECEMBER	**15,440,521**	**14,245,816**

12 Investments accounted for using equity method and loans to investments

The investment only relates to a joint venture in the United Arab Emirates.

Movements are as follows:

	2021	2020
BALANCE AS AT 1 JANUARY	**14,861**	**17,510**
Share of results	1,959	1,676
Dividend received	–2,771	–2,836
Revaluations	–49	–85
Currency translation adjustments	1,178	–1,403
BALANCE AS AT 31 DECEMBER	**15,179**	**14,861**

The loans only relate to a joint venture entity of the Group (France).

The maturity analysis on the loans to joint ventures is as follows:

	2021	2020
Three months or less	24,500	16,500
Longer than three months, less than a year	65,000	55,500
Longer than a year, less than five years	110,500	103,500
BALANCE AS AT 31 DECEMBER	**200,000**	**175,500**

The company has entered into loan commitments of EUR 200 million (2020: EUR 180 million) of which the whole amount has been drawn at 31 December 2021 (2020: EUR 175.5 million). There are no other material contingent liabilities of the joint ventures.

Notes to the company financial statements *continued*

All amounts are in thousands of euros, unless stated otherwise

13 Loans to and investments in notes issued by special purpose companies

This caption includes investments in special purpose companies involved in securitisation programmes concluded by LeasePlan Group. The Group consolidates the special purpose companies as control is retained. LeasePlan Corporation N.V. (the company) provided a subordinated loan in Bumper DE S.A. 2019-I for an amount of EUR 126.6 million. The subordinated loan to Bumper DE S.A. 2019-I has a floating interest rate and the legal maturity date is November 2023. In addition the company provided liquidity reserve to Bumper DE S.A. 2019-I (EUR 2.0 million).

The company acquired B-notes in Bumper UK 2019-1 (GBP 30 million translated into EUR 35.7 million) and Bumper NL 2020-I (EUR 29 million). The B-notes of Bumper UK 2019-I Finance Plc have a legal maturity date of February 2023. The B-notes of Bumper NL 2020-I B.V. have a legal maturity date of April 2025.

	2021	2020
Bumper DE S.A. 2019-I	128,582	129,302
Bumper 10 France FCT	–	2,000
TOTAL LOANS TO SPECIAL PURPOSE COMPANY	**128,582**	**131,302**
Bumper NL 2020-I B.V.	29,000	29,000
Bumper UK 2019-I Finance PLC	35,730	33,352
TOTAL INVESTMENTS IN NOTES ISSUED BY SPECIAL PURPOSE COMPANIES	**64,730**	**62,352**
BALANCE AS AT 31 DECEMBER	**193,312**	**193,655**

14 Intangible assets

	Software licenses	Customer relationship	Total
CARRYING AMOUNT AS AT 1 JANUARY 2020	**531**	**1,829**	**2,361**
Amortisation	–182	–366	–548
CARRYING AMOUNT AS AT 31 DECEMBER 2020	**349**	**1,464**	**1,813**
Cost	2,727	3,659	6,386
Accumulated amortisation and impairment	–2,378	–2,195	–4,573
CARRYING AMOUNT AS AT 1 JANUARY 2021	**349**	**1,464**	**1,813**
Amortisation	–182	–366	–548
CARRYING AMOUNT AS AT 31 DECEMBER 2021	**167**	**1,098**	**1,265**
Cost	2,727	3,659	6,386
Accumulated amortisation and impairment	–2,560	–2,561	–5,121
CARRYING AMOUNT AS AT 31 DECEMBER 2021	**167**	**1,098**	**1,265**

15 Other assets

Besides derivative financial instruments this caption includes a corporate income tax receivable from fiscal authorities and Group companies forming part of the fiscal unity. The company settles corporate income tax due or receivable on taxable income with its Group companies forming part of the fiscal unity as if these Group companies were responsible for their tax filings on a stand-alone basis.

The other assets are made up as follows:

	2021	2020
Derivative financial instruments	176,047	173,038
Tax receivable	8,677	3,692
Amounts receivable from Group companies	288,458	118,971
Loans to other third parties	–	802
Other	195,754	189,089
BALANCE AS AT 31 DECEMBER	**668,936**	**485,592**

Notes to the company financial statements *continued*

All amounts are in thousands of euros, unless stated otherwise

15 Other assets *continued*

Hedging instruments

Below a summary disclosure of the hedging instruments is presented. Derivative financial instruments are carried at fair value and are made up as follows. Hedging gains or losses are recognised in the statement of profit or loss in the caption 'Unrealised gains/(losses) on financial instruments'.

31 December 2021	Notional amounts	Fair value Assets	Fair value Liabilities	Change in FV used in calculating hedge ineffectiveness	Change in value of the hedging instrument recognised in OCI	Amounts reclassified from the hedge reserve to profit or loss	Hedge ineffectiveness recognised on hedge relationships, in profit or loss
FAIR VALUE HEDGE							
Interest rate swaps	6,774,611	51,715	40,147	−91,482	–	–	1,514
Cross currency swaps/forwards	78,263	–	2,862	−1,489	–	–	−17
CASH FLOW HEDGES							
Interest rate swaps	–	–	–	1,729	1,744	−1,729	15
TOTAL DERIVATIVES IN HEDGE	**6,852,875**	**51,715**	**43,009**	**−91,242**	**1,744**	**−1,729**	**1,512**
Interest rate swaps	24,745,887	49,514	24,406	64,247	–	–	–
I/C Interest rate swaps	1,918,319	7,206	312	–	–	–	–
Cross currency swaps/forwards	4,718,169	67,612	40,692	−1,137	–	–	–
TOTAL DERIVATIVES NOT IN HEDGE	31,382,374	124,331	65,410	63,110	–	–	–
TOTAL	**38,235,249**	**176,047**	**108,419**	**−28,131**	**1,744**	**−1,729**	**1,512**

31 December 2020	Notional amounts	Fair value Assets	Fair value Liabilities	Change in FV used in calculating hedge ineffectiveness	Change in value of the hedging instrument recognised in OCI	Amounts reclassified from the hedge reserve to profit or loss	Hedge ineffectiveness recognised on hedge relationships, in profit or loss
FAIR VALUE HEDGE							
Interest rate swaps	5,625,472	109,259	2,410	50,815	–	–	−2,678
Cross currency swaps/forwards	148,811	1,194	4,570	2,037	–	–	−262
CASH FLOW HEDGES							
Interest rate swaps	771,608	32	2,778	3,388	3,379	3,088	−10
TOTAL DERIVATIVES IN HEDGE	**6,545,891**	**110,486**	**9,758**	**56,240**	**3,379**	**3,088**	**−2,950**
Interest rate swaps	19,306,147	14,038	61,751	−11,258	–	–	–
I/C Interest rate swaps	3,275,331	1,984	9,767	–	–	–	–
Cross currency swaps/forwards	4,221,797	46,530	88,246	19,986	–	–	–
TOTAL DERIVATIVES NOT IN HEDGE	**26,803,275**	**62,552**	**159,764**	**8,728**	**–**	**–**	**–**
TOTAL	**33,349,166**	**173,038**	**169,522**	**64,968**	**3,379**	**3,088**	**−2,950**

Notes to the company financial statements *continued*

All amounts are in thousands of euros, unless stated otherwise

15 Other assets *continued*

Hedged items

Below a summary disclosure of the hedged items is presented. A number of fixed rate bonds are included in fair value hedges whereby the notes (the hedged items) are measured at amortised cost and are constantly being adjusted for gains/losses attributable to the risk being hedged.

	31 December 2021					
	Notional amounts	Fair value		Change in value of the hedged item (calculating hedge ineffectiveness)	Amount of FVH* adjustment included in the carrying amount	CFH* reserve from hedge relationships (continuing hedges)
		Assets	Liabilities			
FAIR VALUE HEDGE						
Cross currency swaps/forwards	6,774,611	–	6,804,202	92,996	−8,421	–
Interest rate swaps	74,298	–	75,377	1,472	−215	–
TOTAL DERIVATIVES IN HEDGE	**6,848,910**	**–**	**6,879,578**	**94,467**	**−8,636**	**–**

	31 December 2020					
	Notional amounts	Fair value		Change in value of the hedged item (calculating hedge ineffectiveness)	Amount of FVH* adjustment included in the carrying amount	CFH* reserve from hedge relationships (continuing hedges)
		Assets	Liabilities			
FAIR VALUE HEDGE						
Interest rate swaps	5,625,472	–	5,754,995	–	−101,417	–
Cross currency swaps/forwards	142,437	–	145,404	–	−1,686	–
CASH FLOW HEDGES						
Interest rate swaps	–	–	–	–	–	1,308
TOTAL DERIVATIVES IN HEDGE	**5,767,909**	**–**	**5,900,399**	**–**	**−103,103**	**1,308**

** FVH Fair value hedge – CFH Cash flow hedge*

16 Borrowings from financial institutions

This caption includes amounts owed to credit institutions under government supervision.

The maturity of these loans are as follows:

	2021	2020
Less than three months	79,408	69,281
Longer than three months, less than a year	–	4,000
Longer than a year, less than five years	1,050,000	1,050,000
BALANCE AS AT 31 DECEMBER	**1,129,408**	**1,123,281**

Borrowings from financial institutions include an outstanding balance of EUR 36.3 million (2020: EUR 2.8 million) which is non-euro currency denominated as at 31 December 2021. The remainder of the borrowings from financial institutions is denominated in euro. The related average interest rate was 1.1% (2020: 1.1%).

Notes to the company financial statements *continued*

All amounts are in thousands of euros, unless stated otherwise

17 Funds entrusted

The maturity analysis of funds entrusted is as follows:

	2021	2020
Three months or less	6,975,663	6,398,492
Longer than three months, less than a year	1,995,303	1,692,532
Longer than a year, less than five years	1,265,643	1,019,997
BALANCE AS AT 31 DECEMBER	**10,236,609**	**9,111,021**

This caption shows deposits raised by LeasePlan Bank of which 39.4% (2020: 41.1%) is deposited for a fixed term. LeasePlan Bank is the brand name under which savings deposits are raised by LeasePlan Corporation N.V. which holds a banking licence in the Netherlands. The LeasePlan Bank also operates on the German banking market with a cross border offering from the Netherlands.

The average interest rates on the outstanding balances of the savings deposits in original maturity terms are as follows:

	2021	2020
Three months or less	0.03%	0.08%
Longer than three months, less than a year	0.38%	0.57%
Longer than a year, less than five years	0.73%	0.88%
Longer than five years	n/a	n/a

The interest rate of the on-demand accounts is set monthly. The funds entrusted are denominated in euro.

18 Debt securities issued

This caption includes negotiable, interest-bearing securities, held at amortised cost.

	2021	2020
Bonds and notes – other	7,550,909	7,532,851
Bonds and notes – other (fair value adjustment)	8,636	103,103
BALANCE AS AT 31 DECEMBER	**7,559,545**	**7,635,954**

The average interest rates applicable to the outstanding balances can be summarised as follows:

	2021	2020
Average interest rate	1.4%	1.3%

The maturity analysis of the debt securities issued is as follows:

	2021	2020
Three months or less	689,258	773,378
Longer than three months, less than a year	968,400	1,278,695
Longer than a year, less than five years	5,790,353	5,466,652
Longer than five years	111,535	117,229
BALANCE AS AT 31 DECEMBER	**7,559,545**	**7,635,954**

The debt securities include an outstanding balance of EUR 1.4 billion (2020: EUR 1.9 billion) which is non-euro currency denominated as at 31 December. The remainder of the debt securities is denominated in euro.

19 Provisions

The provision relates to subsidiaries with a negative net asset value based on Group accounting standards.

Notes to the company financial statements *continued*

All amounts are in thousands of euros, unless stated otherwise

20 Other liabilities

The other liabilities are composed of:

	2021	2020
Loans from Group companies	1,243,603	1,260,215
Accounts payable to Group companies	505,236	19,242
Derivative financial instruments	108,419	169,522
Other accruals and deferred income	95,974	82,669
Corporate income tax payable	17,124	52,697
Lease liabilities	12,205	13,958
BALANCE AS AT 31 DECEMBER	**1,982,560**	**1,598,304**

Other accruals and deferred income mainly includes accrued interest payable. Dividends payable of EUR 372 million are included in the Accounts payable to group companies as at 31 December 2021 (31 December 2020:nil). For derivative financial instruments reference is made to the table in ***Note 15***.

The maturity analysis of the loans from Group companies is as follows:

	2021	2020
Three months or less	237,899	182,427
Longer than three months, less than a year	10,000	88,788
Longer than a year, less than five years	995,707	989,000
BALANCE AS AT 31 DECEMBER	**1,243,606**	**1,260,215**

21 Equity

Share capital

As at 31 December 2021, the authorised capital amounted to EUR 250 million, divided into 250,000,000 ordinary shares with a nominal value of EUR 1.00 each, of which EUR 71.6 million is issued and paid up. There were no movements in the issued and paid up capital in 2021 and 2020. The movement in shareholders' equity is as follows:

In thousands of euros	Share capital	Share premium	Legal reserves	Other non-distributable reserves	Retained earnings	Net result current year	Equity of owners of the parent	AT1 capital securities	Total equity
BALANCE AS AT 1 JANUARY 2020	**71,586**	**506,398**	**984,086**	**−43,125**	**1,662,578**	**381,197**	**3,562,720**	**497,919**	**4,060,639**
Net result	–	–	–	–	–	252,771	252,771	–	252,771
Transfer – accrued interest on AT1 capital securities	–	–	–	–	–	−36,898	−36,898	36,898	–
Other comprehensive income	–	–	–	−98,257	–	–	−98,257	–	−98,257
TOTAL COMPREHENSIVE INCOME	**–**	**–**	**–**	**−98,257**	**–**	**215,872**	**117,615**	**36,898**	**154,513**
Transfer from/to	–	–	90,404	–	−90,404	–	–	–	–
Appropriation of net result	–	–	–	–	381,197	−381,197	–	–	–
Interest coupon paid on AT1	–	–	–	–	–	–	–	−36,880	−36,880
BALANCE AS AT 31 DECEMBER 2020	**71,586**	**506,398**	**1,074,490**	**−141,382**	**1,953,371**	**215,872**	**3,680,335**	**497,937**	**4,178,272**
BALANCE AS AT 1 JANUARY 2021	**71,586**	**506,398**	**1,074,490**	**−141,382**	**1,953,372**	**215,872**	**3,680,335**	**497,937**	**4,178,272**
Net result	–	–	–	–	–	1,017,415	1,017,415	–	1,017,415
Transfer – accrued interest on AT1 capital securities	–	–	–	–	–	−36,880	−36,880	36,880	–
Other comprehensive income	–	–	–	−6,490	–	–	−6,490	–	−6,490
TOTAL COMPREHENSIVE INCOME	**–**	**–**	**–**	**−6,490**	**–**	**980,535**	**974,045**	**36,880**	**1,010,925**
Transfer from/to	–	–	155,355	–	−155,355	–	–	–	–
Appropriation of net result	–	–	–	–	215,872	−215,872	–	–	–
Interim dividend declared	–	–	–	–	−372,425	–	−372,425	–	−372,425
Interest coupon paid on AT1	–	–	–	–	–	–	–	−36,880	−36,880
BALANCE AS AT 31 DECEMBER 2021	**71,586**	**506,398**	**1,229,845**	**−147,872**	**1,641,463**	**980,535**	**4,281,955**	**497,937**	**4,779,892**

Notes to the company financial statements *continued*

All amounts are in thousands of euros, unless stated otherwise

21 Equity *continued*

Other non-distributable reserves amounting to EUR 147.9 million (negative) include Translation adjustment reserve of EUR 141.5 million (negative). Legal reserves are non-distributable reserves required for specific purposes in line with Part 9, Book 2, of the Dutch Civil Code and/or by local law. The legal reserves are the minimum reserves to be maintained for the non-distributable share in cumulated profits of subsidiaries and investments accounted for using the equity method.

Proposed profit appropriation

In December 2021, an (interim) dividend was declared equal to the net results for Q4 2020 and H1 2021. This dividend, in the amount of EUR 372.4 million, was paid in January 2022 by LeasePlan Corporation N.V. to its shareholder LP Group B.V. Furthermore, EUR 35.0 million of the 2021 net result has been added to the CET1 capital per 31 December 2021 to further strengthen the management buffer.

The Managing Board proposed to the general meeting of shareholders to declare a final dividend of the remainder of the 2021 net result, amounting to EUR 608.9 million.

22 Commitments

Loan commitments have been concluded with investments accounted for using the equity method amounting to EUR 200 million (2020: EUR 180 million) of which the whole amount is drawn (2020: 175.5 million) (reference is made to ***Note 12***).

Other commitments are related to rental lease payments which remain unchanged in the amount of EUR 4.9 million (2020: EUR 5.8 million). Furthermore residual value guarantees of EUR 0.8 million were issued in 2021 (2020: EUR 0.8 million).

23 Contingent liabilities

Pursuant to the provisions of Article 403 f, Part 9, Book 2, of the Dutch Civil Code, the company has filed a declaration of joint and several liabilities with respect to the majority of the subsidiaries in the Netherlands. Abridged financial statements have accordingly been prepared for these subsidiaries.

The company forms a fiscal unity with a number of Group companies in the Netherlands regarding corporate income tax and VAT. As a result, the company can be held jointly liable for tax returns of those subsidiaries.

As at 31 December 2021 guarantees had been provided on behalf of the consolidated subsidiaries outside the Netherlands. These guarantees had been provided in respect of commitments entered into by those companies and amount to a value of EUR 1.7 billion (2020: EUR 2.2 billion).

24 Subsequent events

No material events occurred after 31 December 2021, except of those disclosed in the ***Note 42*** – Subsequent events to the consolidated financial statement, that require disclosure in accordance with the provisions in Part 9, Book 2, of the Dutch Civil Code, by applying the accounting policies used in the consolidated financial statements under IFRS pursuant to the provisions of Article 362 sub 8, Part 9, Book 2, of the Dutch Civil Code, nor events affecting the financial position of the company as at 31 December 2021 or the result for the year then ended.

Amsterdam, 23 March 2022

Managing Board

Tex Gunning, CEO and Chairman

Jochen Sutor, CRO

Toine van Doremalen, CFO

Supervisory Board

Jos Streppel, Chairman

Steven van Schilfgaarde, Vice-Chairman

Allegra Cristina Carla van Hövell-Patrizi

Herta von Stiegel

Eric-Jan Vink

Paul Scholten

Other information

Other information

1 Distribution of profit

Provision of the Articles of Association on the profit appropriation, Article 31

1. The Managing Board shall in respect of distributable profits make a proposal for the distribution of a dividend and the allocation to the general reserve. Such a proposal is subject to the approval of the General Meeting.
2. With due observance of paragraph 1 of this article, the distributable profits shall be at the disposal of the General Meeting for distribution of dividend or to be added to the reserves or for such other purposes within the company's objectives as the meeting shall decide. In calculating the amount of profit to be distributed in respect of each share, only the amount of the mandatory payments towards the nominal amount of the shares shall be considered.
3. The company may make distributions to shareholders and other persons entitled to distributable profits only to the extent that the shareholders' equity exceeds the sum of the paid and called-up part of the share capital and the reserves which must be maintained by law. In calculating the appropriation of profits, the shares held by the company in its own share capital shall not be considered.
4. Distribution of profits shall take place after the adoption of the annual accounts which show that the distribution is permitted.
5. The General Meeting may resolve to distribute one (1) or more interim dividends and/or other interim distributions, provided that the requirement laid down in paragraph 3 of this article has been met as shown in an interim statement of assets and liabilities as referred to in Article 2:105(4) of the Dutch Civil Code.
6. Dividends shall be payable immediately after they have been declared, unless the General Meeting provides otherwise.
7. The claim for payment of dividends shall lapse on the expiry of a period of five (5) years.

Other information *continued*

2 List of principal consolidated participating interests

Pursuant to Article 379, Part 9, Book 2, of the Dutch Civil Code a full list of Group companies and investments accounted for using the equity method complying with the relevant statutory requirements has been filed with the Chamber of Commerce. Unless stated otherwise, the percentage interest is 100% or nearly 100%.

All holdings are in the ordinary share capital of the undertaking concerned. Reference is made to notes of the consolidated financial statements for disposals of subsidiaries in ***Note 11*** and non-controlling interest in ***Note 35***. LeasePlan Australia Limited, LeasePlan New Zealand Limited, PowerD B.V. and CarNext B.V. and its subsidiaries have been divested in 2021.

Principal subsidiaries, which are fully included in the consolidated financial statements, are:

LeasePlan Australia Limited, Australia, divested on 1 September 2021

LeasePlan Brasil Ltda., Brazil

LeasePlan Česká republika s.r.o., Czech Republic

LeasePlan CN Holding B.V., the Netherlands

LeasePlan Danmark A/S, Denmark

LeasePlan Deutschland GmbH, Germany

LeasePlan Digital B.V., the Netherlands

LeasePlan Finland Oy, Finland

LeasePlan Fleet Management N.V., Belgium

LeasePlan Fleet Management (Polská) Sp. z.o.o., Poland

LeasePlan Fleet Management Services Ireland Limited, Ireland

LeasePlan France S.A.S., France

LeasePlan Hellas S.A., Greece

LeasePlan Hungária Gépjárműpark Kezelö és Finanszírozó Zártkörű Részvénytársaság, Hungary

LeasePlan India Private Limited, India

LeasePlan Italia S.p.A., Italy

LeasePlan Luxembourg S.A., Luxembourg

LeasePlan México S.A. de C.V., Mexico

LeasePlan Nederland N.V., the Netherlands

LeasePlan New Zealand Limited, New Zealand, divested on 1 September 2021

LeasePlan Norge A/S, Norway

LeasePlan Österreich Fuhrparkmanagement GmbH, Austria

LeasePlan Portugal Comércio e Aluguer de Automóveis e Equipamentos Unipessoal Lda., Portugal

LeasePlan Romania S.R.L., Romania

LeasePlan Rus LLC, Russia

LeasePlan (Schweiz) AG, Switzerland

LeasePlan Service Center, Romania

LeasePlan Servicios S.A., Spain

LeasePlan Slovakia s.r.o., Slovakia

LeasePlan Sverige AB, Sweden

LeasePlan Otomotive Servis ve Ticaret A.Ş. Turkey

LeasePlan UK Limited, United Kingdom

LeasePlan USA, Inc., USA

Euro Insurances Designated Activity Company, Ireland

LeasePlan Finance B.V., the Netherlands

LeasePlan Information Services Limited., Ireland

LeasePlan Global B.V., the Netherlands

CarNext B.V, the Netherlands, divested on 1 July 2021

CNEXT MARKETPLACE PT, UNIPESSOAL LDA, Portugal, divested on 1 July 2021

CarNext.com NO AS, Norway, divested on 1 July 2021

CarNext.com IT S.r.l., Italy, divested on 1 July 2021

CarNext.com FR, France, divested on 1 July 2021

CarNext Marketplace Spain SL, Spain, divested on 1 July 2021

CarNext.com DE GmbH, Germany, divested on 1 July 2021

PowerD B.V., the Netherlands, divested on 21 December 2021

Special purpose companies with no shareholding by the Group are:

Bumper Australia Trust No.1, Australia, divested on 1 September 2021

Bumper UK 2019-I, England

Bumper DE 2019-I, Germany

Bumper BE 2021-1, Belgium

Bumper NL 2020-I B.V., the Netherlands

Bumper UK 2021-I Finance PLC, England

Principal investments accounted for using the equity method in the consolidated financial statements are:

LeasePlan Emirates Fleet Management – LeasePlan Emirates LLC, United Arab Emirates (49%)

PLease S.C.S., France (99.3%)

Flottenmanagement GmbH, Austria (49%)

Pursuant to the provisions of Article 403 f, Part 9, Book 2, of the Dutch Civil Code, a declaration of joint and several liability with respect to the financial obligations of the majority of the participating interests in the Netherlands is filed. Such declaration is filed for the following participating interests.

AALH Participaties B.V.

Accident Management Services (AMS) B.V.

Firenta B.V.

LeasePlan Digital B.V.

Lease Beheer Holding B.V.

Lease Beheer Vastgoed B.V.

LeasePlan Global B.V. (formerly Lease Beheer N.V.)

LeasePlan Finance B.V.

LeasePlan Nederland N.V.

Transport Plan B.V.

LeasePlan Rechtshulp B.V. (formerly WeJeBe Leasing B.V.)

CarNext B.V., divested on 1 July 2021

PowerD B.V., divested on 21 December 2021

Independent auditor's report

Independent auditor's report

To: the General Meeting of Shareholders and the Supervisory Board of LeasePlan Corporation N.V.

Report on the audit of the financial statements 2021 included in the annual report

Our opinion

In our opinion:

— the accompanying consolidated financial statements give a true and fair view of the financial position of LeasePlan Corporation N.V. as at 31 December 2021 and of its result and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code; and

— the accompanying company financial statements give a true and fair view of the financial position of LeasePlan Corporation N.V. as at 31 December 2021 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the financial statements 2021 of LeasePlan Corporation N.V. ('LeasePlan' or 'the Company') based in Amsterdam. The financial statements include the consolidated financial statements and the company financial statements.

The consolidated financial statements comprise:

1 the consolidated statement of financial position as at 31 December 2021;

2 the following consolidated statements for 2021: the statement of profit or loss, the statements of comprehensive income, changes in equity and cash flows; and

3 the notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

1 the statement of financial position of the company as at 31 December 2021;

2 the statement of profit or loss of the company for 2021; and

3 the notes comprising a summary of the accounting policies and other explanatory information.

Independent auditor's report *continued*

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of LeasePlan Corporation N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Our audit procedures were determined in the context of our audit of the financial statements as a whole. Our observations in respect of going concern, fraud and non-compliance with laws and regulations and the key audit matters should be viewed in that context and not as separate opinions or conclusions.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Audit approach

Summary

Materiality

— Materiality of EUR 30 million.

— 2,85% of the actual profit before tax (continued operations).

Group audit

— Audit coverage of 94% of total assets.

— Audit coverage of 92% of revenue.

— Audit coverage of 94% of profit before tax.

Going concern and Fraud/ Noclar

— Going concern: no significant going concern risks identified.

— Fraud & Non-compliance with laws and regulations (Noclar): management override of controls, revenue recognition for service income and accounting for the carve-out of CarNext/ acquisition by Constellation Automotive Group.

Independent auditor's report *continued*

Key audit matters
— Valuation of operating lease assets. — Revenue recognition for service income. — Accounting of the carve-out of CarNext B.V. / acquisition by Constellation Automotive Group.

Opinion
Unqualified.

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 30 million (2020: EUR 25 million). The materiality is determined with reference to actual profit before tax (continued operations) (2,85%). We consider profit before tax (continued operations) as the most appropriate benchmark because we believe that it is a relevant metric for assessment of the financial performance of LeasePlan. Materiality has changed compared to last year due to an increase of profit before tax. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Supervisory Board that misstatements identified during our audit in excess of EUR 1.5 million (2020: EUR 1.25 million) would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

LeasePlan is at the head of a group of components. The financial information of this group is included in the financial statements of LeasePlan.

Our group audit mainly focused on significant components. The group is engaged in fleet and vehicle management services, mainly through operating lease and was active through 42 components in 32 countries in 2021.

We have included 12 significant components in scope of our group audit, located in 12 different countries. We have identified components as significant when they are either individually financially significant due to their relative size compared to LeasePlan as a whole or because we assigned a significant risk of material misstatement to one or more account balances of the component.

At the request of the Supervisory Board we also performed a full scope audit on 11 out of 28 of the non-significant components.

Independent auditor's report *continued*

Group entities located in the Netherlands are audited by KPMG Accountants N.V. Components located abroad in scope for group reporting are audited by KPMG Member firms. We sent detailed instructions to all component auditors, covering significant areas including the relevant risks of material misstatement and set out the information required to be reported to us. In addition, on 4 October 2021, we hosted a virtual global audit planning meeting for the senior staff involved in the audit at group level and components of the group.

Purpose of this meeting was to discuss and agree our audit risk assessment and our global audit approach. Representatives of the LeasePlan organisation in finance, risk and IT provided an overview of key developments in the organisation.

We set component materiality levels, which ranged from EUR 1.5 million to EUR 10 million, based on the mix of size and financial statement risk profile of the components within the group to reduce the aggregation risk to an acceptable level.

For the execution of our group audit we:

— performed off-site file reviews of the work performed by component auditors in the United Kingdom, Ireland, France, Germany, Portugal, Denmark, India and the United States;

— held virtual meetings with the all component auditors in scope of our audit; and

— held virtual meetings with the IT audit team in Ireland for group wide IT services and performed off-site file reviews.

In view of restrictions on the movement of people across borders, and also within significantly affected countries, we have considered making changes to the planned audit approach to evaluate the component auditors' communications and the adequacy of their work. Due to the aforementioned restrictions, visiting components was difficult in the current environment. As a result, we have requested those component auditors to provide us with access to the audit files (including workpapers) to perform the evaluation of the adequacy of the performed procedures, subject to local law and regulations. In addition, due to the inability to arrange in-person meetings with such component auditors, we have increased the use of alternative methods of communication with them, including through written instructions, exchange of emails and virtual meetings.

For the residual population not in scope we performed analytical procedures on a consolidated level in order to corroborate that our scoping remained appropriate throughout the audit.

By performing the procedures mentioned above at components, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the financial statements.

Independent auditor's report *continued*

The consolidation of the group, the disclosures in the financial statements and certain accounting topics that are performed at group level are audited by the group engagement team at the headquarter in Amsterdam, where central functions such as control, reporting and tax, risk management, strategic finance and group internal audit are located. The items audited by the group audit team, include, but are not limited to, assessment of the use of the going concern assumption, assessment of the necessity of prospective depreciation, the valuation and impairment of operating lease assets, the accounting in relation to the carve-out of CarNext, the valuation of the investment in Constellation Automotive Group, the valuation of cars on stock, goodwill impairment testing, the sale of LeasePlan Australia and New Zealand and taxation for the Dutch fiscal unity.

The audit coverage as stated in the section summary can be further specified as follows:

Total assets

84%	9%	7%
Audit of the complete reporting package	Audit of specific items	Covered by additional procedures at group level

Revenue

85%	7%	8%
Audit of the complete reporting package	Audit of specific items	Covered by additional procedures at group level

Audit response to going concern – no significant going concern risks identified

The management board has performed its going concern assessment and has not identified any significant going concern risks. To assess the management board's assessment, we have performed, inter alia, the following procedures:

— we considered whether the management board's assessment of the going concern risks includes all relevant information of which we are aware as a result of our audit;

— we analysed the company's financial position as at year-end and compared it to the previous financial year in terms of indicators that could identify significant going concern risks.

The outcome of our risk assessment procedures on the going concern assessment, including our consideration of findings from our audit procedures on other areas, did not give reason to perform additional audit procedures on management's going concern assessment.

Independent auditor's report *continued*

Audit response to the risk of fraud and non-compliance with laws and regulations

In chapter 'Risk Management' of the annual report, the management board describes its procedures in respect of the risk of fraud and non-compliance with laws and regulations.

As part of our audit, we have gained insights into the Company and its business environment, and assessed the design and implementation of the Company's risk management in relation to fraud and non-compliance. Our procedures included, among other things, assessing the Company's code of conduct, whistleblowing procedures and its procedures to investigate indications of possible fraud and non-compliance. Furthermore, we performed relevant inquiries with management, those charged with governance and other relevant functions, such as Internal Audit, Legal Counsel and Compliance. As part of our audit procedures, we:

- assessed other positions held by management board members and paid special attention to procedures and governance/compliance in view of possible conflicts of interest;
- evaluated correspondence with supervisory authorities and regulators as well as legal confirmation letters.

In addition, we performed procedures to obtain an understanding of the legal and regulatory frameworks that are applicable to the Company and identified the following areas as those most likely to have a material effect on the financial statements:

- Capital requirement Directive IV (CRD IV;
- Wet op het financieel toezicht (Wft);
- Anti-Money Laundering (AML)/Financial Economic Crime (FEC); and
- Data privacy regulation (GDPR).

We evaluated the fraud and non-compliance risk factors to consider whether those factors indicate a risk of material misstatement in the financial statements.

Based on the above and on the auditing standards, we identified the following fraud risks that are relevant to our audit, including the relevant presumed risks laid down in the auditing standards, and responded as follows:

- **Management override of controls (a presumed risk).**

Risk:

- Management is in a unique position to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively such as estimates related to the valuation of operating lease assets and the revenue recognition for service income.

Independent auditor's report *continued*

Responses:

- We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls that mitigate fraud and non-compliance risks, such as processes related to journal entries and estimates related to the valuation of operating lease assets and the revenue recognition for service income.
- We performed a data analysis of high-risk journal entries that are indicative of management override of control and evaluated key estimates and judgments for bias by the Company's management, including retrospective reviews of prior years' estimates with respect to the valuation of operating lease assets and the revenue recognition for service income. Where we identified instances of unexpected journal entries or other risks through our data analytics, we performed additional audit procedures to address each identified risk, including testing of transactions back to source information.

We incorporated elements of unpredictability in our audit, including the search for unrecorded liabilities.

Revenue recognition for service income (a presumed risk).

Risk:

- We assess the accounting of revenue for service income as a complex and judgmental area, which gives management the opportunity to manipulate the recognised revenue for service income, which has a potential impact on the results of the company.

Response:

We refer to key audit matter 'Revenue recognition for service income'.

- **Accounting of the carve-out of CarNext B.V. / acquisition by Constellation Automotive Group.**

Risk:

- The risk for the financial statements is that the fair value assessment and the recognition of the sales results of the investment in CN Group B.V. and Constellation Automotive Holdings S.à.r.l. respectively are prone to fraud due to significant estimation uncertainty as well as inappropriate assumptions and therefore the valuation of the investment could be materially misstated.

Response:

We refer to key audit matter 'Accounting of carve-out of CarNext B.V. / acquisition by Constellation Automotive Group'.

We communicated our risk assessment, audit responses and results to management and the Audit Committee of the Supervisory Board.

Independent auditor's report *continued*

Our audit procedures did not reveal indications and/or reasonable suspicion of fraud and non-compliance that could have a material effect on amounts recognised or disclosures provided in the financial statements.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

Compared to last year the key audit matter with respect to the accounting of the carve-out of CarNext B.V. / acquisition by Constellation Automotive Group has been added.

Valuation of operating lease assets

Description

LeasePlan's portfolio of vehicles under operating lease contracts rental fleet and vehicles available for lease amounts to EUR 19.7 billion as at 31 December 2021. These vehicles are measured at cost less accumulated depreciation and impairments. Management makes an assessment of the residual value and the useful life of leased vehicles at year-end. Determining residual values and useful lives involves management judgement and is subject to a high degree of estimation uncertainty, which has increased due to increased volatility in second hand car prices since the beginning of the COVID-19 crisis. Changes are either accounted for as an impairment charge or as a change in accounting estimate through prospective depreciation.

Impairment assessment is performed at cash generating unit level. The residual value is an estimate of the amount that could be received from disposal of the vehicle at the reporting date if the asset was already of the age and in the condition that it will be in when LeasePlan expects to dispose of it. Residual value does not include expected future inflation or expected increases and decreases in the ultimate disposal value.

The Group's Asset Risk Management department monitors the actual asset performance of each reporting entity against the defined asset risk appetite. Reporting entities assess the estimated residual values of the existing operating lease portfolio by comparing contracted residual values and book values to the latest expectations of market prices, by means of the so-called 'fleet risk assessment'. Certain aspects of this assessment require significant judgement, such as developments of the used car markets, the impact of technological developments and changing laws and regulations affecting the residual value of vehicles. On top of that, management performs impairment trigger assessments and impairment calculations, as and when applicable, for identified loss making contracts.

Independent auditor's report *continued*

The risk for the financial statements is that is that the re-assessment of these residual values through the prospective depreciation is prone to error due to significant estimation uncertainty and therefore the valuation of operating lease assets could be misstated or that the impairment on operating lease assets might be misstated due to an incomplete assessment as well as inappropriate assumptions.

Due to the significance of the operating lease assets, the related risk of error and the significance of the estimation uncertainty, we consider the valuation of the operating lease assets as key audit matter.

Our response

We obtained an understanding of the asset risk management framework as designed and implemented at group level and at reporting entity level.

At group level we analysed the main developments and trends resulting from the fleet risk assessment. At reporting entity level we reconciled and tested samples of the data used in the fleet risk assessments (FRA) to underlying source systems and assessed the reasonableness of the valuation assumptions used in the FRA.

We have specifically assessed that management actions and compensating elements as well as other risk bearing elements of the lease contract (i.e. repair, maintenance and tyre replacement) are excluded from the assessment of prospective depreciation at group level. We have assessed the retrospective review of FRA results. Furthermore, we tested the accuracy and completeness of the prospective depreciation assessment.

We have assessed and challenged management's impairment trigger assessment performed at each reporting entity, with a focus on the timely detection of impairments existing at client lease contract level. For this purpose we have assessed the profit or loss from disposal of vehicles ('PLDV') for the most recent months, assessed developments in the FRA predictions and inspected if customers are overall loss-making.

For impairments recognised we tested the appropriateness of the impairment models used and the key assumptions applied by management for which variations had the most significant impact on the level of impairments. We involved our valuation specialists to assess the adequacy of the applied impairment models and to evaluate the reasonableness of key parameters used. We engaged local KPMG teams to vouch the correctness of key data used as input to the impairment model.

We assessed whether the disclosures appropriately address the measurement basis and uncertainties for impairments and draw attention to note 21 of the financial statements, which describes management's approach to determine the amount of the impairment of the operating lease portfolio as well as the main valuation uncertainties and sensitivities.

Independent auditor's report *continued*

Our observation

Overall, we assess the assumptions used by management and related estimates resulted in a valuation of vehicles leased under operating lease contracts within a reasonable range and to be adequately disclosed in accordance with IFRS-EU in note 21 of the financial statements. We reported to management and the Audit Committee our improvement observations on the control environment for the core leasing activities.

Revenue recognition for service income

Description

As part of its Cars as a Service offering LeasePlan offers a range of bundled and stand-alone services as part of the lease contracts to meet the specific needs of clients. Apart from financing of vehicles, these services can include maintenance, fuel, accident and fleet management, rental and insurance.

Any volume related bonuses related to expenses are credited directly to expenses. Purchase bonuses received on purchases of vehicles for operating lease contracts are deducted from the purchase consideration and result in lower depreciation, whereas for finance lease contracts these bonuses are immediately recognized in the statement of profit or loss. In addition services may include pass on costs, collected on behalf of third parties such as fuel and road taxes that are not presented as revenues.

Revenues and costs of these service elements are recognized and considered on a separate basis, while the timing of the revenue recognition (over the term and/ or at the end of the contract) of certain service elements can also be impacted by the selected pricing model, closed or open calculation. For closed calculation contracts the overall risk result, both positive and negative, is borne by LeasePlan. For open calculation contracts, under certain circumstances the portion of the positive result from the lease contract is shared with the client upon termination of the lease contract.

We assess the accounting of revenue and cost of revenue for service income as a complex and judgemental area that also includes a risk of error and fraud and have therefore identified revenue recognition as key audit matter.

Our response

We have tested internal controls with respect to the various revenue streams and performed substantive audit procedures. Our procedures included amongst others substantive analytical procedures on the revenue streams and test of details on management's assumptions. We specifically tested management's assumptions in relation to the margins for RMT (repair, maintenance and tyres) services at reporting entity level (including audit procedures in relation to fraud). Amongst others we have performed a retrospective review on the realised service income in comparison to the budgeted service income.

Independent auditor's report *continued*

We also performed substantive testing on the cut-off results and related accruals on terminated contracts for both open and closed calculation contracts. In addition we have performed procedures on the adequacy and consistency of the accounting policies applied. In this context we paid particular attention to the revenue recognition over the term of the contract for closed calculation contracts in relation to repair, maintenance and tyres services (RMT).

Our observation

Overall we assess the assumptions applied in the revenue recognition for service income (RMT) to be reasonable. We have shared our recommendations to management to reduce reliance on spreadsheets for this critical revenue stream.

Accounting of the carve-out of CarNext B.V. / acquisition by Constellation Automotive Group

Description

On the 1st of July 2021 LeasePlan carved-out its CarNext business consisting of CarNext B.V. including CarNext business activities in seven countries (Norway, Portugal, France, Germany, the Netherlands, Italy and Spain) via issuing new shares through a capital injection for CN Group B.V. As a result of the carve-out LeasePlan held a direct investment of 20% of the shares in CN Group B.V. while the consortium of investors held 80% of the shares.

As LeasePlan contributed a controlling interest in CarNext B.V. but retained a non-controlling interest in CN Group B.V. the transaction was accounted for as loss of control. Therefore LeasePlan recognised the retained 20% investment in CN Group B.V. initially at fair value on the balance sheet at the date of the transaction and the full result of the dilution of its share in the CarNext business in the profit and loss account. Having still significant influence after initial recognition at fair value the carrying amount of the investment increased or decreased by LeasePlan's share of the profit or loss in CN Group B.V. after the date of acquisition.

As of 4 October 2021 the investment in CN Group B.V. was further acquired by Constellation Automotive Group. LeasePlan received shares in Constellation Automotive Holdings S.à.r.l. in return, resulting in a loss of significant influence in the investment. The investment in Constellation Automotive Holdings S.à.r.l. is therefore classified as a financial instrument and measured at fair value through profit and loss.

We consider the carve-out of CarNext business followed by the acquisition by Constellation Automotive Group a significant unusual transaction with a related party outside the normal course of business. The transaction requires additional attention due to complexity with regards to the assessment of the accounting treatment, the sales result, the determination of the acquisition cost and the recognition of the fair value of CN Group B.V. and Constellation Automotive Holdings S.à.r.l. respectively. We also identified a risk of fraud linked to the determination of the fair value of the investments in CN Group B.V. and Constellation Automotive Holdings S.à.r.l.

Independent auditor's report *continued*

The risk for the financial statements is that the fair value assessment and the recognition of the sales results of the investment in CN Group B.V. and Constellation Automotive Holdings S.à.r.l. respectively are prone to error and fraud due to significant estimation uncertainty as well as inappropriate assumptions and therefore the valuation of investment could be materially misstated.

Due to the significant unusual transaction with a related party outside the normal course of business, the estimation uncertainty and the related risk of error and fraud, we consider the accounting treatment of the carve-out of CarNext business followed by the acquisition by Constellation Automotive Group as a key audit matter.

Our response

We obtained an understanding of the transactions and the accounting treatment as well as the valuation assessment of management. Therefore we performed inquiries with key personnel within management with regards to their assessment of the transactions and inspected contracts and approvals with regards to the transactions.

We have inspected management's accounting papers as well as supporting documentation from specialists engaged by management with regards to the accounting treatment of the transactions. We also assessed and challenged management's documentation on the at arm's length assessment.

We assessed the appropriateness of the determination of sales results linked to the carve-out of the CarNext business and the subsequent acquisition of the remaining investment in CN Group B.V. by Constellation Automotive Group.

We involved KPMG valuation specialists to assess the appropriateness of the models and assumptions used to determine the fair value of the investment in CN Group B.V. and Constellation Automotive Holdings S.à.r.l. respectively. The valuation specialist has performed an independent valuation and performed procedures on the appropriateness of the assumptions (e.g. sensitivity analysis and comparing the data inputs to market input from peers based on external sources) In addition we have performed a recalculation of the applied models.

We assessed whether the disclosures appropriately address the measurement basis and uncertainties for the valuation of the investment and draw attention to note 11, note 14 and note 38 of the financial statements, which describe the transactions and management's approach to determine the fair value of the investment as well as the main valuation uncertainties, applied assumption and sensitivities.

Our observation

Overall, we assess that the assumptions used by management and related estimates, resulted in a valuation of the investments in CarNext Group B.V. and Constellation Automotive Holdings S.à.r.l. respectively within a reasonable range and are adequately disclosed in accordance with IFRS-EU in note 11,14 and 38 of the financial statements.

Independent auditor's report *continued*

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and other information.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The Managing Board is responsible for the preparation of the other information, including the information as required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Engagement

We were engaged by the General Meeting of Shareholders as auditor of LeasePlan on 21 September 2015, as of the audit for the year 2016 and have operated as statutory auditor ever since that financial year.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audits of public-interest entities.

Services rendered

For the period to which our statutory audit relates, in addition to this audit, we have provided the following services to the company and its controlled undertakings:

- review of condensed consolidated interim financial statements for the first, second and third quarter 2021 in accordance with the International Standard on Review Engagements (ISRE 2410);
- audit of COREP and FINREP reporting to De Nederlandsche Bank N.V. (DNB) in accordance with Dutch Standards on Auditing;
- report on controls at a service organisation for the DGS reporting to DNB;
- agreed-upon procedures for the interest rate risk reporting to DNB;

Independent auditor's report *continued*

- audit of the statutory financial statements of a number of securitisation vehicles controlled by LeasePlan; and
- assurance engagements with respect to prospectuses.

European Single Electronic Format (ESEF)

LeasePlan Corporation N.V. has prepared its annual report in ESEF. The requirements for this format are set out in the Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (these requirements are hereinafter referred to as: the RTS on ESEF).

In our opinion, the annual report prepared in the XHTML format, including the partially tagged consolidated financial statements as included in the reporting package by LeasePlan Corporation N.V., has been prepared in all material respects in accordance with the RTS on ESEF.

Management is responsible for preparing the annual report including the financial statements in accordance with the RTS on ESEF, whereby management combines the various components into a single reporting package. Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package, is in accordance with the RTS on ESEF.

Our procedures taking into consideration Alert 43 of NBA (the Netherlands Institute of Chartered Accountants), included amongst others:

- obtaining an understanding of the entity's financial reporting process, including the preparation of the reporting package;
- obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files have been prepared in accordance with the technical specifications as included in the RTS on ESEF; and
- examining the information related to the consolidated financial statements in the reporting package to determine whether all required taggings have been applied and whether these are in accordance with the RTS on ESEF.

Independent auditor's report *continued*

Description of responsibilities regarding the financial statements

Responsibilities of the Managing Board and the Supervisory Board for the financial statements

The Managing Board is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Managing Board is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. In that respect the Managing Board, under supervision of the Supervisory Board, is responsible for the prevention and detection of fraud and non-compliance with laws and regulations, including determining measures to resolve the consequences of it and to prevent recurrence.

As part of the preparation of the financial statements, the Managing Board is responsible for assessing LeasePlan's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Managing Board should prepare the financial statements using the going concern basis of accounting unless the Managing Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Managing Board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the LeasePlan's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

Independent auditor's report *continued*

A further description of our responsibilities for the audit of the financial statements is located at the website of de 'Koninklijke Nederlandse Beroepsorganisatie van Accountants' (NBA, Royal Netherlands Institute of Chartered Accountants) at eng_oob_01.pdf (nba.nl). This description forms part of our auditor's report.

Amstelveen, 23 March 2022

KPMG Accountants N.V.

B.M. Herngreen RA

Sustainability assurance report of the independent auditor

KPMG

Assurance report of the independent auditor

To: the General Meeting and the Supervisory Board of LeasePlan Corporation N.V.

Our conclusion

We have reviewed the selected sustainability indicators of LeasePlan Corporation N.V. (hereafter: 'the Company') for the year ended 31 December 2021 in the LeasePlan Annual Report 2021 (hereafter: the Annual Report). A review is aimed at obtaining a limited level of assurance.

Based on the procedures performed nothing has come to our attention that causes us to believe that the selected sustainability indicators are not prepared, in all material respects, in accordance with the reporting criteria as described in the 'Reporting criteria' section of our report.

The selected sustainability indicators in scope are the following:

— New EV Activations;

— Average CO_2 tailpipe g/km per vehicle funded fleet;

— Tailpipe emissions CO_2 fleet (Carbon Footprint Scope 3);

— Diversity (percentage of female employees at top three layers).

The sustainability indicators are disclosed in the Annual Report.

Basis for our conclusion

We performed our review in accordance with Dutch law, including Dutch Standard 3000A 'Assurance-opdrachten anders dan opdrachten tot controle of beoordeling van historische financiële informatie (attest-opdrachten)' (assurance engagements other than audits or reviews of historical financial information (attestation engagements)). This engagement is aimed to obtain limited assurance. Our responsibilities in this regard are further described in the 'Auditor's responsibilities' section of our report.

We are independent of LeasePlan Corporation N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence). Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics). We believe the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Reporting Criteria

The selected sustainability indicators need to be read and understood together with the reporting criteria. LeasePlan Corporation N.V. is solely responsible for selecting and applying these reporting criteria, taking into account applicable law and regulations related to reporting.

The reporting criteria used for the preparation of the selected sustainability indicators are the applied internal reporting criteria as disclosed in the 'Sustainability reporting' chapter on pages 67 to 69 of the Annual Report.

Sustainability assurance report of the independent auditor *continued*

Materiality

Based on our professional judgement we determined materiality levels for each sustainability indicator. When evaluating our materiality levels, we have taken into account quantitative and qualitative considerations as well as the relevance of information for both stakeholders and the Company.

Scope of the group review

LeasePlan Corporation N.V. is the parent company of a group of entities. The sustainability indicators incorporate the consolidated information of this group of entities.

Our group review procedures consisted of both review procedures at corporate (consolidated) level and at entity level. Our selection of entities in scope of our review procedures is primarily based on the entity's individual contribution to the consolidated information.

By performing our review procedures at entity level, together with additional review procedures at corporate level, we have been able to obtain sufficient and appropriate assurance evidence about the group's sustainability information to provide a conclusion about the sustainability information.

The Managing Board's and Supervisory Board's Responsibilities

The Managing Board is responsible for the preparation of the selected sustainability indicators in accordance with the applicable criteria as described in the 'Reporting Criteria' section of our report, including the identification of stakeholders and the definition of material matters.

Furthermore, the Managing Board is responsible for such internal control as it determines is necessary to enable the preparation of the selected sustainability indicators that is free from material misstatement, whether due to fraud or error.

The Supervisory Board is, among other things, responsible for overseeing the LeasePlan Corporation N.V. reporting process.

Auditor's responsibilities

Our responsibility is to plan and perform our review in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

Procedures performed to obtain a limited level of assurance are aimed to determine the plausibility of information and vary in nature and timing, and are less in extent, compared to a reasonable assurance engagement. The level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

We apply the 'Nadere Voorschriften Kwaliteitssystemen' (NVKS, Regulations for Quality management systems) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have exercised professional judgement and have maintained professional scepticism throughout the review, in accordance with the Dutch Standard 3000A, ethical requirements and independence requirements.

Sustainability assurance report of the independent auditor *continued*

Our review included among others:

— Performing an analysis of the external environment and obtaining an understanding of relevant societal themes and issues, and the characteristics of the Company;

— Evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures on the selected sustainability indicators.

— Obtaining an understanding of the reporting processes for the selected sustainability indicators, including obtaining a general understanding of internal control relevant to our review;

— Identifying areas of the selected sustainability indicators where a material misstatement, whether due to fraud or error, are most likely to occur, designing and performing assurance procedures responsive to these areas, and obtaining assurance information that is sufficient and appropriate to provide a basis for our conclusion. These procedures included, among others:

  - Interviewing management and relevant staff at corporate level responsible for the strategy, policy and results;
  - Interviewing relevant staff responsible for providing the information for, carrying out internal control procedures over, and consolidating the data for the selected sustainability indicators;
  - Obtaining assurance information that the selected sustainability indicators reconcile with underlying records of the Company;
  - Reviewing, on a limited test basis, relevant internal and external documentation;
  - Performing an analytical review of the data and trends.

— Evaluating the consistency of the selected sustainability indicators with the information in the report which is not included in the scope of our review;

— Evaluating the presentation, structure and content of the selected sustainability indicators;

We have communicated with the Managing Board and Supervisory Board among other matters, the planned scope and timing of the review and significant findings that we identified during our review.

Amstelveen, 23 March 2022

KPMG Accountants N.V.

B.M. Herngreen RA

Glossary

AFM The Dutch Authority for the Financial Markets (AFM) has been responsible for supervising the operation of the financial markets since 1 March 2002.

AT1 Additional Tier 1 capital securities.

CaaS LeasePlan purchases, funds and manages vehicles for its customers, providing a complete end-to-end service through its Car-as-a-Service (CaaS) business for a typical contract duration of three to four years.

CAGR Compound Annual Growth Rate.

Digital LeasePlan This programme aims to move the Group towards becoming a data driven company delivering digital car services steered by the latest digital technology of data analytics, artificial intelligence and algorithms.

ECB European Central Bank.

EOCF End of Contract Fees.

EV Electric vehicle.

FMCs Fleet management companies.

ICE Internal combustion engine.

LCV Light commercial vehicles.

NCI Non-controlling interest.

OEMs Vehicle original equipment manufacturers.

PLDV Profit-and-loss on Disposal of Vehicles.

PV Passenger vehicle.

RMT Repair, maintenance and tyres.

RV Residual value of a vehicle.

LeasePlan Bank The online retail deposit bank operated by LeasePlan Corporation N.V. under a banking licence from DNB.

LeasePlan

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